

U.S. President Barack Obama's Visit to India - A New Chapter in the History of Bilateral Cooperation

Executive Summary

US President Barack Obama is the first U.S. President to become the Chief Guest on the 66th Republic Day (26th January 2015) in India. His visit and the consequent declarations and agreements have sent a clear signal to the world of a coming long term strategic partnership between the two important democracies of the world. The signed agreements between India and the U.S. had gone beyond the general expectations, covering major international and national issues. Both the countries appear to be satisfied with the visit. After the departure of the U.S. President, further efforts have been put in place to ensure that the visit is successful in taking the bilateral relationship to much higher level in the years to come. Experts are of the opinion that the visit provides an opportunity for both the countries to jointly frame a new geopolitical agenda in Asia, to implement plans with regard to civil nuclear projects in India, involving American companies' knowhow, and also to strengthen the bilateral as well as multilateral economic cooperation to ensure economic gains for both the countries.

Major highlights of Barack Obama's India visit

1. Maritime cooperation in the Asia Pacific and Indian Ocean Region
2. Tie up for joint and co-production of defence equipments
3. Advancement of the Indo-US Nuclear Deal
4. Stress on Renewable Energy
5. \$4 billion announced for new initiatives, trade missions and infrastructure
6. PM Modi's promise for 'ease of doing business' by announcing reforms that remove business barriers and restrictions
7. H-1B visa issue and easy migration policy
8. Memorandum of Understanding (MoU) signed between the two countries for Smart Cities
9. Totalization Agreement
10. President Obama's remarks on religious tolerance

Introduction

The beginning of the year 2015 is a remarkable one for the nation as the U.S. President Barack Obama visited India for the Republic Day celebrations as the Chief Guest. This was the first time a U.S. President had the honor of attending Republic Day, which commemorates the adoption of India's constitution. The momentum, which started during Prime Minister Narendra Modi's historic visit to United States (U.S.) last year, gained further speed during President Barack Obama's visit to India. John Kerry, the U.S. Secretary of State, on his visit to India for 7th Vibrant Gujrat Summit (11th to 13th Jan, 2015), affirmed that this is the perfect time to tap incredible possibilities between India and the U.S. Kerry praised Modi's initiative 'Make in India' that would be a win-win situation for the world. Kerry's visit set the stage for U.S. President to visit India and share strategic objectives with PM Narendra Modi. Together, India and the U.S. have a shared interest in promoting global security, stability and economic prosperity through trade, investment and connectivity. For this reason, India and the U.S. had joined hands for some social concerns, to reduce poverty and to lift people up, to empower women, to provide access to electricity and clean energy and invest in infrastructure and the education system.

A country's growth depends highly on its infrastructure and GDP, a developed country like U.S. had the expertise on both these aspects and India can immensely be benefitted by the bilateral ties with U.S. There were few challenges faced by both the countries related to foreign investments, intellectual property rights, immigration measures etc. in the past. The steps are taken to rectify these issues by both the countries and agreed to take appropriate measures to pave the way of development in the future.

The agreements signed between the two countries have raised their bilateral relations to a new and higher level and is likely to give positive results. Some of the important achievements are the nuclear deal, defence ties, renewable energy projects, national, bilateral and multilateral efforts to adapt and mitigate the impact of climate change, promotion of sustained and sustainable 'inclusive development', commitment to transparent and rule based markets, fighting terrorism, cooperating on the development of joint ventures on strategically significant projects. The visit had a significant business dimension too with an understanding on nuclear liability, investments in renewable energy, and several capacity building initiatives.

India PM Narendra Modi and U.S. President Barack Obama find it essential to commercialise the Indo-US Nuclear deal, the reason was not just the involvement of billions of dollars but the renewable energy plans and international climate change commitments will not be possible without a sizeable nuclear component. The nuclear power and climate change were remarkably clubbed together. Obama also offered to help in financing India's ambitious solar energy target by investing \$2 billion by the US Trade and Development Agency. The two US solar companies that are already having sizeable business in India are First Solar and SunEdison Inc. SunEdison had recently announced at the Vibrant Gujarat Summit that it would set up a \$4 billion solar manufacturing facility at Mundra, India jointly with the Adani group.

