

Trump's Trade War: A New Threat to the 'Quad'

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The spillover of India's determination to counter US trade threats could endanger nascent security dialogues in the Indo-Pacific.

The idea of the Quadrilateral Security Dialogue or Quad, as it is often called, was mooted by Japanese premier Shinzo Abe in 2007. The officials of the four countries in Abe's proposal - India, US, Australia and Japan, met in Manila the same year. However the Australian government withdrew from the arrangement in 2008. Indians were particularly miffed by this decision and have not forgotten it even after a decade. Consequently, they have repeatedly blocked Australian requests to join naval exercises with the other three countries. Indian experts argue that internal debate in Australia regarding its relations with China do not inspire sufficient confidence in Canberra's commitment to the Quad.

After the victory of Donald Trump in the US elections last year, India has also become wary of new direction in US policy on Asia. Trump's overtures to China and his outwardly show of friendship with its president Xi-Jinping on social media has not gone unnoticed in New Delhi. China has militarized the South China Sea under the watchful eyes of the US Navy. Xi Jinping himself has changed the constitution to become the lifetime leader of the communist state. Neither of these actions has significantly affected Trump's policy towards China.

In contrast, Trump publicly mocked Indian Prime Minister Narendra Modi twice in February. In his first speech to the Congress after taking office last year, President Trump had criticized the 100 percent import duty India levied on American motorcycles.

To placate him, Indian government reduced the import duty on motorcycles twice. This did not have any effect as Trump [continued to criticize](#) Indian trade "practices".

The US administration has also put pressure on India on other issues. For instance, the curtailing of US visas to Indian professionals threatens the [\\$150 billion IT sector](#) business in India. Washington has already imposed tariff on steel and aluminum imports. In the strategic field, US government's [CAATSA act](#) seeks to punish India for its defense ties with Russia. To the bewilderment of Delhi, the US administration has been more accommodating of Chinese interests. President Trump is personally monitoring the [issue](#) of Chinese company ZTE which had been put out of business due to US sanctions. He has acted to help the company get back in business in US. China is also free to arm itself with its humongous defence spending.

To be fair to the US administration, India is not the only ally suffering under Trump's America-first policy. South Korea, Europe and Japan are also under pressure. But unlike other economies, India is a relatively poor country. Among the four participants of the Quad, India has the lowest per capita income. Up to 22% of population continues to [live under the poverty line](#) in the country.

After liberalization in 1991, Indian economy has been growing at a fast pace. The elite in Delhi hope that continued rapid economic growth will deliver Indian population from centuries of misery. Trump's trade war rhetoric and economic pressure on India is a hindrance to this policy. Initially, the Indian government believed that US measures were aimed at China. After-all, apart from being a geopolitical competitor, China also has a very large trade surplus with the US. To get some relief from Washington's pressure, the Indian government [asked](#) the US, not to equate India with China but to no avail.

Recently, India seems to have given up on Trump-led America. It has threatened to impose [retaliatory tariffs](#) on twenty American imports into the country. Even more importantly, Indian prime minister Modi has met both the Chinese and the Russian presidents in quick succession. The summits were unplanned and initiated by India. Although, Moscow and Delhi maintain that Putin invited the Indian PM to Sochi, the meeting itself was preceded by two visits by Indian NSA (National Security Advisor) and other ministers of the cabinet. It is more practical to think that the idea of informal

summit was proposed by the Indian side. With respect to China, it was clear from the start that Indian government had asked for the meeting.

Like the US, India also has a large trade deficit with China. India wants to reduce this deficit and had repeatedly requested the Chinese government to remove trade barriers hindering Indian imports into the country, without much success. Barely days after the summit in Wuhan, China removed its restrictions on import of Indian pharmaceutical products into the country. Almost in similar fashion, it has been announced days after the summit in Sochi that India and Russia will hold their first ever strategic economic dialogue in July in St Petersburg. While Russia and India have shared good relations since the cold war, it was the "*long-term and strategic dialogue*" with China, as put by government of India, that surprised everyone.

The simultaneous downturn in Delhi's relations with Washington and improvement in relations with other powers could prove ominous for the Quad. Although, the new developments have largely been confined to the economic sphere till now, it is anybody's guess how and when it could lead to larger Indian disenchantment with USA. If Trump wins another term, the differences could gain permanence. The India-proposed informal summits suggest that Delhi may already be hedging its bets in this regard.

India is a major constituent of the Quad. Australia and Japan were already tied into security arrangements with USA. It was the Indian entry into the US-led security structure which led to hopes of a larger democratic security arrangement in the region. Moreover, it is also the only country in the Quad to have a land border with China.

Relations between India and the US have improved tremendously in the last two decades. Both sides also regularly state their commitment to maintaining this upward trajectory. However, Trump's policies are clearly affecting these ties. India still has many reasons to remain engaged with the US. However, Delhi's outreach to Russia and China suggests that it may freeze its march into the US camp. This would negatively affect the Quad. When Australia withdrew in 2008, it took a decade to restart the process. Any new Indian reticence now could prove to be an even bigger challenge.

Nevertheless, it is highly unlikely that India, a poor country, would want to shoulder the Quad when under pressure from the US on trade issues and amid continued

Australian wavering. When president Abe initially discussed the grouping of India, Japan, US and Australia, he mentioned "an arc of stability and prosperity" along the outer rim of the Eurasian region. The prosperity aspect of the security arrangement is now under threat from Trump`s trade war. It makes the "Quad" less attractive in New Delhi.

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