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Blowing Hot, Blowing Cold, INDIA-US RELATIONSHIP

We live in uncertain times and need consensus within and recognition globally to continue to succeed

A hilarious recent WhatsApp message laments the dilemma of a patriotic Indian, who talks about a series of U-turns that has affected his behaviour and attitude. First is the Chinese Galwan incidents and the more recent guidance of the Pakistan war effort by the arms capability of that country. Our patriot decided to boycott everything Chinese, only to find that China seems to be a newly found friend of India and 'Hindi-Chini bhai-bhai' is back in vogue. In a different context, the cooling off of ties between India and Maldives which led to a number of Maldives holidays and honeymoons being cancelled, prevailed for some time, and suddenly our Prime Minister was in Malé, and large investments are being announced. And, the most surprising volte-face is the sudden souring of the bonhomie between India and the US, after the euphoria of the Howdy Modi and Namaste Trump warmth suddenly cooled off.

The tariff drama has been playing out on President Trump's Truth Social, in newspapers and television in both countries, and in hostile as well as amusing posts on social media. With trade delegations flying back and forth between New Delhi and Washington DC, we were all lulled into a sense of comfort that while many comments on being "ripped off" and suffering one-sided relationships emanated from the US, India and the US would be among the first to sign a mutually agreeable tariff treaty. As the weeks stretched into



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(For representational purpose only)

months, we realised that this was not to be, with India justifiably digging in its heels on allowing our agriculture and food industries to be affected by indiscriminate imports. One fine morning, we were greeted by the announcement of 25% tariff on most Indian exports and not much later an additional 25% punishment for buying oil from Russia. And as if that were not enough, noises have begun to come through that India's precious 200-billion-dollar IT services exports industry could face both tariff and non-tariff barriers, which could be a huge dampener on an industry already slowing with the onset of automation and artificial intelligence.

Having been a player in this industry for over thirty years and seen many challenges brushed away by a bunch of CEOs who have taken their companies to a position of near indispensability for the Fortune 1000 and FTSE 100 companies who have become our clients, my immediate response has been to refute such concerns. A strong corporate America cannot sit silently if their cost of developing, supporting and enhancing their mission critical computer systems goes up substantially, because of tariffs on their suppliers or penalties levied on them for outsourcing work outside their own shores. Other bizarre ideas that have emerged from some die-hard protectionists, some of which have also been relayed by senior folks like White House Trade Advisor Peter

Navarro, include extra taxes on remittances by India tech workers to their families, putting restrictions on outsourcing applications overseas due to cyber security and data protection considerations, and tightening the H1B visas, which have long enabled Indian professionals to travel and work in the US.

As I mentioned to a prominent business news channel, we do not expect that critical industries like generic pharmaceuticals, IT products and services from India, will face tariff troubles because of the huge and sustained demand for both high quality and lower costs that make us so popular in overseas markets, particularly the US. The other reassuring news is that, President Trump, after commenting that India and Russia have been lost to the embrace of China, has reaffirmed his friendship and respect for Prime Minister Modi and India. An olive branch that has been quickly accepted by India with suitable positive responses. As a compulsive optimist on India-US relations, I believe that like we did with UK, a trade deal will happen this year with the US, with tariff levels hopefully down to manageable measures in the teens-or-the-twenties. On this matter, a few weeks or months should reveal the truth.

On a larger canvas however, there is a real need to be nimble in ensuring that India reclaims its position of advantage in geo-political relationships. The jury is still out on the perception of India in the aftermath of the Pahalgam terrorism killings and after the very successful positioning we achieved with G-7 and G-20 players as well the nations of the Global South after a landmark year as leader of the G-20. India needs to consolidate its position as a voice of sanity and reason in a world that is being fragmented by wars and a global inertia, to take strong action and bring lasting peace to troubled hot spots. There is no doubt, many wise minds and seasoned leaders like the Prime Minister, the External Affairs Minister and the National Security Advisor, are leaving no stone unturned to ensure that India is able to propagate a balanced point of view, and our efforts to build bilateral and multilateral partnerships all over the world are understood and appreciated. We live in uncertain times and need consensus within and recognition globally to continue to succeed.

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