India and U.S. had been the victims of terrorism and faces common security threats. Both the countries show a major concern to combat terrorism leading to defence and security cooperation, enhance counter terrorism efforts, and strengthen defence ties, homeland security cooperation and intelligence sharing mechanism. PM Narendra Modi and U.S. Secretary of State, John Kerry, at the recent Vibrant Gujarat Summit, condemned the Paris terror attack and stressed on the need for a zero tolerance based approach. Both the leaders stated that India and the U.S. share a responsibility to fight terrorism and remain committed to the freedom of the people. Both the countries stressed the need for concerted efforts including the dismantling of safe havens for terrorist and criminal networks and to disrupt all financial and tactical support for networks such as Al Qaeda, Lashkar-e-Taiba, Jaish-e-Mohammad, the D-Company and the Haqqanis. India-US interests demand that joint efforts, including real-time intelligence sharing, are expedited to tackle transnational terror groups that target both countries individually and together.

Both Modi and Obama emphasized the importance of gender balance and signify that it is our social and cultural duty and humanitarian responsibility to save the girl child and to educate her. Every woman should be able to go about her day, to walk the street, to ride the bus and be safe and be treated with respect and dignity that she deserves.

U.S. President Barack Obama addressed a gathering of about 2000 persons at Siri Fort Auditorium, New Delhi. Some highlights of the speech are :

- i) Young women today are part of new generation making their voice heard, standing up, determined to play their part in India's progress.
- ii) World without nuclear weapons should be the goal for us.
- iii) No society is immune by the darkest impulses of man. More often, religion has been used to tap into it.
- iv) Nations are more successful when their women are successful.

Obama is of the opinion that India should be well known for the equality of its democracy as much as it is known for its economic prospects. He strongly and rightly urged India to embrace liberal values alongside national affluence.

Detailed View

1. Maritime cooperation in the Asia Pacific and Indian Ocean Region

PM Modi and Obama released a Joint Strategic Vision statement for the Asia Pacific and Indian Ocean region. The statement, which irked China, reaffirms both India and America's concerns on maritime disputes in the South China seas. The Chinese state-run Global Times commented, "Many reports by Western media have pointed out that the US, regardless of historical complications, is putting more efforts into soliciting India to act as a partner, even an ally, to support Washington's 'pivot to Asia' strategy, which is mainly devised to counter China's rise." According to the official sources, the declaration highlights the close strategic ties between India and the United States, a relationship that can balance the growing strategic presence of China in the greater Indian Ocean region. Obama and Modi agreed to extend a 10-year defense pact that the White House said would allow for deeper military-to-military engagement and increase maritime cooperation.

The US-India Joint Strategic Vision for the Asia Pacific and Indian Ocean Region singles out the South China Sea to assert the "freedom of navigation and over flight" rights and calls for states to "avoid the threat or use of force and pursue resolution of territorial and maritime disputes through all peaceful means". The reference to the South China Sea evoked a sharp response from Beijing – which appears to have forgotten its own US-China Joint Statement on South Asia of June 1998 that called for the US and China to "jointly and individually contribute to the achievement of a peaceful, prosperous and secure South Asia". The specific mention of India's interest in joining the Asia-Pacific Economic Cooperation forum indicates the possibility of enhancing trilateral US-China-India economic and trade cooperation to the benefit of all three and the entire region. Thus, both the US and India are keen to work with China to establish a "rule based global order".

2. Tie up for joint and co-production of defence equipments

India and the US decided to begin the joint manufacturing of four relatively modest military products and explore the development of two more high-end technologies by renewing the defence framework for another 10 years. The two nations agreed to step up joint combat exercises, maritime security endeavours, intelligence-sharing mechanisms, military exchanges and the like through the framework, which has the key new element of Defence Trade and Technology Initiative (DTTI) to reinforce India's new defence-industrial base.

The DTTI will be launched with four rightly called "pathfinder projects" since India wants to first ascertain how these "not-so-complex technologies" actually materialize on the ground. The Indian defence establishment, after all, is yet to fully shed its long-standing inhibitions about the US being a reliable long-term supplier of top technologies.

The four products to be co-produced are the next-generation Raven unmanned aerial vehicles (UAVs), "roll-on, roll-off" intelligence-gathering and reconnaissance modules for C-130J Super Hercules aircraft, mobile electric hybrid power sources and "uniform integrated protection ensemble increment-2 (chemical, biological warfare protection gear for soldiers)".

