



FORUM  
FOR  
STRATEGIC INITIATIVES



Konrad  
Adenauer  
Stiftung

**ROUND TABLE ON**  
**100 DAYS OF TRUMP**  
**"IMPLICATIONS FOR INDIA"**

**New Delhi, 11th May, 2017**

**Organised by:**

**Forum for Strategic Initiatives  
and Konrad-Adenauer-Stiftung**



**FSI-KAS ROUNDTABLE REPORT**



## Introduction

“The aim of the Roundtable was to understand the shifts and changes in US policies based on 100 days of the new US Administration particularly in foreign policy, national security, trade and economic issues.”

The Forum for Strategic Initiatives (FSI) in collaboration with the Konrad Adenauer Stiftung (KAS) held a Roundtable on “Trump's 100 Days in Office – Implications for India” on 11 May 2017 at Delhi. The Roundtable was in two parts; Part one examined likely policy directions during the first 100 days of the Trump Administration. Part two examined their implications for India.

Welcoming the participants, **Maj Gen Dipankar Banerjee** said that the aim of the Roundtable was to understand the shifts and changes in US policies based on 100 days of the new US Administration particularly in foreign policy, national security, trade and economic issues. The format was a roundtable discussion with brief introductory remarks by nominated individuals, followed by an open and wide ranging discussion.

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Mr. Pankaj Madan, Deputy Head, KAS, India highlighted the importance of these deliberations, stressed the policy implications world-wide and their relevance particularly for India and Germany. The first three months of the US Presidency has indeed highlighted possible major shifts in a wide ranging set of issues and relationships. Should these unfold in the manner as spelt out it will affect the entire world? This Roundtable is an attempt to flag the major issues.

## Setting the Agenda

Ambassador Lalit Mansingh initiated the discussion by exclaiming that Everything that Trump has done in his first 100 days, was in his own words 'unpresidential'! His first few days in office were turbulent, marked by political polarization, fierce infighting, incoherent policy and overall confusion. He sacked his first NSA, Gen Flynn, and judging by the buzz in Washington, may be about to sack the current NSA.

Mansingh thus opined that what is prudent is to understand what is in it for India? He pointed out

that India doesn't have the luxury of writing off the United States. It is still the most powerful military, economic, political player in the world. Every country in the world is affected by changes in the policies of the United States. Therefore, Mansingh believed that the concern should not be with Trump's persona but with his policies and the premise should be understood- that the American people, in their wisdom, have elected President Trump through a democratic process. Taking from Foreign Secretary Dr. Jaishankar remarks, Mansingh stated that the need of the hour entails 'to analyse Trump - not demonize him'.



Mansingh listed five core beliefs of Trump which will shape his foreign policy:

- The US economy needs a jumpstart so that more jobs can be created for Americans.
- Illegal aliens should be expelled and visas should be restricted for foreign job seekers (especially the H1B visas).
- All international, bilateral and multilateral agreements which do not serve America's national interest need to be reviewed. The TTP has already been scrapped. Others like NAFTA, the Paris Climate Change Accord, WTO and the NATO alliance will be scrutinized.
- Radical Islam is an existential threat to the US and to the world at large. It needs to be exterminated by military and other means.
- Global institutions like the UN will be seen through the lens of their utility to the US.

Mansingh stated that India is well below the radar of the Trump administration, and does not need to agonize over the adverse effects of US policies. In Secretary of State Rex Tillerson's foreign policy speech on the 3rd May 2017, there is no mention of India (nor of Britain, Germany and France).

“The concern should not be with Trump's persona but with his policies and the premise should be understood- that the American people, in their wisdom, have elected President Trump through a democratic process. Taking from Foreign Secretary Dr. Jaishankar remarks, the need of the hour entails 'to analyse Trump - not demonize him'.”

The following issues in particular are of major interest to India:-

- **Political:** The Indo-US strategic partnership is here to stay. There is much at stake with the upcoming visit of PM Modi to the US.
- **Security and Defence Relations:** The Trump administration recognizes India's importance as a counterweight to China. India is also a major market for US military exports. Trump's evangelical zeal against radical Islam may benefit India as the spotlight is turned on Pakistan.
- **Trade and commerce:** There are troubling issues here which can erupt into crisis situations.

The H1B Visa issue, though important, should not be raised to the level of an acrimonious bilateral issue. The Indian IT Industry has larger stakes in the US and should work for a compromise through discreet lobbying.

- Intellectual property rights (IPR) is a contentious issue, especially with the US pharma industry.
- There is trouble brewing for India with Trump's 'America First' and 'Buy American, Hire American' policies heading for a collision with Modi's 'Make in India' and other flagship projects.
- The US has been India's largest trading partner and the goal is to raise it from the current level of \$ 115 billion to a target of \$ 500 billion in the next few years.

## Session I – UNDERSTANDING TRUMP ADMINISTRATION'S POLICIES

### Relations with major countries including Germany and Japan



**Pramit Pal Chaudhuri** noted that Japanese policies and interests under President Shinzo Abe have been largely consistent. He has spoken about 'normalizing Japan', which entails re-militarization in the Western

“The Korean question and the unpredictable nature of President Trump present a challenge but not an overall geo-political concern in the long run.”

