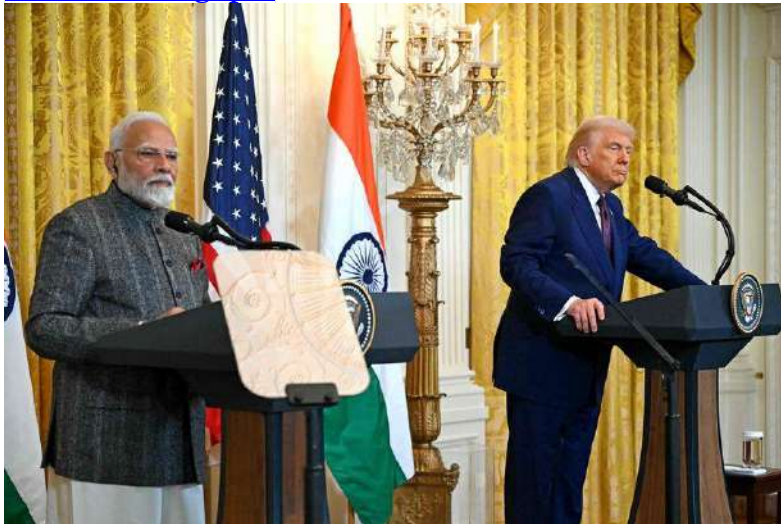


News analysis

## Modi-Trump hug sets stage for goodwill amid tariff minefield



[Debarshi Dasgupta](#)



US President Donald Trump and Indian Prime Minister Narendra Modi hold a joint press conference in the East Room of the White House on Feb 13

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NEW DELHI - The much-awaited hug came. Their hands clasped for handshakes that lingered. Smiles and fulsome praises were exchanged.

All this was ample indication that the bromance between Indian Prime Minister Narendra Modi and US President Donald Trump remains alive. Since they met for the first time in 2017 as leaders, they have cultivated a close relationship.

It is a good sign for Indo-US ties, because their personal rapport could come handy to smooth any friction in the bilateral relationship – and there has been plenty of that in recent weeks.

Mr Trump [slapped tariffs that may put Indian exports to the US at risk](#) and deported Indian undocumented migrants in a manner that has not gone down well in New Delhi.

Hours before the two leaders met at the White House on Feb 14, Mr Trump authorised the US authorities to impose reciprocal tariffs on countries, if necessary, to retaliate for duties already charged by those countries on US exports.

India, which has an estimated US\$46 billion (S\$61.7 billion) trade surplus with the US, could be one of the most impacted, according to a report from Capital Economics, a London-based economic insights firm.

The country has been singled out by Mr Trump as a “very big abuser” of tariffs, something he brought up again during his press briefing with Mr Modi on Feb 14 as a “big problem”.

Professor Sachin Chaturvedi, director-general at the Research and Information System for Developing Countries, a New Delhi-based think-tank, said it remains to be seen how India will be impacted, given that details have yet to emerge, including whether these reciprocal tariffs would be slapped on individual goods or across sectors.

“But certainly they would impact US consumers, as it would Indian industry and eventually, consumers,” he told The Straits Times.

The two countries have a history of tariff-related tensions.

In 2018, during the first Trump presidency, the US had placed import duties of 25 per cent on steel and 10 per cent on certain aluminium products. India retaliated the following year in June by imposing additional customs duties on 28 US products, including chickpeas, lentils and apples.

Much of the focus during Mr Modi’s official working visit was on easing tariffs and boosting bilateral trade between the two countries, something India and the US want to more than double to US\$500 billion by 2030.

While India will work to increase its American exports, currently dominated by products such as drugs and pharmaceuticals and precious stones, the US will seek to shrink its trade deficit with India by exporting more oil and gas, and defence and agricultural products.

Both sides said in a statement that they have also agreed to collaborate on nuclear energy, negotiate a trade deal by the autumn of 2025, and finalise a new 10-year defence partnership framework.

Mr Trump’s “Make America Great Again” (Maga) strategy, including by boosting foreign investment in the US and creating jobs, also cast a shadow on the joint statement after Mr Modi’s meeting with Mr Trump.

It included a strategic mention of ongoing Indian investments in the US with a value of about US\$7.35 billion, including manufacturing units to develop critical battery materials and investments that will support over 3,000 jobs for Americans.

