



What Joe Biden win means for India?

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Abstract

The Joe Biden win of the US election can play a crucial role for India's economic and developments on many other fronts. The win of the Biden administration will likely to continue US policy of strengthening strategic, economic and trade ties with India, where the visa regime may not see big changes, but IT companies can breathe easy given Biden's proposed H-1B visa reforms. Major trade policy alteration might not be forthcoming, but a possibility for pushing India into joining Trans-Pacific Partnership Agreement cannot be entirely ruled out. Despite many challenges, a very crucial initiative the Biden administration is expected on climate issue which could benefit India in terms of funding related to renewable energy, as the Biden Administration promised to resume the Paris Agreement. The possible restoration of the Generalized system of Preferences (GSP) including India as well as no softer stance on China by US, could benefit India on trade front, though realization of such benefits by India will depend crucially how India can project into the global value chain of her manufacturing sector.

Keywords: Joe Biden, US policy, renewable energy

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Introduction

As congratulatory messages drizzled in from world capitals for Joe Biden and Kamala Harris on taking command of the US government, the Indian diaspora recalled the policy paper released earlier for relations with India and the community.

Among specific commitments are the following:

- Helping India become a permanent member of the UN Security Council,
- Continued co-operation on terrorism,
- Strengthening ties on issues like climate change and health;
- working towards a multifold increase in bilateral trade.

A more compassionate view on the immigrants in India (which includes 1.7 million from Asia and around 500,000 from India) is more likely that promised a review of the H1B visa system by "expanding the number of visas offered and eliminating the limits on employment-based visas by country."

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- On the Green card issue, Biden has stated that he wants to remove per-country quota. US issues 140,000 employment-based green cards per country annually, causing a huge backlog for Indian applicants.
- Easing green card process is also tied to making the country attractive destination for high skilled workers.

Joe Biden's 2020 policies

Health care: Mr Biden said he will expand the Affordable Care Act, the signature legislative achievement of the Obama administration which expanded health insurance to millions of Americans. Mr Biden proposes expanding and implementing a plan that will ensure "an estimated 97 per cent of Americans".

Environment: Mr Biden has laid out an ambitious climate plan which includes overhauling the country's energy industry to achieve 100 per cent emissions-free power by 2035. The plan includes a pledge to invest \$2 trillion in clean-energy infrastructure. In a move that is unlikely to have pleased the US oil lobby, Mr Biden said in the second debate that he would "transition from the oil industry". Mr Trump jumped on this as a blunder, arguing it will put off voters in Texas and Pennsylvania.

Tax plan: Mr Biden says he will raise taxes on the wealthiest Americans, which he defines as those with an income of more than \$400,000 per year. He wants to impose a marginal tax rate increase – so the more a worker earns over that threshold, the more tax they pay.

Foreign policy: Mr Biden will look to repair some relationships, including with NATO and the World Health Organisation. He would also rejoin the Paris Climate Agreement. Mr Biden said he would enter into another international deal with Iran, which was agreed by President Obama and ripped up by Mr Trump.

Gun policy: Mr Biden would tackle America's gun crisis by banning assault weapons, introducing stronger background checks and banning online sales. He also supports limiting the number of weapons that Americans are allowed to buy. Mr Biden also wants anyone convicted of a hate crime to be banned from owning a gun.

Source: "Joe Biden 2020: What a Democratic Presidential race win means for America"(12 November 2020) The Telegraph
<https://www.telegraph.co.uk/news/2020/11/11/joe-biden-2020-what-election-win-means-america/>

2. The India-US strategic partnership

Defence Partnership Rests on three major foundational pacts:¹

(a) Logistics Exchange Memorandum of Agreement (LEMOA): US has with many countries military to military cooperation. LEMOA gives access, to both countries, to designated military facilities on either side for the purpose of refuelling and replenishment. Under the new agreement, a mechanism will be instituted for book-keeping and payments and officials, who will act as nodal points of contact, will be designated on both sides. The agreement will primarily cover four areas — port calls, joint exercises, training and Humanitarian Assistance and Disaster Relief. Any other requirement has to be agreed upon by both sides on a case-by-case basis.²

(b) Communications Compatibility and Security Agreement (COMCASA): COMCASA is an India-specific version of the Communication and Information on Security Memorandum of Agreement or Communications Compatibility and Security Agreement (CISMOA/COMCASA). India to procure specialised equipment for encrypted communications for US origin military platforms like the C-17, C-130 (Super Hercules Special Operations Aircraft) and P-8Is (Boeing aircraft).