Pacific and building a foreign policy marginally more independent of the US. While part of this is driven by a desire to constrain Chinese assertiveness, it is also driven by Abe's nationalist agenda. Chaudhuri explained that this is the basis of its relations with India and its investments in the country.

According to Chaudhuri, Abe considered Obama's understanding of the Western Pacific region and China to be flawed - as far too much has been conceded to China by the United States both in the

South China Sea and in overall signaling to Beijing. Chaudhuri noted that his meetings with the Japanese suggested that Abe came out after the meeting with Trump determined to assuage the concerns of the core white working class base in the US that had won him the elections. Subsequently, Japan committed 400 billion dollars of investment in the US and has brought Trump and his team in line with Abe and Japan's overall policies.

Chaudhuri exclaimed that the joint statement made after the Abe-Trump summit in Florida was in fact a Japanese statement because the Americans had no inputs. It is nevertheless troubling. US-China relations will be crucial for both Japan as well as India. The Korean question and the unpredictable nature of President Trump present a challenge but not an overall geo-political concern in the long run.

Chaudhuri was uncertain as to what Germany expected from Trump, but readings from Merkel's statements suggest Germany is troubled by Trump's illiberal position on matters of immigration and Islam. Chaudhuri quoted, the German Foreign Secretary, 'In the larger geopolitical area, Germany now recognizes that the US is retreating'.

Chaudhuri concluded by stressing the need for Germany and India to work together. He drew attention to the fact that Germany has a maritime agenda in the Indian Ocean which is relevant to India. Berlin is also concerned about China's attempts at creating a world order based on Chinese values elucidated through OBOR and the pattern of Chinese investment in Sri Lanka and other countries.

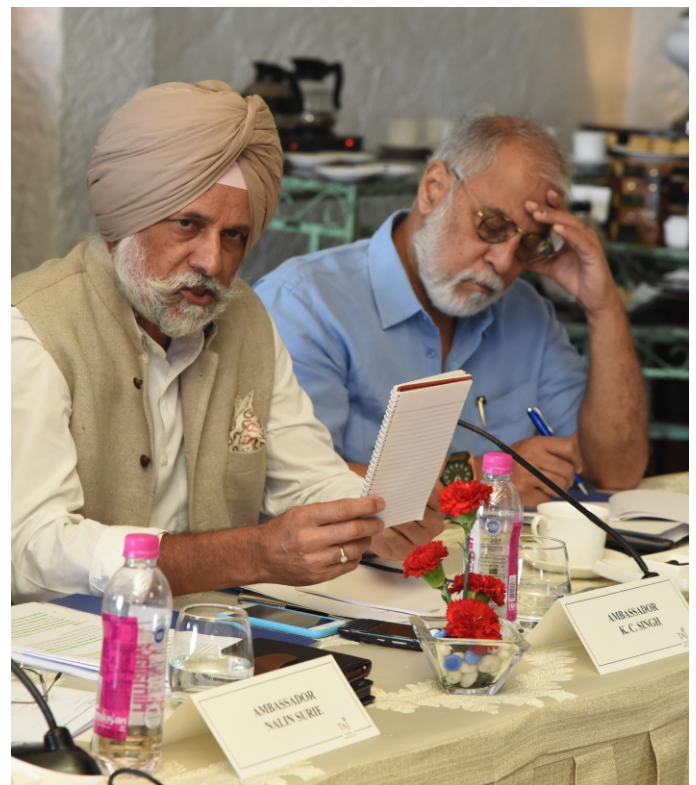
## [Policies on Eurasia and West Asia](#)

**Ambassador K. C. Singh** initiated the discussion by historicizing the wide canvas of US- West Asia relations and through this understanding, the present relevance of its dynamics. Taking a cue from Tillerson's speech Amb Singh explained the need to look at the entire West Asian region as a part of a rebalance. In Tillerson's speech it was

mentioned that there is a new rebalancing where pursuing American values cannot be at the cost of the economy, a more realistic economy.

Singh pointed out that the Obama administration inherited a country fatigued with fighting a war that led nowhere, where it realized that Saudi Arabia and its Sunni allies were more a part of the problem than the solution. What happened in Syria was a combination of the Arab Spring (which US did not create, it was East to West) and Al Qaeda (that influence came from West to East) met in Syria-ground to a halt and where the divisions led to a wider conflict.

Singh opined that the initial American (Obama) approach to empower the Sunni elements to neutralize Assad complicated the situation further, as a result of which the ISIS was created. Obama's approach towards Iran was radically different. Singh



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explained that the P5+1 policy was essentially to allow Iran to fight ISIS (because they were the only ones providing goods on the ground in combination with Iraq and Hizbullah) and thus to de-stabilize Assad.

He explained that there was a complete departure in the dynamics today where Trump has upended the previous American policy. The new policy is seen as the beginning of his outreach with Riyadh, wherein three summits have been conducted there, including one with the administration. A second summit with GCC members and third with a Sunni Group where Nawaz Sharif has been invited. So there is a rethinking going on in the entire area. Singh believes the problem will be with Russia. The issue remains as to how to wean away Russia from supporting Iran and Assad. He did not suggest that Russia will do it immediately, but he expects a re-valuation of policy, rather than an overnight turnaround.