Even before Mr Modi landed in Washington, India had cut import tariffs on several goods that will benefit US exports, including high-value motorcycles.

Mr Modi's government had also defended America's right to deport undocumented Indian migrants amid an uproar in Parliament around how they were handcuffed and shackled on a US military plane to India.

The US also made some concessions, including the much-awaited extradition of Tahawwur Rana, a Pakistani former military doctor and a key accused in the 2008 terror attacks in Mumbai. The US also offered to sell Lockheed Martin's advanced F-35 fighter jets to India.

But challenges abound for the India-US relationship. Opening up its market to foreign agricultural and dairy exports is something India has long been cautious about, with high tariffs imposed on imported agricultural products to protect a sensitive sector that sustains the livelihoods of millions of small-scale farmers.

Faced with pressure to lower tariffs on American agricultural products, India will have to find alternatives to protecting its producers "without raising tariff walls", Prof Chaturvedi noted. This could possibly include greater investments to cut production costs to make them "more competitive and far more relevant in the global market".

Undocumented Indian migrants in the US, the majority of them hailing from Mr Modi's home state – Gujarat – and Punjab, is another potential area of tension.

The joint statement included a pledge to "aggressively address illegal immigration and human trafficking by taking strong action against bad actors, criminal facilitators, and illegal immigration networks".

Dr Nicolas Blarel, associate professor of international relations at Leiden University in the Netherlands, told ST: "The Indian government has been saying it would do this for years, but they have not done much to address the structural causes of this migration."

He added: "The devil will be in the details."

While shared anxieties around China's rising influence still guide collaboration between India and the US, India will also "carefully monitor" any possible bilateral engagement between the US and China, Dr Blarel added.

Mr Trump has said he wants to restart nuclear arms control talks with China in an effort to cut both of their massive defence budgets in half.

Energy could also be a source of friction in bilateral ties between India and the US, especially if the Trump administration pressures India to import more US oil or gas than it is comfortable with, said Mr Michael Kugelman, director of The South Asia Institute at The Wilson Centre in Washington.

“New Delhi relies heavily on cheap, plentiful Russian oil, and if it feels the price point for American oil isn’t sufficiently low, it won’t be comfortable taking in so much of it,” he told ST.

Mr Trump’s maximum pressure campaign against Iran could also pose a challenge for countries that do business with Iran, including India.

New Delhi has been developing a port in Chabahar in Iran, which is critical for its efforts to scale up trade and connectivity links with Central Asia. But the port has attracted threats of American sanctions.

“India doesn’t want to find itself in a position where it has to worry about sanctions risk – the same anxiety it had during the Biden administration, due to India’s commercial activities with Russia,” added Mr Kugelman.

At the joint press conference on Feb 14, Mr Modi sought to dovetail India’s Viksit Bharat@2047 goal, one that aspires to make the country a developed one by that year, with the Maga strategy.

“Speaking from an American perspective, Viksit Bharat means Make India Great Again (Miga),” he said, adding that collaboration between Maga and Miga would lead to “mega partnership and prosperity”.

The way forward, therefore, will be to deepen collaboration in areas of convergence between these two Indian and American goals.

Mrs Nirupama Rao, who served as India’s ambassador to the US as well as its foreign secretary, noted that the two countries today share a “very forward-oriented continuum” in their relationship.

It is underpinned by deep shared strategic interests such as stability in the Indo-Pacific, extensive people-to-people links, and collaboration in sectors encompassing space, energy, critical and emergent technologies, as well as counter-terrorism.

She said there has always been a bipartisan consensus in the US about good relations with India, adding that foreign policy professionals in Delhi have, over the years, also developed personal and professional relationships with many of the appointees in the Trump Cabinet.

“I think this makes for not only positive conversation but also very mutually beneficial understandings on issues where the countries may have differences such as on trade and tariffs, or maybe immigration,” she told ST.

“So, I believe the stage is set in a good way for us... and I do not see unmanageable tensions building up between the two countries.”

- Debarshi Dasgupta is The Straits Times' India correspondent covering the country and other parts of South Asia.

Source: <https://www.straitstimes.com/asia/south-asia/negotiating-challenges-of-a-us-india-mega-partnership>