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Biden's Visit to India: Pushing the Asia-Pacific 'Pivot'

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The visit by the US Vice-President Joseph R Biden, Jr to India in July (22-25) 2013 may be seen in the context of the US efforts to reinforce its commitment to the “pivot”/“rebalancing” strategy for the Asia-Pacific region. The reinforcement of this commitment is required to address both the domestic doubts as well as external anxieties. Within the US, while there is widespread bipartisan support for the strategy, doubts linger about its direction and the capability to implement it. On 23 July, four members of the US Congress addressed a letter to the newly appointed National Security Advisor Susan Rice asking for an “inter-agency” review of the “Asia-Pacific Strategy”, “in order to better define the ends-ways-means of the Administration’s strategic objectives in the region”.² Within Asia-Pacific region, many countries have anxieties if the US would remain fully committed to this strategy in view of its budgetary constraints under the proposed ‘sequestration’ and moves to work out strategic understanding with China.

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² “Zachary Keck, “US Lawmakers Call for Strategic Review of Pivot”, *The Diplomat*, 25 July, 2013, <http://thediplomat.com/the-editor/2013/07/25/us-lawmakers-call-for-strategic-review-of...> (accessed on 26 July, 2013).

The Pivot Context

The “pivot” context of Biden’s India visit was clearly evident in the continuation of that visit to Singapore where the US Vice-President also had a meeting with the Japanese Prime Minister Shinzo Abe who had carefully timed to be in Singapore. Abe has strengthened his political position with a decisive victory for his party in the Japanese Upper House a week earlier. India, Japan and Singapore are considered by the US to be among the key partners in its “pivot” strategy. On the eve of his departure from India and arrival in Singapore, US Vice-President Biden urged closer India-ASEAN ties, saying:

*There is an important reason why I have chosen to travel from India to Singapore. We want to highlight and reinforce the growing links between India and Southeast Asia, and the growing importance of both to regional prosperity and security. We see some of the same opportunities in Southeast Asia that we see in India.*³

He concluded his visit to India and Singapore on 27 July, by asserting: “We are, we will remain, a resident Pacific power. Let me say that again. We are, and we will remain a resident Pacific power. And it is in the interests of all nations, especially Pacific nations, that we be there”.⁴ The “pivot” strategy announced by President Obama in November 2011 in Australia⁵ and forcefully articulated by the then US Secretary of State Hillary Rodham Clinton in her article “America’s Pacific Century”,⁶ in large part, has been driven by China and its growing military and diplomatic assertiveness in the Asia-Pacific region.⁷ There is, however, a careful attempt not to project this strategy as being targeted towards China, as was also evident during the India-Singapore strategic congregation. While in India, Biden rejected the proposition that US-China relationship will either precipitate a new Cold War or lead to the formation of G2. (Sino-US duopoly). He said that both India and the US “have to get our relationship right with China”.⁸ In Singapore, Biden reiterated that the Islands in East China Sea disputed between China and Japan were a part of the US commitment under its security treaty with Japan. And he urged all the parties to “reject coercion, intimidation, threats and the use of force” and hasten to conclude the pending code of conduct in relation to these disputes.⁹ Japanese Prime Minister Abe, proposing a

³ *The Straits Times* (Singapore) 26 July, 2013. p. A1.

⁴ *The Sunday Times* (Singapore), 28 July, 2013. P.6.

⁵ President Obama’s address to the Australian Parliament in November 2011.

⁶ *Foreign Policy*, November 2011.

⁷ See an insider’s version on the evolution of the Asia-Pacific “pivot” strategy, Jeffrey A Bader, *Obama and China’s Rise: An Insider’s Account of America’s Asia Strategy*, Brookings Institution Press, Washington DC, 2012.

⁸ Biden’s address to the Bombay Stock Exchange in Mumbai, India, on 24 July 2013. <http://www.whitehouse.gov/the-press-office/2013/07/24/remarks-vice-president-joe-biden...> (Accessed on 26 July, 2013).

⁹ *The Straits Times* (Singapore), 27 July, 2013. P. A1.