## Emerging policies on Indo-Pacific-Asia

**Ambassador Biren Nanda** outlined the salient features of Trump administration's policy towards China, India and Japan. On China, Nanda explained that in order to seek geopolitical or trade concessions from China, US administration must have the full range of instruments, from military forces to the threat of enforcing punitive tariffs and diluting the One-China Policy. During the presidential campaign, Trump repeatedly accused China of taking unfair advantage of the US and threatened to introduce tariffs to raise the price of Chinese goods by up to 45%. If such tariffs were to be introduced, a trade war could ensue, adversely affecting the US and China's economies as well as other countries.

Nanda suggested that by jettisoning the Trans Pacific Partnership (TPP), Trump may have created a void that is China's to fill. The TPP was designed to limit China's

On Trump's approach to Israel and Palestine, Singh pointed out that a new envoy is in place and already trying to find a solution—a departure from the previous administration's approach, where the US has not attempted this in a serious manner since Clinton. He noted that there are three parallel tracks: i) a resurrection of the Sunni Alliance, with Pakistan in the middle; ii) an outreach to the Palestinians and pressure on Israel to come up with a two-state solution; and iii) pressure on Russia and some kind of a deal, which Russia may or may not accept to wean them away from Iran and the Assad Regime.

Singh cautioned that the need of the hour, where multiple plates are moving, is to watch out for Pakistan which is able to play the game in a deft fashion.



economic reach in Asia and anchor US presence in the region. Trump's decision to abandon the TPP has accelerated Xi Jinping's push through the Regional Comprehensive Economic Partnership (RCEP) and allowed Xi to project himself as a champion of free trade. Candidate Trump suggested that his administration would abandon the One-China Policy, though President Trump did partially reverse the stance by a qualified support to the One-China Policy, but did not rule out enhanced engagement with Taiwan. Trump's policy stems from the belief that the One-China policy combined with the growth of China's economic and military capabilities, poses threat to US allies in the region. Given China's sensitivity on the issue, any departure from the One-China policy will cause serious damage and strain US-China relations.

Nanda noted that for the first time in eight years, there is threat of military action by the US against North Korea where the US is attempting to convince North Korea that the price it will have to pay for developing its nuclear weapons and missile capabilities will far outweigh any strategic advantages. The US is looking to China to put economic pressure on North Korea. The less China is able to deliver on North Korea, the more pressure it will face to maintain a low profile on trade and its regional assertions for the present. Unpredictable nature of Trump's actions related to the South China sea islands dispute also has the potential to damage US-China relations. Nanda gave the example of Rex Tillerson's urging of China to halt the construction of new artificial islands where he warned that the US Naval forces would cut off Chinese naval access to the seven islands that have recently been built.

Subsequently, US has reached out to China for help in reigning in the DPRK, which implies that confronting China on trade or its territorial assertions in South and East China Seas will take a backseat for now.

Nanda added further that the rise of India is seen by the US strategic community as a natural counter to China and beneficial to the US. Over the past ten years

“India is seen by the US strategic community as a natural counter to China and beneficial to the US. Over the past ten years roughly, US policy had followed this logic, offering unprecedented support in terms of civil and nuclear power, defense sales, co-development and coproduction of defense technology, while asking for relatively little in exchange. These policies are likely to continue under the Trump administration.”



roughly, US policy had followed this logic, offering unprecedented support in terms of civil and nuclear power, defense sales, co-development and coproduction of defense technology, while asking for relatively little in exchange. These policies are likely to continue under the Trump administration. The Trump White House has described India as a 'good and true partner in addressing challenges across the world'. Trump has identified ISIS and Islamic extremism as amongst one of the biggest security challenges to the United



terrorism emanating from Pakistan. Terrorism is an issue where both countries stand on the same side and there is a possibility of synergizing their positions and hopefully at some future stage, jointly tackling Pakistan's 'factory of terror'.

India is amongst 16 countries for a review of trade ordered by President Trump in early April. The review will determine whether US trade deficits have been caused by cheating, specific trade agreements, and lack of enforcement of WTO rules. The 100% duties on high power motorcycles imposed by India and the H-1B visa program have been often cited by Trump as examples of unfair practices by Indian companies. Nanda opined that the

consequences of the trade review will hurt China more than India, simply because India is a relatively smaller player in international trade.

Prime Minister Abe won virtually all assurances it sought from the US on defense and security issues, including a repeat of President Barack Obama's commitment to defend Japan if China tries to seize the Senkaku Islands in the East China Sea. Trump also reaffirmed US commitment to the defense of Japan. To crown it all, at the press conference, Trump even thanked Japan for hosting US bases- a far cry from his threats during the campaign to withdraw US forces from Japan unless Japan paid 100% of the costs.

## On policies towards China and Pakistan



**Ambassador Nalin Surie** started by asking about the relevance of the first hundred days of the Trump Presidency. What was special about the first 100 days? In his view, President Trump's approach should not be viewed as being transactional. Surie opined that Trump is more a deal maker and there is a substantial difference between the two.

“China factor is vital to US foreign policy and Trump will continue to keep his options open. He has signaled that the US armed forces will be second to none. He is aware of the growing importance of Asia both economically and strategically. The US-China relationship will in the coming months most likely be like a roller coaster.”

Surie analysed that there are several long term strands in US foreign policy and so far there elements of ambiguity have been brought in. The latter can be interpreted as a way of buying time or as being part of a learning curve.

Statements emerging out of the US administration in respect of foreign and security policy should be taken together namely, statements by President Trump, Secretary of State Tillerson, Secretary of Defence Mattis, NSA McMaster and Ambassador Haley.