(c) Basic Exchange and Cooperation Agreement (BECA): Long in the making, the agreement will give India access to extremely accurate geo-spatial data that will have several military applications. It is the final of the three basic agreements that the US signs with close partners, enabling interoperability of forces and exchange of sensitive and classified information. **While the other two relate to sharing military logistics and enabling secure communications, BECA is aimed at sharing geospatial information**, including nautical and aeronautical charts. The complete data, supplemented by highly accurate US satellites, aids in navigation as well as targeting military assets.

The shared elements to be included are - Items that can be exchanged e.g. maps, nautical and aeronautical charts, commercial and other unclassified imagery, geodetic, geophysical, geomagnetic and gravity data. This could be in digital or printed format. While most of the information to be shared will be in the unclassified category to bring about standardisation, BECA includes the provision of sharing classified information as well, with safeguards in place to ensure that it is not shared with any third party.

Data sharing is a two-way street but would be of higher advantage to India as it would get access to military grade data that can help draw up target coordinates. For example, military grade coordinates could help direct missiles or air-launched bombs to a terror location in the neighbourhood with high accuracy. “Data received under the agreement will be useful for

¹The three agreements — Logistics Support Agreement (LSA), Communications Compatibility and Security Agreement (COMCASA) and Basic Exchange and Cooperation Agreement for Geo-spatial Cooperation (BECA) are referred to as the foundational agreements which the U.S. signs with countries with which it has close military ties.

²The Hindu(9.11.2020).

long-range navigation and missile-targeting with enhanced accuracy. Given the current geopolitical situation, this data will be relevant on both the northern and western borders of India. As this is a bilateral agreement, India will also be expected to share similar data with the US,” Captain Vikram Mahajan (retd), director, Aerospace and Defence at USISPF says.³

Overall, defence ties between India and US is likely to become strong; and as an aggressive China this cooperation will be crucial in Indian ocean region.

India and US in 27th October 2020, inked a landmark defence agreement allowing sharing of high-end military technology, classified satellite data, The signing of the long-negotiated Basic Exchange and Cooperation Agreement (BECA) also signals further boosting of bilateral defence and military ties and it comes in the backdrop of India’s tense border standoff with China in eastern Ladakh.

A key pact called “General Security of Military Information Agreement (GSOMIA)” was signed by the two countries in 2002. The GSOMIA provides for specific measures to ensure security standards for safeguarding critical information shared by the U.S. with India.

In a major move in 2016, the U.S. had designated India a “Major Defence Partner” intending to elevate defence trade and technology sharing to a level commensurate with that of its closest allies and partners.

Source: The Hindu (1 November 2020).

Will Biden be soft on China?

There aren’t such indications in his or Democratic Party’s China policy outlook. Going by his description of China and its President Xi Jinping in the recent past, China is not going to have a “soft” US president in Joe Biden.

Nearly a week after Trump Jr targeted Biden junior, Joe Biden slammed Donald Trump calling his “weak and chaotic with China” while promising to “lead an effective strategy to mobilise a truly international effort to pressure, isolate and punish China.” During the race for Democratic presidential nomination in February this year, Joe Biden had launched a personal attack on Xi Jinping.⁴

This comment was in sharp contrast to how Biden had described Xi Jinping in 2012, when Barack Obama was the US president and Xi Jinping was about to take over as Chinese supreme leader. Biden had hosted Xi on his US visit and praised him saying, “This is a guy who is prepared to show another [open and friendly] side of the Chinese leadership.”⁵

However, during the Obama years itself, the Democrats had changed their view about Xi Jinping and his China. And, it was the Obama administration that had begun hardening of the

³ “What is BECA, that India US intend to sign?” (23 October 2020) Economic Times <https://economictimes.indiatimes.com/news/defence/what-is-beca-that-india-us-intend-to-sign/deal-for-geo-spatial-cooperation/slideshow/78826005.cms>

⁴ Indian Express (9 November 2020) <https://www.indiatoday.in/news-analysis/story/what-joe-biden-win-means-for-india-china-relations-1739297-2020-11-09>.

⁵ibid.