Sino-Japanese summit on the bilateral territorial dispute “with no preconditions attached” said “we are neighbours and we should meet and try to resolve this”. The Singapore Prime Minister Lee Hsien Loong declared that “Singapore is friends with America; also with India, with Japan, with China and other major powers, and we would like to maintain our good relations with all countries”.¹⁰

Revamping Strategic Partnership with India

The significance of Biden’s visit to India was enhanced by the fact that his was the first visit of an American Vice-President in the past 30 years, and he was only the third American Vice-President to do so. Further, Biden’s visit has been in quick succession to that of John Kerry, the US Secretary of State who was in New Delhi only in June 2013, for the annual Indo-US Strategic Dialogue. This underlines the US resolve to maintain high level political contacts with India.

In India, Biden set two tasks before him: one to dispel any doubts about the US capabilities to lead the world and remain the strongest economy, and two, address the issues that were holding up greater momentum in the growth of India-US strategic partnership. He told his elite Indian audience at the Bombay Stock Exchange that “America is back, and it has never been a good bet to bet against America... We have had the biggest increase in domestic manufacturing in the past 20 years, 40 months of private sector job growth – we need more and more rapidly, but constant growth. We are now the recipient and we have access to and know how to safely extract over 100 years of natural gas reserves, driving the price of energy down...we will be a net energy exporter...during the decades of the 20s, 2020”.¹¹

In order to give a boost to the slow pace of India-US strategic partnership, Biden picked up four areas, namely, trade ties, energy, defence cooperation and regional cooperation. In the area of energy, he reminded Indians that “I fought so hard in the United States Senate to champion the US-India Civil Nuclear Agreement”, and expressed his disappointment that India had yet to fulfil its part of commitment under that Agreement “to work with American companies as well as you build out those nuclear plants”. He was disappointed that this has not happened as yet. The American companies are unhappy with the “liability clause” in India’s civil-nuclear legislation and want it to be softened. There are, however, hopes that if the current negotiations between the US company Westinghouse and the Nuclear Power Corporation of India bear fruit, the stalemate in this sector will be removed. While General Electric is strongly resistant to the Indian nuclear liability law, Westinghouse seems willing to explore the possibility within the existing law as it already has a nuclear reactor cleared by the United States Nuclear Regulatory Commission to

¹⁰ Ibid.

¹¹ Biden’s address to Bombay Stock Exchange, op.cit, n. 8. Most of the following references to Vice-President Biden’s statements are from this address, unless otherwise indicated.

meet Indian requirements.¹² Biden also emphasised the need for using clean energy to protect environment and fight climate change. He asked India to reduce the emission of hydro fluorocarbons (HFCs) and commit itself to “Montreal Protocols to phase down the production and consumption of HFCs” which China has also now agreed to accede to.

On regional cooperation, Biden encouraged India to strengthen cooperation with East Asia through its Look-East Policy as “India is an indispensable part of our rebalance towards the Asia-Pacific”. He also lent his country’s support to an early outreach between Indian and Pakistani Prime Ministers. He said:

*It’s not our place to lecture. It’s not our place to dictate. Our relationship will not be defined by India’s relationship to Pakistan. But America and the world have a deep stake in closer ties between India and Pakistan – an incredibly difficult nut to crack, but it’s yours to crack.*¹³

For breaking the lethargy in strategic partnership in the areas of economic and defence cooperation, Biden asked India to enhance trade by removing or lowering India’s barriers to market access and shedding off the old Cold War mind set and bureaucratic procedures. The impressive growth in India-US trade was acknowledged. In all, the US exports to India have grown 491 per cent since 2000, of this the export of non-military commercial services to India account for a growth of 351 per cent. The total Indo-US trade which stood at US\$ 9bn in 1995 was almost US\$ 100bn in 2012. But it was underlined that this was far below the potential that the two countries have in bilateral trade which can be enhanced at least five-fold. To harness this potential, Biden asked India to remove the “obstacles that exist”. These obstacles were: “protection of intellectual property, requirements that companies buy local contents, limits on foreign direct investments, inconsistent tax treatment, barriers to market access”.¹⁴ Biden was obviously voicing the concerns of the American companies, particularly in multi-brand retail sales and pharmaceuticals sectors. In doing so, he accepted that, in democracies like India, it was not easy to ignore domestic stake holders. In his words, “The instinct to protect your industries is fully comprehensible and easy to understand...Now look, I understand – believe me – how making even the most modest of changes of opening your markets impacts on interest groups. It happens in my country and it clearly happens in yours”.¹⁵

The US side should however, also understand that the American companies are rather rigid and selfish in dictating their terms of engagement. Wal-Mart, for example, was insisting that India open its multi-brand retail market; and after India taking that bold step, is now asking that the 30

¹² Ajai Shukla, “Biden visit reveals potential and pitfalls of US-India ties”, *Business Standard*, (New Delhi), July 25, 2013.