The role of the National Security Council under Trump in decision making in the US is still not clear but the buck rests with him. Interlocutors have advised that Secretary of Defence Mattis should be taken most seriously.

Therefore, Surie believed that in the above context, US policy to China and Pakistan is a part of the long term features of US foreign policy and as of now, this has not changed. On Pakistan, see for instance the latest comment by Condoleezza Rice.

**On China:** The China threat/competition hit the United States following the global financial and economic crisis. The US is now virtually facing a pre 1971 situation—Russian strength in Europe and the Middle East and the Chinese an unknown but destabilising factor that today is pushing in Southeast and East Asia and the Indo-Pacific. The vacuum in that region though has not been filled and the US has the time to course correct and sustain itself in Southeast/East Asia and the Indian Ocean. In Europe, it is more complicated.

Surie explained that there are substantial interdependencies between the US and China including on the economy, trade, science & technology, security etc. Trump seems to believe that on balance China needs the US more than vice versa. The current preoccupation of the US is to handle DPRK and here the role of China is vital. It is in Chinese interest to find a solution but it knows the US need is almost equally great and hence Foreign Minister Wang Yi's recent statement in the UN Security Council that China is not responsible for DPRK. Trump has recognized the need for direct dialogue with Kim Jong-un—this is the crux. Trump's signaling is thus substantive. Once the DPRK track is clear, he

can turn in earnest to other outstanding issues with China. He has, in this context, already signaled positively to Japan through his officials and to Abe personally. Moon's election as President in ROK can actually be used by Trump to talk with North Korea independent of China.

Moreover Surie stated that the China factor is vital to US foreign policy and Trump will continue to keep his options open. He has signaled that the US armed forces will be second to none. He is aware of the growing importance of Asia both economically and strategically. The US-China relationship will in the coming months most likely be like a roller coaster. The 19th Party Congress in China will provide indicators of Chinese responses. By that time, the hundred day period of US-China talks (agreed between Trump & Xi) to look at hard issues will be over. By November 2017, the picture should be clearer including on the strategic dimensions of OBOR which impinge on US interests.



**On Pakistan:** Surie cautioned that it is relevant to recall what the Republican Party's manifesto said before the Presidential election viz., "Our working relationship is a necessary, though sometimes difficult, benefit to both have frayed under the weight of international conflict. ....Pakistanis, Afghans, and Americans have a common interest in ridding the region of the Taliban and securing Pakistan's nuclear arsenal."

“The on-going review in the US on strengthening its presence in Afghanistan, there is no expectation of any hardening of US policy towards Pakistan. Lip service will be paid to India's concern as has been done recently. But, Pakistan's strategic importance to the US remains virtually undiminished.”

Secretary of State Tillerson's State Department has not included Pakistan in the list of states sponsoring terrorism. Defence Secretary Mattis spoke of the need to "incentivize Pakistan's cooperation on issues critical to our interests and the region's security, with a focus on Pakistan's militant groups that operate within its borders." This has been interpreted as being of indirect advantage to India. Ambassador Haley has said that going forward the US wants very much to see how any sort of conflict between India and Pakistan can be deescalated.

Surie concluded by pointing out that in effect, given the above and the on-going review in the US on strengthening its presence in Afghanistan, there is no expectation of any hardening of US policy towards Pakistan. Lip service will be paid to India's concern as has been done recently. But, Pakistan's strategic importance to the US remains virtually undiminished.

## Discussion

A European perspective was provided by the political counsellor at the German Embassy. He suggested that the period elapsed was but a moment in history. With the coming of the new Trump administration many European leaders have expressed their views and concerns clearly with regards to NATO structures and US and European alliances. It is crucial to understand the interests of both Europe and the US. Europe stood on its own, and was not influenced much by the US. It is clear from what has transpired that many in Europe and in Germany are committed to a strong Europe and a strong EU, which can resolve questions concerning Europe within Europe, without relying too much on outside partners.



This position has been made very clear by the Federal Chancellor of Germany as well at Washington DC. The US-Europe alliance will remain the same as it has for many decades. Their interests are interlinked and will remain so in the future.

Another participant observed that President Trump was a quasi-isolationist. First, he indicated the rapidly reducing salience of oil and gas as a factor in US Policy, despite the one year OPEC production cuts. American interest in oil and gas in the Middle East and particularly the gulf region is evaporating. Trump's determination to massively export oil and gas from the US as part of his economic strategy will undermine Saudi Arabia, Russia and others politically.

Another participant commented on the enormous ambiguity in several policy directives of the Trump Administration. Firstly, he drew attention to the contradictions amongst senior officials in the White House, and Trump's own unpredictability of words and actions in given circumstances. He suggested that policies remain a work in progress and even tentative conclusions may be premature. Secondly, according to him, the Tillerson speech defined how America First is defined and articulated. One, burden sharing, which doesn't affect India much. Two, soft trade protectionism. Also, that US external challenges are four- The DPRK, China, ISIS and Russia, which again don't bode particularly well for India. On Pakistan, acknowledging that it is

change, there are certain points to be noted. The antipathy of the US towards Pakistan should not be underestimated. He insists that this is great particularly at the military and lower defence bureaucracy level, which did not necessarily percolate to higher levels. There is also a big divide when understanding military cooperation as it relates to CPEC and civilian cooperation, which will need to be reconciled for avoiding adverse implications to the US. Lastly, he commented on the US leverage over Pakistan, which he predicts will gradually diminish over time.