U.S. Defence Secretary, Chuck Hagel said that the Indo-US agreements on defence cooperation announced by the two countries "promises to open a new chapter" in bilateral military ties and marks an "important milestone" in their strategic partnership. U.S. President Barack Obama and India Prime Minister Narendra Modi broke a seven-year-old logjam in operationalising their landmark civil nuclear deal besides deciding to jointly produce military hardware including advanced unmanned aerial vehicles. This renewed framework will support stronger military-to-military engagement, including deeper maritime cooperation and increased opportunities in technology and trade.

3. Advancement of the Indo-US Civil Nuclear Deal

The agreement signed between the United States of America and the Republic of India is known as the U.S.–India Civil Nuclear Agreement or Indo-US nuclear deal. The framework for this agreement was a joint statement by then Indian Prime Minister Dr. Manmohan Singh and then U.S. President George W. Bush on July 18, 2005, under which India agreed to separate its civil and military nuclear facilities and to place all its civil nuclear facilities under International Atomic Energy Agency (IAEA) safeguards and, in exchange, the United States agreed to work toward full civil nuclear cooperation with India. But the deal was stuck in the half way and it is again come into picture with India PM Narendra Modi and US President Barack Obama's initiative actions.

While there were no immediate details on how the impasse had been broken, India will set up an insurance pool led by General Insurance Co and four other insurance companies of a total amount of Rs 750 crore to indemnify companies that build reactors in the country against liabilities in case of a nuclear accident. The remaining Rs 750 crore of the total Rs 1,500 crore to offset liabilities will be provided by the government of India. This will address US concerns over Clause 17 of the Indian Liability Act. It can be further explained that the pool amounting to Rs.1,500 crore (a ceiling under Indian law), half of which will be contributed by the suppliers and the operator (i.e. the Nuclear Power Corporation of India Ltd.) and the balance, by the General Insurance Corporation of India (GIC) and four other insurance companies. The premium costs, at between 0.1 per cent, would amount to less than Rs.1 crore per reactor and can be

easily factored into the overall costs. Recourse from suppliers in case of nuclear damage can only be under the Liability Act, which is now limited in amount. Presumably, the government is confident that this assurance will be able to withstand a legal challenge.

4. *Stress on Renewable Energy*

PM Modi and Obama agreed that India and the United States will work together to support India's ambitious climate and energy goals by focusing on air quality and increasing the share of renewables in the energy basket.

This partnership is based on ten specific initiatives, which include broadening the areas for undertaking research in clean energy; addressing urban air quality; expanding policy dialogues and technical work on clean energy and low greenhouse gas emissions technologies; undertaking demonstration and pilot clean energy projects; and developing cooling solutions to replace hydro chloro fluoro carbons (HFCs), which contribute to global warming. Each of the initiatives addresses India's domestic priorities and needs.

Big-ticket announcements involving American loans for renewable energy projects, green bonds, venture capital and pension funds are on the cards after Obama and PM Modi pledged to collaborate in the area of clean energy and combat climate change. Officials at the renewable energy ministry said deals would be negotiated at a high-profile event next month, when Modi will kick off a gathering of industry leaders, bankers, investors and central bank officials from the US, India, Europe and other regions.”

A senior member of the Senate Environment and Public Works Committee, Tom Carper, congratulated US President Barack Obama for reaching an agreement with India to generate more renewable energy and thus reduce impact on the world's climate. He is particularly pleased with the cooperation on the phasedown of hydro fluorocarbons (HFCs), that are used in millions of households for things like air conditioning and refrigeration, and contribute to a large share of the greenhouse gas emissions in the United States and around the world.

Carper is of the view that the partnership focuses on disseminating information to help urban residents reduce their exposure to harmful levels of air pollution, and enables urban policy planners to implement strategies for improving ambient air quality in cities. These international partnerships are vehicles the US and its global partners can use to encourage real change and progress in preserving and protecting our environment for the next generation. This agreement will enable both of the countries to grow the renewable energy economies and clean up our air at the same time.