US stance over China. Trump just followed it up after failed attempts to engage with Xi Jinping. What Trump did differently was shooting from the hip on social media.

The Quadrilateral Coalition or the Quad that has recently been rejuvenated is likely to take better shape under Joe Biden. Additionally, Joe Biden has been openly critical of China's Xinjiang policy of suppression of Uighyr Muslims. This augurs well for India particularly when China is trying to dictate terms along the Line of Actual Control (LAC) in eastern Ladakh, where military standoff is going for six months.

With Biden raising the issue of Uighyr Muslims, it is likely to expose Pakistan which has been trying to build a narrative that it is the champion of Muslims across the world while painting India as an "anti-Muslim" country. This puts pressure on China and Pakistan, and works in favour of India.

Biden is likely to ease H-1B visa regime, tightened by Trump in recent years. Indians are among the major beneficiaries of the H-1B visa scheme of the US. In trade, Trump was determined to make it inward for the US making it difficult for Indian exporters to access the American market. Biden has favoured deeper trade ties with India. He is also likely to bring the US back to the WTO.

Another major issue, where Biden stands on the same side as India, is the climate change. Trump had withdrawn from the Paris Agreement on climate change blaming India and China for growing global warming. Biden has been vocal about the need to make the fight against climate change stronger.

Some experts stated the following:

"Joe Bidden is less unpredictable and less whimsical and believes in institutions. It is expected that he will soften the US stand on Iran which will help India's trade."

The industry further hopes a Bidden administration will honour the USD 500 billion bilateral trade target set under Obama regime.

Bilateral issues abound

US Demands

- Unconditional market access for dairy products.
- No price controls on coronary stents, knee plants.
- Market access for berrys, nuts.

India Demands

- Reinstatement of the Generalised System Preference (GSP)- a unique tariff system endorses sustainable development in the eligible beneficiary countries under the GSP program by helping these countries increase and diversify their trade with the United States.
- Greater market access for grapes, mangoes, pomegranates.

- Mutual withdrawal of WTO disputes.
- Lower tariffs on US ICT goods.
- Scrap retaliatory tariffs.
- Tweaks in data localization policy.
- Easier certification of India's fruit exports.
- Removal of higher duties on iron & steel.
- Reduction in visa fee.

3. The Importance of Quad and Malabar Exercise

Thirteen years after they last exercised together in the Indo-Pacific, navies of the Quadrilateral (Quad) grouping countries came together again on 3 November 2020 in the annual multi-national maritime “Exercise Malabar”.

After the Quad last exercised together in 2007, Beijing made it clear it regarded Exercise Malabar as the military manifestation of a US-Japan-Australia-India “alliance of democracies” aimed at containing China.

In response that year, New Delhi and Canberra soothed Beijing's concerns and Malabar returned to being a bilateral exercise between the Indian and US navies. However, China's growing assertiveness and regional muscle-flexing brought Japan back into Exercise Malabar in 2015 — and this year, Australia too joined in.

In an unusually political statement, the Ministry of Defence (MoD) stated on 4 November 2020 that this year's Exercise Malabar would “showcase the high levels of synergy and coordination between the friendly navies, which is based on their shared values and commitment to an open, inclusive Indo-Pacific and a rules-based inter-national order”.

What is Malabar Exercise?

It is a multilateral naval exercise that includes simulated war games and combat manoeuvres. It started in 1992 as a bilateral exercise between the Indian and US navies. Japan joined in 2015. This year the exercise will be held in two phases starting on 3 November 2020, near the coast near Visakhapatnam, and the second in the Arabian Sea in mid-November. Last year it was held in early September off the coast of Japan.

For the first time in over a decade, the exercise will see the participation of all four Quad countries. In a statement last month, the Defence Ministry had said that “as India seeks to increase cooperation with other countries in the maritime security domain and in the light of increased defence cooperation with Australia, Malabar 2020 will see the participation of the Australian Navy”.

Exercise Malabar 2020

Phase-I of naval exercise Malabar 2020, consisting of India, Australia, Japan and the U.S., began off the coast of Visakhapatnam in the Bay of Bengal on 3 November 2020. The Navy

also began Mission Sagar-II, under which INS Airavat entered the Sudan port carrying 100 tonnes of food, the Navy said. Under the mission, India provides assistance to friendly countries during the COVID-19 pandemic.