## Globalization, Trade and Economic Policies



Ambassador Jaimini Bhagwati gave an overview of the economic implications of the Trump administration policies. He elucidated the concept of globalization and stressed that it is here to stay, irrespective of Trump's unpredictable policy changes. Multinational corporations and companies around the world are dependent on global value chains. These companies in turn would exert influence on Trump's policies and those who are negatively affected will try to lobby him. Bhagwati reflected that President Trump would expect the US companies to benefit where they have a competitive advantage, this would be applicable in terms of work in progress and Pakistan policy will

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services and for pharmaceutical companies where they have advantage in terms of IPR.

Bhagwati believes that while Trump will continue to look at US economic interests it will be tempered by

the fact that the world is changed and the technological advancements made in the last four decades make it impossible for the US corporations to completely confine themselves to the US. Therefore, globalization is expected to be a long-term phenomenon although some tweaking might be done by Trump to suit US interests.

Where trade is concerned, although Trump has expressed his dissatisfaction with the WTO, Bhagwati predicts that the US will not leave it, as that would imply abandoning the only world forum in terms of trade. He also drew attention to the fact that for both Europe and India, the tariffs for manufactured goods are very low; it is only on agricultural products that Europe and the US have a certain amount of protection through higher tariffs and even more importantly through non-tariff barriers. Furthermore, he explained that Trump by himself or the US by itself can't keep the US economy down but it is rather the general state of the global economy that will pull it down.

While explaining the difference between global economic growth and global trade growth he predicted a reversal of what was seen in the last 15 years - (when global trade was growing faster than the size of global economy), which should be worrisome for India as global trade hits a low. He opined that India needs to look east, go well beyond 'Act East' by building surface linkages well into Myanmar (ASEAN) and beyond.

Referring to Secretary Tillerson's speech, Bhagwati noted that hardly anything has been spoken on the economic policies of the US administration. This could be interpreted as a reflection of Trump administration's priorities or lack of Tillerson's knowledge of the same, which are both equally problematic. He also predicted a bubble in the stock markets of both US and India. Unprecedented monetary policies have led to flight of capital to other countries which renders an unsustainable situation,

which will hopefully be dealt with by taking a gradual approach towards raising interest rates.

He concluded by stressing the existing vulnerabilities and liability on the balance of payment situation as a result of very short sighted exchange rate policies of the federal bank and the Indian Government. India's total hard currency debt now is more than the foreign exchange reserves by an approx US \$150 billion. These vulnerabilities might be exacerbated by unpredictable actions of president Trump who is looking very narrowly at 'America First'.

### Foreign Policy under Trump - An Overview



**Amb K. Shankar Bajpai**, the Dean of America Watchers in India concluded the session by giving an overview of global policy implications of the Trump administration.

Bajpai assessed that the uncertainties involved are so infinite, every analysis is mere speculation, and practically entails reading tea leaves. As circumstances and events do not wait, and there remain many matters in which US needs to act, he hoped that certain continuities will prevail. However, implications for India are at best dubious and slightly uncomfortable. His assessment is that although some of the realities of office are

“The uncertainties involved are so infinite, every analysis is mere speculation, and practically entails reading tea leaves. As circumstances and events do not wait, and there remain many matters in which US needs to act, he hoped that certain continuities will prevail. However, implications for India are at best dubious and slightly uncomfortable. Although some of the realities of office are prevailing, the disarray of the establishment will take a long time to settle down.”

prevailing, the disarray of the establishment will take a long time to settle down. Meanwhile global issues such as North Korea and ISIS will bring back the continuities. There are new factors at work, such as attitude towards China, wherein he likened the present White House to a Mughal Court with all kinds of influences shaping perspectives.

He explained that India has never been a determinant in American policy until post 1991, when India mattered because of its economic possibilities. However, now it matters due to strategic considerations, thus rendering a situation of great uncertainty in the future.

Bajpai observed that a serious consideration was that all domains are facing indecisive governments. Raising the startling example of what is happening in America, the world's oldest democracy, where past institutions and methodologies have been challenged

by Trump, Bajpai insisted that democracy as an institution is under challenge. This phenomenon of new institutionalization all over the world is a compelling reason for India to find new areas of convergence on foreign policies with the US.

## Discussion

A participant stressed the need for India to develop an independent/autonomous foreign policy moving away from over dependency on the US. Another raised the question of the diminishing role of values in US foreign policy.



Another participant stressed that the new US administration should be perceived from the perspective of a realignment of Indo-Pacific, where the US is no longer a predominant power in Asia. All its efforts will be squarely contested by China and this line of construct is going to remain for the next couple of years. Secondly, a look at Eurasia, Continental Asia, Middle East and Africa would reveal that only China is leveraging. This necessitates India to re-evaluate its options as well.

Another participant disagreed with the proposition that the US is a retreating power and didn't think that China is anything more than a rising power. He insisted that given the position China has taken, it will prove difficult for it to exercise a clout they believed they have. About the unpredictability of Trump's policy options, he commented that they are transitory and will change with what the need of the hour dictates and what suits America at that point. On implications for India, he was optimistic that India will weather the storm effectively.

