



THE NEW IMPERATIVE: AN ANALYSIS OF INDIA-US RELATIONS IN TRADE, DEFENCE, AND TECHNOLOGY

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Abstract:

The India-United States relationship, once characterized by Cold War estrangement and mutual suspicion, has undergone a profound transformation in the 21st century. Evolving from a "hesitant dialogue" to a "comprehensive global strategic partnership," the bilateral relationship is now one of the most consequential in international politics [1]. This research paper argues that the convergence of strategic interests, primarily driven by the rise of China, has acted as a catalyst, forging deep and multifaceted cooperation across three critical pillars: trade and economics, defence and security, and technology. However, this partnership is not without its challenges, including lingering protectionist tendencies, bureaucratic and regulatory hurdles, and differing perspectives on global governance. By examining the evolution, current state, and future prospects of cooperation in these three domains, this paper concludes that while the strategic alignment is robust, its long-term success hinges on effectively managing differences and translating high-level diplomacy into tangible, ground-level outcomes.

Keywords: India-US Relations, Strategic Partnership, Trade Policy, Defence Cooperation, Technology Transfer, ICET (Initiative on Critical and Emerging Technology), China, Indo-Pacific, Geopolitics, Strategic Autonomy.

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Hypothesis:

The primary hypothesis of this paper is that the convergent strategic imperative of managing China's rise has been the principal driver behind the rapid and substantive transformation of India-US relations in the 21st century, enabling significant advancements in trade, defence, and technology cooperation despite persistent bilateral challenges.

Aims and Objectives:

This research paper aims to provide a comprehensive analysis of the contemporary India-US strategic partnership by examining its core pillars. Its specific objectives are:

1. To trace the evolution of the bilateral relationship from Cold War estrangement to contemporary strategic alignment.
2. To analyze the trade and economic relationship, evaluating both its growth and persistent points of friction.



3. To assess the depth and significance of the defence partnership, focusing on interoperability, arms trade, and co-production.
4. To examine the burgeoning cooperation in critical and emerging technology domains, with a focus on the ICET framework.
5. To identify the key challenges that could impede the partnership's future progress and to evaluate its overall trajectory.

Introduction: From Estrangement to Engagement

For much of the Cold War, India-US relations were marked by a fundamental disconnect. India's leadership of the Non-Aligned Movement and its close ties with the Soviet Union placed it at odds with American containment strategy. The US, in turn, viewed India's socialist-leaning economic policies with scepticism and maintained a "tilt" towards Pakistan [2]. The relationship experienced brief thaws, but fundamental alignment remained elusive.

The end of the Cold War and India's economic liberalization in 1991 laid the groundwork for a recalibration. The landmark Civil Nuclear Agreement of 2008 symbolized a watershed moment, effectively ending India's nuclear isolation and signalling a new level of strategic trust [3]. Since then, the partnership has accelerated, driven overwhelmingly by a shared concern over China's assertive rise and its implications for the regional and global balance of power [4]. This shared strategic imperative has provided the political will to overcome historical obstacles and build a partnership that spans the economic, military, and technological spheres.

The Trade and Economic Pillar: From Friction to a New Partnership

The economic relationship between India and the US is a story of immense potential, significant growth, and persistent friction. The US is India's largest trading partner in goods and services, with bilateral trade exceeding \$190 billion in 2022 [5]. This economic interdependence is a key stabilizer in the relationship.

1. Evolution and Growth

The growth trajectory has been steep. From a modest \$20 billion in 2000, trade has multiplied nearly tenfold [5]. Indian exports to the US span a diverse basket, including pharmaceuticals, diamonds, petroleum products, and a vast array of IT services. American companies have become major investors in India, particularly in sectors like manufacturing, energy, and technology. This investment creates jobs, transfers skills, and integrates the two economies [6]. Conversely, India's growing middle class represents a massive market for American goods, from agricultural products to luxury items and intellectual property.