¹³ Speech at the Bombay Stock Exchange, op.cit. n.8.

¹⁴ Ibid.

¹⁵ Ibid.

per cent limit be lowered to 21 per cent of sourcing local Indian products. Why can't Wal-Mart accept the limit already set in the offer? Similar is the case with some of the pharmaceutical companies of the US with regard to their patented products. What appears to American companies as excessive barriers to market access are, from India's point view, essential measures to avoid the recurrence of experiences that India has had earlier with some of the American companies like the Union Carbide (The Bhopal gas disaster) and Enron. India also has its own issues where it needs a sympathetic understanding from the US side.

The question of immigration is one such issue where a restrictive visa regime is now being put in operation in the US. This will seriously affect the Indian Information Technology (IT) companies and also the US corporations dealing in the IT sector. The President of Indian IT giant NASSCOM has addressed an open letter to the US authorities in this respect.¹⁶ Biden's assurances to ease some of the visa hardships for the Indian IT professionals will be keenly awaited, for actual delivery. Biden invited India to join the Trans Pacific Partnership (TPP) in trade and economic cooperation and hoped that India and the US would soon conclude their negotiations on a Bilateral Investment Treaty.

In defence cooperation, there is a standing promise, since last year, made by the US Deputy Secretary of Defence Ashton Carter that the buyer-seller relationship in defence products with India will be upgraded to the one of joint development and production. Five co-production projects (Seahawk naval multi-role helicopters, anti-tank missiles, 127-mm naval gun, and two other projects)¹⁷ have been proposed by the US, for which India has not yet given its full response. India is weighing these proposals in the light of its specific defence needs and the terms of joint production offered. The Indian negotiators often cite the most favourable terms in the joint production of sophisticated weapons systems offered to them by the former Soviet Union, and this irks the US side. The frequent use of phrases like "strategic autonomy" by the Indian side also does not go well with the US in defence negotiations. To meet India's concerns in this respect, Biden assured: "although we are already helping India meet its defence needs – we can significantly increase our defence cooperation by what it already is without in any way compromising each other's sovereignty".¹⁸ The lingering trust deficit in India's security establishments in relation to the US also gets complicated by US reliance upon Pakistan in relation to the end-game in Afghanistan. Biden hopefully assured his hosts in New Delhi at the highest political level that no deal will be cut with the Taliban in Afghanistan through Pakistani facilitation unless the Taliban "break with Al Qaeda permanently, stop the violence, accept the Afghan Constitution and guarantee free and equal treatment for women".¹⁹ There were also media reports suggesting that Biden was to leave a firm message in New Delhi that the days of

¹⁶ *The Times of India* (New Delhi), 24 July 2013.

¹⁷ Ajai Shukla in *Business Standard*, op.cit, n.12.

¹⁸ Bombay Stock Exchange address. op.cit, n.8.

¹⁹ Ibid.

Pakistan being the US' "favourite friend in South Asia" are over.²⁰ How credible such assurances will turn out to be remains to be seen.

Summing Up

No new agreements or commitments were expected during Biden's visit to India and none were concluded. After all, the issues raised by Biden had also been raised by Kerry and were discussed in detail in the structured bilateral strategic dialogue. They will be further taken up at the highest political level when India's Prime Minister Manmohan Singh visits the US later this year. There are in fact no major problems in the Indo-US strategic partnership which stands on a firm political ground. This partnership has entered a phase where concrete interests of the two sides in vital areas of economic and security cooperation have to be harmonised. No perfect harmony in this respect is possible, nor should it be expected; but creative compromises and mutual win-win deals are possible and will be forthcoming. This will take time, continued commitment and serious efforts, as both countries are functional democracies with robust institutional identities and interests. US Vice-President Joe Biden's visit will surely go a long way in preparing the ground and smoothening the ways through which many of the conflicting bilateral interests can be moderated and synergised.

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²⁰ *The New York Times*, 23 July, 2013.