**Amb. Lalit Mansingh** agreed with most participants about the infinite possibilities and the need for preparedness in the face of unpredictability from the White House. He noted the substantial differences in opinion about implications for India. Mansingh de-emphasized Trump as the sole driving factor of change in US policies, and stressed the importance of US institutions, which remained strong. According to Mansingh, the US economy has recovered well and has reached a level of stability.

It is important to note that although the US is perceived as a declining power, it should be seen as Fareed Zakaria has explained as 'the rise of the rest, not decline of the US'. The US will not play dead and roll over against a belligerent China. Mansingh also negated the notion that China is in a position to snatch global hegemony from the United States. He concluded by encouraging the need to be optimistic about India's role in the world in the background of a rapid transformation of the global geo-political scenario.

### **Partnership Arrangements with the US**

**Ambassador Kanwal Sibal** commented on the transactional nature of US partnership arrangements under Trump that is focused on deal making rather than partnership. Sibal insisted on the need to focus on what the US can do for India,



rather than what India can do for the US to win support from the new Administration. He commented that although US has revised its prior policies that were highly damaging strategically to India both regionally and globally, he doesn't visualize any major change in its policies towards Pakistan, a prime area of contention for India. Secondly, Sibal expressed his view that at present it does not seem that the US under Trump has a vision of its relations with India. US policy makers have not as yet pronounced on the significance they attach to India in the current emerging world scenario. This speaks more of the world view of the US administration rather than any failure on India's part to make itself relevant to the US.

Sibal noted that India and the US had established a strong strategic partnership over the course of previous administrations, which cover economic, political and security domains. The question is what Trump will do to consolidate this strategic partnership or is it that he is not thinking in terms of a strategic partnership with India the way previous Obama and Bush Administrations did? The Joint Strategic Vision for the Asia-Pacific and Indian Ocean regions that was signed by India with the Obama administration was a big departure for India from its traditional thinking, where for the first time India accepted that the security of the Indian Ocean was linked to that of the Indo-Pacific. On this issue there are only two countries which can positively or adversely affect security in these regions, namely

US and China. Since the vision document has been signed with the US, clearly both countries do not see the US threatening regional security. Clearly, the concern is about China's rise and the need to hedge against its unpredictable consequences, which one has begun to see in the South China Sea already and incipiently in the Indian Ocean area. There is today confusion on Trump's actual stand on China as he has moved towards a threatening posture to vaunting his personal relationship with Xi Jinping, reversing the many positions he took earlier.

Sibal cautioned that India's concern, and that of some others, would be that if this transactional approach becomes more entrenched in Trump's thinking, there is a risk of US and China steadily moving towards a G2 situation in Asia. On the question of what it means for India to be designated a major defence partner, Sibal predicted that if the idea is just transactional in terms of exporting more arms to India then it will lose meaning. But if the purpose is to give us access to technologies, especially dual technologies- although so far there is no indication of this- then it can be a sustainable partnership.

Regarding terrorism, which is a major concern, we have received some solid support from select Gulf countries. Sibal did not perceive Trump pushing our concerns with Pakistan. The testimony given recently by the US Centcom Chief to the Senate Armed Services Committee is disquieting as it reflects traditional thinking on India-Pakistan issues. It is soft on Pakistan and even criticizes India for seeking to isolate Pakistan diplomatically and therefore preventing a dialogue. Finally on India's NSG membership, he commented that the heavy lifting needs to come from the US. The Obama administration failed to do so. Under Trump one should not have much hope.

The Moderator concluded the first session by commenting on the fundamental changes in the world order that the Trump era is likely to herald. In

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that context he stressed the need, more than ever before, to better analyze the geo-strategic and geo-economic dimensions of our mutual relationship very carefully and objectively. The geo-strategic situation in Asia is changing and not in favor of the US. Ambassador Bajpai had earlier noted that the present era seemed to herald the end of the liberal democratic order. In a major strategic conference in China, end last year, the Moderator noted a sense among the senior Chinese participants that it may indeed be the early beginning of US decline. That the US political system was not working and it was now China's turn. In this sense they see the Trump regime as an opportunity to assert China's influence at a pace faster than what they had earlier anticipated. It may be appropriate then to address this issue amongst this Forum in the fall of this year, once the dust settles down on the current turbulence.



## Session2 – POLICY IMPLICATIONS FOR INDIA

### Co-operating with the US on multilateral issues



**Professor Nayan Chanda** focused on three multilateral agreements- ASEAN, NATO and NAFTA. He felt that Trump's current relationship with ASEAN is limited to solving the North Korean 'problem'. Trump's calls to the Singapore PM, Thailand PM and Philippines President demanded their support in the matter. These countries have been asked to stop giving visas to North Korean nationals and remove North Korean embassies from their countries. Prof.Chanda elucidated how such a limited engagement has put other issues of larger importance like the South China Sea conflict on a backburner.

On the issue of Trump and his interaction with NATO, Chanda illustrated through examples Trump's disappointment with the multilateral body's achievements. Trump had expressed during his campaign that NATO had failed to curb terrorism in the Middle East and Europe. This view was ill informed and since joining office, he has changed his mind. Trump, according to Chanda, is also unwilling to take

on the financial burden of supporting the NATO and the pressure on the European members to contribute more may lead to serious differences.