Indian Prime Minister Narendra Modi and U.S. President Barack Obama have taken a big step forward with their announcements on tackling climate change, but there is no indication yet that India will change its basic stand in international negotiations that the developed countries are the biggest polluters and they

must pay for it. Climate change is one of the issues that President Obama has focused on during his presidency, particularly in his second term. Analysts argue that for the United States to push through participation in global efforts to tackle climate change, it is necessary that other big emitters like China and India too be seen to be taking efforts to address the issue of emissions. The engagement with China and India is part of that effort. It is, at the same time, America's attempt to take leadership of the global effort by enabling countries like India and China, which are projected to be big producers of carbon in the future, to limit their emissions.

A team of senior US officials and executives from funding agencies, ministries and companies will interact with Indian officials from the finance ministry, Reserve Bank of India and other agencies to help India meet its ambitious target of adding 1 lakh megawatt of clean energy, which is 40% of the country's total generation capacity now, at a cost of Rs 6 lakh crore. Power, Coal & Renewable Energy Minister, Piyush Goyal, is determined to ensure that new renewable capacity is built with innovative and sustainable funding, not subsidies and handouts.

Obama stressed the importance of India's voice in climate talks and efforts to reach a global agreement on the issue. Modi said India was acting with a sense of responsibility towards future generations, not under international pressure. The two leaders also agreed to work together to adjust to the adverse effects of climate change such as variations in rainfall pattern, rising sea levels and falling water tables. This will ensure that the Indian economy grows and creates jobs without polluting the environment.

Addressing air pollution in urban centres is an important plank of the dialogue between the two leaders. The US has agreed to help with providing relevant data and this will enhance India's ability to track current levels of contamination, identify sources and track progress in reducing air pollution.

There had been speculation about whether the US' climate deal with China last November would mean increased pressure on India to make a similar commitment. India's important role in the international climate negotiations, particularly as the world works towards a new global compact to be inked in Paris in December, was stressed by President Obama.

It was also clear that India's own circumstances and priorities would be respected. Modi made it clear that while India is not under any pressure on account of the US-China deal, climate change itself was a pressure for all countries to act.

"India is a sovereign country. No pressure from any country or any person has any effect on it. But there is pressure. Pressure about what kind of earth we shall leave for our future generations. Climate change itself is a very big pressure. Global warming itself is a very big pressure. And whoever worries about the future generations has a responsibility to be conscious about climate change; adopt practices and policies which will ensure a good life and good environment for future generations."

– India Prime Minister, Narendra Modi

Source : The Economic Times, "Obama in India: PM Narendra Modi, Barack Obama strike alliance on climate change; air pollution, renewable energy focus areas", Jan 26, 2015, Page 1

5. \$4 billion announced for new initiatives, trade missions and infrastructure

Obama announced \$4 billion of new initiatives aimed at boosting trade and investment ties as well as jobs in India, and opened up a whole new source of financing for social development ventures in the country through a new Indian Diaspora Investment Initiative.

The \$4-billion deals include \$2 billion of leveraged financing for renewable energy investments in India through the US Trade & Development Agency and \$1 billion in loans for small and medium businesses across India through the Overseas Private Investment Corporation, or OPIC. Separately, the US Export Import Bank would finance a billion dollars to support 'Made in America' exports to India over the next two years. Obama also announced that two US trade missions will be in India this year with a specific focus on infrastructure development in rail, roads, ports and airports.

"Let's make it possible for a young woman in rural India to start a business with a partner in America that will change both their lives."

- U.S. President, Barack Obama

Source : The Economic Times, "A Parade of Deep Friendship" – "US president announces \$4 billion of new initiatives, trade missions to help boost infrastructure", Jan 27, 2015, Page 1

6. PM Modi's promise for 'ease of doing business' by announcing reforms that remove business barriers and restrictions

PM Modi promised an open business environment, predictable tax regime and to remove "remaining uncertainties" as Obama raised issues of trade barriers and intellectual property while seeking ease of doing business in India. Modi asserted that his government has removed some of the "excesses of the past" and said "we will now soon address the remaining uncertainties", an apparent reference to the retrospective taxation law of the previous government that put off global investors.

