

Modi's visit to the US has helped expand economic cooperation

Wide-ranging Quad programmes and bilateral initiatives should create major opportunities for industry in both countries



CHANDRAJIT BANERJEE

is director general, Confederation of Indian Industry

Prime Minister Narendra Modi's visit to the US last month included three notable events: His first in-person meeting at the Quad leaders' summit, his first bilateral engagement with US President Joe Biden in person, and his speech at the 76th United Nations General Assembly. Within the overall framework of strategic engagement on these platforms, economic ties were a critical part of the discussions as well.

The Quad leaders' summit moved forward on the group's vaccine partnership by agreeing to finance India-based Biological-E's production of one billion doses of a covid vaccine. Prime Minister Modi also announced the resumption of vaccine exports, which would contribute to India's overall brand image and also spur overall pharmaceutical exports. Japan's Bank for International Cooperation has pledged \$100 million investment in India's healthcare sector to advance industry capacities in vaccines and treatment drugs, which, coupled with the Quad's plans for future disaster relief and pandemic preparedness, places Indian industry at the centre of the Quad's economic and humanitarian agenda.

The economic impetus of the Quad will also benefit India's infrastructure, green and critical technologies, and space industries. Since 2015, Quad partners have provided more than \$48 billion of infrastructure funding throughout the Indo-Pacific, financing thousands of projects and catalysing private sector investment. The meeting announced a Quad Shipping Taskforce, including the Mumbai Port Trust, to form a Green Shipping Network. Indian industry is at the forefront of green technologies and climate-conscious infrastructure, including the new Clean Hydrogen Partnership that the Quad intends to leverage.

Indian industry's technological leadership and innovation are of significant advantage to the Quad's focus on critical technologies, including technical standards, 5G diversification and deployment, cyber security-resilient infrastructure, horizon-scanning, and technology supply chains. Initiatives such as the proposed Semiconductor Supply Chain Initiative and test facilities for 5G diversification can create substantive investments and job opportunities for India. The announcement that Quad countries will also begin space cooperation for the first time will boost India's space sector and benefit related industries as well.

More development-led business opportunities were referenced by the Prime Minister's speech at the UN General Assembly, where he shared India's initiative to provide clean and potable water and invited companies to undertake vaccine manufacturing in the country.

Modi's meeting with Biden covered various areas of common interest that should contribute to



strengthening both economies, preparations for international travel and our revitalized US-India Strategic Clean Energy Partnership. The steps announced to deepen advanced industrial cooperation, including the development of air-launched unmanned aerial vehicles under the Defense Technologies and Trade Initiative, as well as an inaugural meeting of the Industrial Security Agreement Summit, were especially welcome and will propel the US-India Defense Partnership's manufacturing aspects.

The finalization of an overarching memorandum of understanding on health and biomedical sciences will bolster cooperation in key areas affecting global health. Biden also acknowledged the importance of mobilizing finance for investments in renewables, storage, and grid infrastructure for an acceleration of India's clean energy transition. Greater defence, healthcare, and energy cooperation and co-production will generate more opportunities for companies in both the US and India, as reflected in Modi's later meeting with chief executive officers of General Atomics, First Solar, Qualcomm and other US-based firms.

Modi also underscored trade as a pillar of engagement. The two leaders committed their countries to re-engaging the Trade Policy Forum and the US-India 2+2 Strategic Dialogue later this year, and the US-India CEO Forum and Commercial Dialogue in early 2022.

Prior to the pandemic, India-US trade was at a peak, reaching nearly \$146 billion in 2019, with the US as India's largest trading partner that year. July saw a record \$9.45 billion in total merchandise trade, with five straight months of trade worth over \$9 billion. It is expected that aggregate goods trade will surpass \$100 billion for the first time ever this year. On the services side as well, the data is

encouraging and total trade may revert to pre-pandemic levels this year.

As India continues to build its reputation as a trusted and reliable partner in support of critical global supply chains of value to the US, the mutual goal of \$500 billion in bilateral trade in goods and services is well on the way to achievement. This is the moment for the US to prioritize its economic and trade relationship with India. Prioritizing the economic partnership not only opens the door for discussions on larger agreements, but could help the small trade package that has already been put together get past the finish line.

US foreign direct investment continues to increase in India, reaching \$45.9 billion in 2019. With India's thrust on economic reforms and announcement of new initiatives such as a national infrastructure pipeline and an asset monetization programme, along with 'Make in India', further investments can be expected to be robust.

Meanwhile, Confederation of Indian Industry's *Indian Roots American Soil 2020* survey has shown that Indian foreign direct investment and job creation in the US is also expanding, with \$22 billion in investments and 125,000 jobs identified by the study as either created or safeguarded.

With these outcomes, the first in-person meeting of Prime Minister Modi and President Biden was a historic event, with many deliverables that will increase opportunities for industry in both countries. Critical to these discussions is a shared belief that the economic relationship is a core part of the strategic partnership, and that evolved trade and investment ties will strengthen India-US ties overall. Indian Industry is ready to support both governments in expanding this engagement, increasing economic opportunities and speeding up a covid recovery for all.

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