Prof. Chanda emphasized Trump's ignorance of the importance of multilateral institutions. He explained how the recent turn of events regarding Trump's attitude towards NAFTA has been influenced by Jared Kushner. The phone call between the Canadian Prime Minister, the Mexican Prime Minister and Trump concluded on a positive decision to rethink NAFTA. Chanda concluded that in his opinion Trump's policy resembles his approach to handling 'Mar-a-Lago'—you pay more for better service.

### India- US Strategic cooperation viz. a viz. China, Pakistan and Russia-

**Ambassador P S Raghavan** started with the caveat that from Trump's campaign promises and present actions, we cannot determine his future plans. He emphasized the many variables and actors within the U.S establishment (President, Pentagon, State Department, CIA, Congress and private industry) which determine policies. We do not as yet know enough about the strength of these variables and the interactions between them in the Trump Administration. He drew attention also to the changing nature of US strategic cooperation with China, Pakistan and Russia.

Historically, almost 60% of India's defence acquisitions have been from Russia; no country has supplied to India the level of technologies that Russia has. India's efforts to obtain advanced defence technologies from the US haven't succeeded due to obstructions from US industry or Congress or one of the other variables in the policy-making process. We do not know if the Trump Administration can change this.



**“It was important for India to strengthen its ties with other major world players like Russia, Japan and Iran in light of the uncertainty created by Trump's foreign policy.”**

### **Impact on economic and trade issues**

**Dr Arvind Virmani** drew attention to the deleterious effect of Trump's policies on the US, India and global economies. In terms of growth, he predicted that US would see a 0.5% growth. Domestic demand will accelerate under Trump increasing global demand that in turn will lead to an increase in investments. Interest rates are predicted to increase in the US resulting in a negative impact on India. Yet, Virmani predicts the net result to be overall positive for India. In terms of revenue reforms in the US, the rich are expected to benefit from such policies and not the middle class in the short term. In the middle term though, a negative effect on the economy is expected.

Following the deregulation in the finance and government sectors in India, a positive result is expected in the short term. Yet, in the long term the impact will be negative, due to pollution, health problems and other related issues. In the field of trade, a tax could be imposed as a customs duty leading to an overall negative effect but if it is imposed in the form of a VAT, which being a destination tax it would lead to a positive impact. At a macro level, because exchange rate is expected to be opposite, the effect would be neutralised at best or have a partial effect in Virmani's view. Large exporters will be harmed and specifically China being a non-market economy will be harmed because of a targeted attack on its exports by the USA. India would be

In recent times, the US- Russia standoff over Ukraine has led Moscow to a closer embrace with China, which is not in India's interest. In the Af-Pak region too, according to Raghavan, the US-Russia face-off isn't in India's interest. He commented that General McMaster's recent comments in Afghanistan about sponsorship of terrorism from across the border referred only to the Pakistan-Afghanistan border; the Indian media had wrongly understood it to mean also Pakistan-India cross-border terrorism. We do not know the Trump Administration's stand on this. Regarding US pressure on China to help 'solve' the North Korean problem, Raghavan felt there may be a danger that in return for Chinese help in getting a face-saving (for the US) resolution, the US may give China more leeway in its actions in the Asia Pacific, which would affect India and all countries in China's neighbourhood.

He concluded that it was important for India to strengthen its ties with other major world players like Russia, Japan and Iran in light of the uncertainty created by Trump's foreign policy.

“Following the deregulation in the finance and government sectors in India, a positive result is expected in the short term. Yet, in the long term the impact will be negative, due to pollution, health problems and other related issues.”



the success of the DTTI programme must rest on actual exchange of technology in significant areas of interest like aircraft carrier technology and aero-engine technology. In his opinion balancing trade and technology priorities of both countries must move beyond linear relationships. Spill over advantages in other fields like space and the civil sector should be taken in to account, with `balance sheet' being drawn at an appropriate level of coordination. Significant value additions must be attached to exchanges between both US and India.



protected to a large extent from such tremors in the future.

Virmani concluded that large companies based out of the US have been taking considerable interest in Indian markets since their consolidation under the GST laws. This would boost investment in India.

### Technology cooperation and related issues

Lt Gen Anil Ahuja said that while `Strategic Choices' are hard to make, these may be simpler to implement thereafter. Defence acquisition on the other hand, while easier to choose what to procure, the process itself is hard and cumbersome to implement, with varied implications. He provided a brief outline of the history of the DTTI programme. Elucidating the future of DTTI, he explained how

“Strategic Choices' are hard to make, these may be simpler to implement thereafter. Defence acquisition on the other hand, while easier to choose what to procure, the process itself is hard and cumbersome to implement, with varied implications.”

## Discussion

A lively debate subsequently ensued. A former senior diplomat explained how the DTTI programme had started off well. It would be wrong to blame the relative failure of this project solely on the US administration. India's inability to build trust and strengthen diplomatic relations with the US also should be held attributable. India's delay in signing contracts like the Logistics Exchange Memorandum of Agreement (LEMOA) did not help matters and does not strengthen its case for greater technology transfer.

Another former senior diplomat exclaimed that the terms of engagement between China and the USA have changed significantly with North Korea entering the equation. India, thus, needs a positive relationship with China. Undue provocation shouldn't be the default option.



Another participant stressed that too much attention on Trump shifts our focus away from other policy variables within the US administration. It is important to not regard Trump as a solo player in forming foreign and domestic policy.