Modi said he would personally take charge of implementation of big projects and monitor them. He confirmed that the business environment will not only be open but also welcoming and guiding, the climate that encourages investment and rewards enterprise, nurture innovation and protect the intellectual property. Pledging USD 4 billion in lending by US banks, Obama said that the US is ready to help India grow by working with it in development of infrastructure like railways, ports, roads and clean energy power plants. Both the leaders addressed a meeting of the US-India Business Council on the second day of the US President's visit that was attended by top corporate leaders of both the countries.

Reviewing his visit, Obama said that the two countries have "a number of concrete" steps for more investments and referred to breakthrough in civil nuclear agreement, defence cooperation, renewable energy and bilateral investment protection treaty (BIPA).

Mike Froman, a top Obama Administration Trade Official, had praised the dialogue between India and U.S. regarding the intellectual property issues and expecting concrete progress in this area.

The US president also announced the creation of a High-Level US India Strategic and Commercial Dialogue to monitor progress on the pacts and vision statements laid out by PM Modi and President Obama. The mechanism would hold the bureaucracies of the two countries accountable for translating the vision of the two leaders into reality.

Obama is of the opinion that India still had barriers and bureaucratic restrictions that hinder the way of the international business. So, PM Modi announced reforms that shall overcome these barriers including a new committee dedicated to fast tracking US investments and making the business environment more accountable and transparent. Obama also called for growth to be more sustainable and inclusive and it has to make people's lives better in real ways. He also stressed on US companies' keenness to help India in its quest for clean energy sources such as solar and nuclear power, improve the air quality of Indian cities and expand access to clean water. Apart from these, they could also help India transform into a cashless economy, as work had already been done by PM Modi to give every Indian household a bank account, American companies can make sure that these accounts can help Indians in day-to-day lives by digitizing retail transactions.

7. H-1B visa issue and easy migration policy

The students who are graduating in America in the science, technology, engineering and mathematics subjects have been given an additional 12 months after finishing their education to look for a job i.e. the Optional Practical Training period has now been extended from 24 to 36 months. The immigration reform will benefit the highly skilled Indian workers, as these Indians are waiting for their green cards (U.S. citizenship) for long. President Barack Obama has directed the U.S. Citizenship and Immigration Services

department to come up with an agreeable solution. The large number of skilled Indian immigrants those who have unlawful status in the U.S. will be among the biggest beneficiaries of the new law. Obama has assured PM Modi that he will look into India's concerns on the H-1B visa issue as part of his comprehensive immigration reform. A significant change in handing out green card process is needed. Obama also recognized this fact. There are more than one million immigrant doctors, scientists, engineers and teachers, including many Indians, who entered America legally and are stuck in limbo while they wait for permanent resident visas. The reforms to facilitate U.S. citizenship or a green card for entrepreneurs have been pushed.

President Obama's executive order provides "portable work authorization" i.e. the workers would be able to change jobs. This will fix the continuous complaints about the salary differential between people on H-1B visas and American workers.

*Source : The Hindustan Times, Incredible Possibilities, "Easy Migration to Greener Pastures",
Jan 26, 2015, Page 5*

8. Memorandum of Understanding (MoU) signed between the two countries for Smart Cities

While the government is yet to roll out the smart cities scheme, the United States Trade and Development Agency (USTDA) signed Memorandums of Understandings (MoUs) with Uttar Pradesh, Rajasthan and Andhra Pradesh for cooperation to support the development of three smart cities. The cities are Allahabad, Ajmer and Visakhapatnam. Under the MoUs, the USTDA will contribute funds for feasibility studies and pilot projects, study tours, workshops or trainings and other projects that would be determined mutually.

As per the agreements, USTDA will collaborate with other US government agencies like the Department of Commerce, the US Export Import Bank and other trade and economic agencies to promote greater US-India infrastructure development cooperation and to support development of smart cities.

9. Totalization Agreement

The US agreed to take the first step in addressing India's long-pending demand of signing a Totalization Agreement that will help Indian workers in the US get annual refunds of around \$3 billion (Rs 18,000 crore) worth of social security contributions they make.

The issue has been pending for years as the US has failed to recognize either the contributions made to the Employees Provident Fund or the National Pension Scheme as a valid social security contribution in India. As a result thousands of software and other professionals lose out on the money they contribute to the US scheme while being stationed there.