2. Persistent Frictions and the "Mini-Trade War"

Despite the growth, trade disputes have been a constant feature. The United States Trade Representative (USTR) has long cited Indian market access barriers, high tariffs (e.g., on electronics and motorcycles), unpredictable regulatory changes, and inadequate protection of intellectual property rights as key concerns [7]. India, in turn, has raised concerns about restrictive US visa policies (like the H-1B visa) that impact its flagship IT industry and American agricultural subsidies that disadvantage Indian farmers [8].



These frictions culminated during the Trump administration, which revoked India's designation under the Generalized System of Preferences (GSP) and imposed tariffs on Indian steel and aluminium under Section 232. India responded with retaliatory tariffs, leading to a period of heightened trade tension [9]. While a full-blown trade war was averted, the episode highlighted the underlying vulnerabilities in the economic relationship and the lingering protectionist sentiments in both nations.

3. The New Dialogue and Future Prospects

The Biden administration has shifted the tone from confrontation to negotiation. The relaunch of the **US-India Trade Policy Forum (TPF)** after a four-year hiatus has been a positive step [10]. Both sides are now exploring a more limited "early harvest" trade deal or a broader framework focused on supply chain resilience, critical minerals, and clean energy.

The future of the trade relationship lies not just in resolving bilateral disputes but in aligning on broader global economic issues. Cooperation in the **Indo-Pacific Economic Framework (IPEF)**, which aims to set regional standards on trade, supply chains, and decarbonization, is a key test [11]. Success here would signal an ability to move beyond a transactional relationship and build a shared vision for the future of the global economy, countering China's economic influence through the Belt and Road Initiative (BRI) and other frameworks.

The Defence and Security Pillar: The Bedrock of the Partnership

If trade has been a site of both cooperation and friction, the defence relationship has emerged as the most robust and transformative pillar of the strategic partnership. It has evolved from a buyer-seller dynamic to a collaborative partnership involving joint development, production, and extensive military exercises [12].

1. The Foundation: From Arms Sales to Strategic Agreements

The foundational agreements, long a sticking point due to Indian sensitivities over sovereignty, have now all been signed, creating a legal architecture for deep military integration:

- **LEMOA (2016):** The Logistics Exchange Memorandum of Agreement allows both militaries to use each other's bases for replenishment and repair, greatly extending their operational reach [13].
- **COMCASA (2018):** The Communications Compatibility and Security Agreement enables secure, encrypted communications between the two militaries and facilitates the sale of sensitive US technology [14].
- **BECA (2020):** The Basic Exchange and Cooperation Agreement provides for the sharing of high-quality geospatial intelligence, significantly enhancing the accuracy of Indian automated hardware and military systems [15].

These agreements have created a legal and technical framework for a level of interoperability previously unimaginable, effectively aligning the two militaries in the Indo-Pacific.

2. Deepening Interoperability and Arms Trade

Defence trade, virtually zero at the turn of the century, has soared to over \$20 billion [16]. India operates a significant fleet of US-origin military hardware, including C-17 and C-130J transport aircraft, P-8I Poseidon



maritime patrol aircraft, Apache attack helicopters, and MH-60R Seahawk naval helicopters. The recent acquisition of 31 MQ-9B Predator drones further enhances India's intelligence, surveillance, and reconnaissance (ISR) capabilities, particularly along its contested land borders with China [17].

Beyond procurement, joint military exercises have grown in scale and complexity. Exercises like **Malabar** (naval, also including Japan and Australia), **Yudh Abhyas** (army), and **Cope India** (air force) simulate high-intensity warfare and build trust and operational familiarity between the forces [18]. This interoperability sends a powerful signal of deterrence to adversaries in the region.

3. The Shift to Co-production and Technology Transfer

The next frontier is moving from simple procurement to co-development and co-production. Initiatives under the **Defense Technology and Trade Initiative (DTTI)** aim to overcome bureaucratic hurdles and foster joint projects [19]. Recent discussions have focused on co-producing jet engines, infantry combat vehicles, and munitions in India. The landmark agreement for **General Electric to co-produce F414 jet engines in India** for the Tejas Mk2 fighter is a landmark achievement, representing a significant transfer of sensitive US technology and a vote of confidence in the "Make in India" initiative [20]. This shift is critical for India's goal of achieving defence self-reliance (Atmanirbhar Bharat) and for the US to secure a reliable, capable defence partner in the region.

