

Green

Yellen Heads for India as Russia, War Hang Over Economic Talks

- India to chair G-20 gatherings in 2023, putting it on hot seat
- Climate, investment likely to be additional topics at talks



Janet Yellen at Microsoft India Development Center, in Noida, India, on Nov. 11. *Photographer: Prakash Singh/Bloomberg*

By Christopher Condon

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Climate, trade and investment will dominate US-India economic talks when Treasury Secretary Janet Yellen visits her Indian counterpart, Nirmala Sitharaman, in New Delhi next week.

Yet hanging over the discussions will be a larger strategic issue: the US-Russia rivalry and India's

desire to remain out of that fray as it takes on a key international leadership role next year.

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“This trip represents an important step in the ongoing attempt by the Biden administration to bring India onto its side,” said Eswar Prasad, a senior fellow at the Brookings Institution and a former economist at the International Monetary Fund. “I think the administration has found a receptive, but not completely conducive ear on the Indian side.”

India’s posture toward Russia is important in 2023, because it will hold the rotating presidency of the Group of 20 -- a forum for the largest economies to address global problems. That allows it to control the agenda across a range of high-level international meetings, and to set the tone of statements issued on the group’s behalf.

War Fallout

In a call with reporters Thursday, a senior Treasury official said the US will expect the G-20 in 2023 to continue addressing fallout from the war in Ukraine and highlight Russia’s culpability.

India, however, is likely to follow Indonesia’s example in 2022, trying to minimize the disruption of G-20 business caused by squabbles over how forcefully to condemn Russia for its invasion of Ukraine.

New Delhi will be keen to move forward on projects related to pandemic preparedness, climate finance, debt treatment and food insecurity. Other issues like international taxation and regulation of cryptocurrencies will also be among India’s priorities. But it’s also motivated by a long-standing tradition of not choosing sides in superpower relations.

[Read more: India’s Dependence on Russian Weapons Tethers Modi to Putin](#)

“India really is a very independent country, and it’s just simply not interested in a traditional

alliance relationship with the United States, which it sees as requiring a subordination of its own independent interests,” said Alyssa Ayres, dean of George Washington University’s Elliott School of International Affairs.

There are also practical concerns for India when it comes to Russia. India buys military hardware from Moscow, and it’s especially wary of driving Russia any closer to China, according to Kenneth Juster, a former US ambassador to India and a distinguished fellow at the Council on Foreign Relations in Washington.

‘Delicate’ on Climate

Yellen’s talks with Sitharaman could also prove delicate when it comes to climate. Indian Prime Minister Narendra Modi has so far rejected the Paris Agreement goal of net-zero carbon emissions by 2050, pledging a 2070 target instead.



Yellen, right, with Nirmala Sitharaman in Washington, DC, earlier in October. *Photographer: Jim Watson/AFP/Getty Images*

India is the largest carbon emitter after the US and China, and its chief hurdle to reaching the target sooner is financing. If Yellen pushes Sitharaman on India’s role in attacking climate change, she’s likely to respond by pointing to the failure of richer countries to deliver funding already promised to the developing world.

In 2009, rich countries pledged to channel \$100 billion a year, by 2020, to help poor nations mitigate the impact of climate change and fund the transition away from fossil fuels. They're far from delivering.

[Read more: Rich Nations Still Far From Funding Target Ahead of COP27](#)

According to Richard Rossow, a senior adviser on India policy at the Center for Strategic and International Studies in Washington, India has been a leading voice among developing countries in agitating for more support.

“India is going to ask pretty pointedly, ‘You made these promises. This big money’s out there, but we’re not seeing it,’” he said.

Trade Ties

Discussions on how the two countries can improve already strong trade and investment ties will probably go more smoothly. The US is India’s largest trading partner and the top importer of Indian goods.

And one of Yellen’s favorite foreign-policy initiatives -- the concept of “friend-shoring” -- represents a golden chance for India to sell even more to the US.

[Friend-shoring](#) is how Yellen describes the effort to move critical supply chains away from China and other countries deemed politically unreliable either back to the US or to other countries allied more closely with Washington.

The US and India “both speak about critical and resilient supply chains and, in theory, would view each other as trusted partners in that process,” said Juster, the former ambassador.

Yellen is due to speak about US-Indian commercial ties in New Delhi on Nov. 11.

Separately, the US-led effort to [cap the price of Russian oil exports](#) won’t be a major topic in bilateral discussions, Treasury officials said on Thursday’s call.

Washington had [earlier tried](#) to coax India to join the project, but has largely abandoned that effort. US officials have said they don’t want India to stop buying Russian oil, even if they’re purchasing outside the cap regime.