10. President Obama's remarks on religious tolerance

US President Barack Obama made the case for religious tolerance the centrepiece of his parting address in India, inevitably bringing into focus the anti-conversion drive and rhetoric directed at India's Muslims and Christians by elements of the Sangh Parivar. "Namaste, brothers and sisters of India," began President Obama, addressing a 2,000-strong crowd at New Delhi's Siri Fort Auditorium, mainly consisting of young people.

The speech was punctuated by repeated applause as President Obama spoke about the dreams and opportunities for the young, the diversity of both the US and India and said the time had come for America to be "India's best partner" on a range of issues from education to environment and from infrastructure to counter-terrorism. The US president confirmed the support of America for India's claim for a permanent seat in the United Nations Security Council.

"If the grandson of a cook can become president, and a tea seller can become the prime minister, so can young people from the humblest of origins dare to dream big and realise their aspirations," Obama said, referring to the fact that both countries possessed political and economic institutions that enabled people to aspire to do better than their parents. But it was religious freedom and the right to propagate one's belief that formed the cornerstone of his address, accounting for 20 of its 40 minutes. Referring repeatedly to similarities between the Indian and American constitutions when it came to religious freedom, Obama said the right to practice one's faith was a "foundational value" which India must uphold.

"Nowhere is it more important than in India... Nowhere is it going to be more necessary that the foundational value be upheld. India will succeed so long as it is not splintered along lines of religious faith, splintered along any lines and it is unified as one nation; and all Indians whatever their faith, go to the movies and applaud actors like Shah Rukh Khan or athletes like Milkha Singh and Mary Kom."

– U.S. President, Barack Obama

Source : The Economic Times, "Obama wraps up visit with advice on tolerance", Jan 28, 2015, Page 1

Conclusion

U.S. President Barack Obama's three day visit to India had filled so much enthusiasm in the relations between the two countries and their citizens. His visit comprised of both the sides of the coin i.e. formal and informal, official and personal, partnership and friendship. He beautifully motivated the youth of the country by linking himself and PM Narendra Modi to humble backgrounds, how the grandson of a cook and son of a single mother can become the President of the U.S. and how a tea maker can become the Prime Minister of India. So young people from the humblest of origins dare to dream big and realise their aspirations as the role models are the set examples for them. With his and PM Modi's views, they went straight into the hearts of the people with simplicity.

Many agreements and deals were entered into by India and the U.S. that are briefly described in the document raising the hopes of every individual of India in the path of progress and growth of the nation as a whole. The vision and mission of Prime Minister Narendra Modi in collaboration with the U.S. President Barack Obama clearly defines the promising relationship towards the growth of both the countries which was streamlined already in 2005 by then Prime Dr. Manmohan Singh and then U.S. President George W. Bush. Both the countries intent to improve the foreign policies for a result oriented partnership by strategic planning and cooperation.

The vision has been set by the two eminent leaders. The onus of the vision set lies on the individuals and their efforts including efficiency, diligence, and effective coordination and monitoring so that the target could be achieved and become milestone in the long road ahead. There are high hopes that India and U.S. bilateral relations will improve to greater heights and result in mutual benefits for the two economies.

The US-India Joint Strategic Vision for the Asia Pacific and Indian Ocean Region singles out the South China Sea to assert the "freedom of navigation and over flight" rights and calls for states to "avoid the threat or use of force and pursue resolution of territorial and maritime disputes through all peaceful means". India Prime Minister Narendra Modi and U.S. President Barack Obama carefully omitted mentioning Pakistan during the visit. But Pakistani politicians and media claimed America trying to establish India's dominance in South Asia. Pakistan's Foreign Office issued an official statement complaining that an India-U.S. partnership would alter South Asia's "balance of power" and create a "regional imbalance".

Obama also praised Mahatma Gandhi, Martin Luther King Jr and Swami Vivekananda. He described Martin Luther King Jr and Gandhi as great souls because of their efforts, Indians and Americans are equal and free. He also thanked Swami Vivekananda to bring yoga to America more than a hundred of years ago. On all occasions and events and in all public appearances, Obama came through as a person who had interest in and respect for India. In his Siri Fort's speech, Obama addressed the gathering by saying "sisters and brothers of India", very similar to Swami Vivekananda's speech in Chicago, "brothers

and sisters of America”. The visit was official but the message was also human, and that added to its success.

References

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