The Technology Pillar: Shaping the Future

Recognizing that technological supremacy will define 21st-century power, both nations have placed technology cooperation at the centre of their partnership. This collaboration spans both established and emerging, critical domains.

1. The Initiative on Critical and Emerging Technology (ICET)

Launched in 2022 and elevated to a leaders-level priority, ICET is the central framework for steering this cooperation. Its ambitious agenda covers [21]:

- **Semiconductors:** Collaborating on resilient semiconductor supply chains, including supporting India's efforts to become a major player in chip fabrication and design.
- **AI and Quantum Computing:** Joint research in Artificial Intelligence and Quantum technologies, ensuring they are developed within a democratic framework with guardrails.
- **Space Cooperation:** Building on decades of collaboration, ICET aims to deepen ties between NASA and ISRO, including training Indian astronauts and joint missions.
- **Advanced Telecommunications:** Promoting the deployment of secure, trusted telecommunications networks (like 5G and 6G) and collaborating on Open RAN architectures to counter the dominance of Chinese firms like Huawei.

2. The China Context and the "Friend shoring" of Supply Chains

Technology cooperation is intrinsically linked to the strategic competition with China. Both countries are seeking to "de-risk" their economies and reduce dependence on Chinese-dominated supply chains, particularly in electronics, critical minerals, and pharmaceuticals. The **CHIPS and Science Act** in the US



and India's **Production Linked Incentive (PLI) schemes** are complementary national strategies [22]. By aligning their efforts, they aim to create an alternative, democratic tech ecosystem—a process often termed "friend shoring" [23].

3. Challenges: Export Controls and Data Governance

Despite the political will, significant hurdles remain. The US maintains strict export controls on dual-use technologies under the **International Traffic in Arms Regulations (ITAR)** and the Export Administration Regulations (EAR), which can hinder collaboration [24]. Harmonizing these controls with the needs of a strategic partner is a complex but necessary task. Furthermore, differences in data localization policies and digital governance frameworks need to be reconciled to enable the free flow of data, which is the lifeblood of the modern digital economy [25].

Challenges and the Road Ahead:

The India-US partnership is on a positive trajectory, but its long-term resilience cannot be taken for granted. Several challenges require careful and constant management:

- **The Russia Dilemma:** India's continued dependence on Russian military hardware, particularly in the context of the Ukraine war, remains a major point of divergence. While the US has shown understanding of India's historical ties and strategic autonomy, a prolonged conflict or further Russian alignment with China could strain the relationship [26]. India's success in diversifying its defence imports will be crucial.
- **Divergences on Global Governance:** Differences persist on issues like climate finance, the regulation of digital trade, and approaches to conflicts in the Middle East. India's tradition of strategic autonomy means it will not always align with the US in multilateral forums [27].
- **Bureaucratic and Political Hurdles:** In both capitals, bureaucratic inertia, protectionist lobbies, and complex regulatory environments can slow down the implementation of ambitious agreements [28]. Sustained high-level political engagement is essential to overcome these inertial forces.

Conclusion:

The India-US relationship has matured into a comprehensive global strategic partnership of immense significance. The driving force of this transformation is the shared assessment of China as a strategic challenge, which has provided the impetus to overcome historical baggage and build bridges across trade, defence, and technology.

The defence partnership is the most advanced, characterized by deep interoperability, significant arms sales, and a promising shift towards co-production. The technology partnership, guided by the ICET, holds the key to shaping the future technological landscape along democratic principles. The trade relationship, while still marked by friction, is moving towards a more constructive phase focused on strategic resilience and shared standards. Ultimately, the partnership is no longer just a tactical alignment but a strategic necessity for both nations. For the US, a strong, independent, and democratic India is an indispensable partner in upholding a free and open Indo-Pacific. For India, access to American technology, capital, and strategic cooperation is vital for its own economic development and security. While challenges related to strategic autonomy, bureaucratic hurdles, and



differing global perspectives will persist, the overall trajectory is clear. The success of this defining partnership of the 21st century will depend on the sustained political will in both Washington and New Delhi to manage differences and invest in a shared future.

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