This will be the second time Australia will participate. In 2007, there were two Malabar Exercises. The first was held off Okinawa island of Japan in the Western Pacific — the first time the exercise was held away from Indian shores — and the second in September 2007, off Visakhapatnam, with the Indian, Japanese, US, Australian and Singapore navies.

The following year, Australia stopped participating. Japan became a regular participant only in 2015, making it a trilateral annual exercise since then.

Does India conduct any other naval exercises with these countries?

Over the last few months, the Indian Navy has conducted a number of Passage Exercises (PASSEX) with navies from Japan, Australia and the US. But those were basic exercises to increase operability between the navies, while Malabar involves simulated war games. In late September, the Indian Navy conducted PASSEX with the Royal Australian Navy.

In July, India conducted a PASSEX with the US carrier strike group led by one of the largest warships in the world, USS Nimitz. The carrier strike group had been passing through the Indian Ocean Region after completing a freedom of navigation exercise in the South China Sea, which China is quite sensitive about. A similar exercise was conducted with Japan Maritime Self Defence Force in June.

Fleet Strength: Total ships and submarines

Year	India	US	Japan	Australia	Singapore	Total
2008	6	6	N.A.	N.A.	N.A.	12
2009	3	4	2	N.A.	N.A.	9
2010	5	5	N.A.	N.A.	N.A.	10
2011	5	7	N.A.	N.A.	N.A.	12
2012	5	5	N.A.	N.A.	N.A.	10
2013	2	1	N.A.	N.A.	N.A.	3
2014	3	5	2	N.A.	N.A.	10
2015	4	3	1	N.A.	N.A.	8
2016	4	5	1	N.A.	N.A.	10
2017	9	6	2	N.A.	N.A.	17
2018	3	6	4	N.A.	N.A.	13
2019	2	2	3	N.A.	N.A.	7
2020	5	1	1	1	N.A.	8

Source: Business Standard (4.11.2020)

Concluding Remarks

The Joe Biden win of the US election can play a crucial role for India's economic and developments on many other fronts. India has mostly trade surplus with US for many years, it has widened from \$5.2 billion in 2001-02 to \$17.3 billion in 2019-20. In 2019-20, India exported goods worth \$53 billion to the US (roughly 17 per cent of all Indian exports that

year) and imported goods worth \$35.7 billion (around 7.5 per cent of all Indian imports).⁶ Beyond trade, over the past two decades, the US is one of the biggest sources of Foreign Direct Investment (FDI) into India. Given that US stance on China will not be soften, India has a further potential to gain US market access provided India could deliver its manufacturing industry in the global value chain. Another aspect is to reset trade ties between India and the US regarding the Generalised System of Preferences (GSP), which allowed duty-free entry of annual exports to the US.⁷ The Trump administration had revoked GSP citing lack of reciprocal market access. Before the removal of the GSP, India enjoyed preferential treatment by means of zero or reduced tariffs. Joe Biden also emphasized regarding Paris Agreement, by stating in his twitter handle of resuming Paris agreement.⁸ In his election campaign, Biden promised a USD 2 trillion federal spend to boost green jobs and get renewables to power the entire electricity grid by 2035. The plan includes a boost for electric vehicles and energy-efficient housing.⁹ The threefold defence ties comprising of - Logistics Exchange Memorandum of Agreement (LEMOA), Communications Compatibility and Security Agreement (COMCASA), and Basic Exchange and Cooperation Agreement (BECA) between India and US are also likely playing crucial role in reshaping geopolitical and security issues.

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⁶Indian Express (12 November 2020).

⁷U.S. trade preference programs such as the Generalized System of Preferences (GSP) provide opportunities for many of the world’s poorest countries to use trade to grow their economies and climb out of poverty. GSP is the largest and oldest U.S. trade preference program. Established by the Trade Act of 1974, GSP promotes economic development by eliminating duties on thousands of products when imported from one of 119 designated beneficiary countries and territories. See, <https://ustr.gov/issue-areas/trade-development/preference-programs/generalized-system-preference-gsp>

⁸<https://twitter.com/JoeBiden/status/1324158992877154310>

⁹ “What Joe Biden’s win means for global climate agreements” (13 November 2020) by Joydeep Gupta, India Climate Dialogue <https://indiaclimatedialogue.net/2020/11/13/what-joe-bidens-win-means-for-global-climate-agreements/>

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