A leading military strategic expert explained that India's partnership with the US must not compromise India's own interests and hence it was alright to take a long and careful approach before signing cooperation agreements and carefully negotiate clause by clause on agreements such as the LEMOA.

Another senior civilian strategic analyst drew attention to the pro-China lobby within Japan that has for long been opposing Shinzo Abe's policies. He also explained that dependency on US in terms of helping India against China in South Asia isn't intelligent. He elucidated how the US had been bluffing under President Obama's rule too. He exclaimed that the DTTI programme too has very little for India to rely on.

Another participant commented on methods to deal with uncertain situations such as the one India currently faces with Trump in power. He elucidated that the best case scenario would be working with Trump and yet India must be ready for a worst case scenario which would be an inward looking policy or a distracted policy towards the US. India's insecurities such as trade and technology, infrastructure, urban development, defence could be reduced by aligning with the EU (Germany, France), Russia, Japan or South East Asian allies. On the other hand while in terms of the Af-Pak region, India would have to run a unilateral campaign. In terms of global governance, the US would be hard to replace.

A distinguished former senior diplomat exclaimed that under the current disposition, India's foreign policy had over the past 2 year's unnecessarily isolated its neighbours. He also explained that internal politics is important to signals being sent out to foreign powers. Hence, jingoism and theatrical diplomacy affect relations with countries like Saudi Arabia who could have considerable influence in the Af-Pak region. He explained that India had hit a diplomatic roadblock on OBOR.

## Concluding Remarks by the Moderator

In concluding the Roundtable, the Moderator thanked the participants for their active participation and constructive recommendations. Times are uncertain and India must remain alert and watchful in shaping its policies. Two criteria that will determine this are; first, a realistic assessment of our current capabilities within the changing global environment. Secondly, in choosing options, focusing like a laser on our strategic interests and safeguarding and enhancing these to the maximum extent possible in these changing and turbulent times.





## List of Participants

**Moderator:** Major General Dipankar Banerjee (Retd)  
 Member Board of Governors, Forum for Strategic Initiatives (FSI)  
 Former Director and Mentor Institute of Peace and Conflict Studies Former  
 Executive Director, Regional Centre for Strategic Studies, Colombo

**Sponsor and Collaborator:** Pankaj Madan  
 Head-Programmes  
 Konrad-Adenauer-Stiftung

Ser	Name and Designation	Name of Organisation/ Designation
1.	Lt Gen Anil Ahuja (Retd)	Former Deputy Chief of the Integrated Defense Staff (Policy Planning and Force development)
2.	Amb K. Shankar Bajpai	Former Ambassador to Pakistan, China and the USA Former Secretary, Ministry of External Affairs Chairman Emeritus, Delhi Policy Group
3.	Amb Jaimini Bhagwati	Former Ambassador RBI Chair Professor at ICRIER
4.	Professor Nayan Chanda	Former Editor in Chief, Far Eastern Economic Review Founder and Editor, Yale Global Online
5.	Pramit Pal Chaudhuri	Foreign Affairs Editor, Hindustan Times
6.	Dr Mohan Guruswamy	Chairman, Centre for Policy Alternatives Member Board of Governors, FSI

Ser	Name and Designation	Name of Organisation/ Designation
7.	Dr Dhruva Jaishankar	Fellow, Foreign Policy, Brookings India
8.	Dr Manoj Joshi	Distinguished Fellow, ORF, Senior Strategic Expert
9.	Amb Ashok Kantha	Former Ambassador and Secretary, MEA. Director of the Institute of Chinese Studies
10.	Dr. Arno Kirchoff	Political Counselor, German Embassy
11.	Amb Lalit Mansingh	Former Foreign Secretary and Ambassador to USA and High Commissioner to UK Former President, FSI
12.	Amb Vijay K. Nambiar	Former Ambassador to UN Chef de Cabinet to UN Secretary General UN Secretary General's Special Advisor on Myanmar
13.	Amb Biren Nanda	Ambassaor to Japan and Indonesia Senior Fellow, Delhi Policy Group
14.	Air Mshl Vinod Patney	Former Vice Chief of the Indian Air Force Director General, Centre For Air Power Studies
15.	Prof R Rajaraman	Emeritus Professor of Theoretical Physics School of Physical Sciences ,Jawaharlal Nehru University
16.	Amb P S Raghavan	Chairman, National Security Advisory Board Former Ambassador to Russia, Ireland & Czech Republic
17.	Brig Arun Sahgal	Senior Fellow, Delhi Policy Group Director General, FSI
18.	Amb Kanwal Sibal	Former Foreign Secretary and Ambassador to Russia
19.	Amb K. C. Singh	Former Ambassador to UAE and Iran Member Board of Governors, FSI
20.	Amb Nalin Surie	Director General, Indian Council of World Affairs Former Ambassador and Secretary, East, MEA
21.	Mr. Domenic Teipelke	School of Social Sciences, Jawaharlal Nehru University
23.	Dr Arvind Virmani	Founder- Chintan Chairman Policy Foundation President, FSI
24.	Ms Pia Winter	German Embassy, New Delhi



### Rapporteurs

Deepica Sachdeva	Research Officer, KAS
Shulagna Pal	Programme Officer, FSI
Shruti Appalla	Kamala Nehru College

