

Does India Need to Worry About Trump ?

In Depth magazine, 15 February 2025.

Jawhar Sircar

Few world leaders have caused such universal consternation, even before they formally accepted their office, as President Donald Trump has. Much of this apprehension arises out of his past record of extreme aggression whenever he perceives that American interests are hurt, leading to a lot of sabre-rattling and chest thumping. The more worrisome part lies in his weaponising of tariff to the protect American market against importers, until they zip open their markets to him or toe his political line. We are yet to see how effectively he can wield these weapons, for America itself is heavily dependent on most of these imports. Along with these two apprehensions is the fact that he is seen to be quite a bully where genteel world of international relations is concerned.

Indians have been rejoicing that so many persons of Indian origin have been handpicked by Trump to head important posts. But then, Harmeet Dhillon, Vivek Ramaswamy, Usha Vance, Jay Bhattacharya, Kash Patel, Sriram Krishnan and Tulsi Gabbard are all sworn to uphold America's (and Trump's) interests and can never be expected to side with India — when the chips are really down.

Coming to foreign affairs, Trump has thrown his challenge to China. There are three aspects to it, two of which impact India. The first is the trade and investment battle — through absurdly high levels of tariff on imports from China. Excessive actions would hurt American industry hard and American citizens, used to low-priced Chinese goods, even harder. China will surely retaliate by choking exports of rare earths and products thereof and cripple American the digital industry —the very lifeblood of the country. India may gain from the US's economic battle and American investments in China may flow towards India. The second theatre of conflict would be on checking China's increasing expansion in (and stranglehold over) Africa and in some parts of Asia. India has rejected China's Belt and Road game-plan and is hardly involved in Trump's checkmate-plans.

The third focus of the increasing Sino-US tensions affects India and that is to guard the Pacific and Indian oceans from China stretching its muscles

rather threateningly. Trump has already brought India to join the America-led defence system, the Quad. He will surely continue this vigil and involve India, even if his trade war with China simmers down. One must remember that Trump is basically a very transactional businessman who can settle for a “good deal” with China, but his hawkish secretary of state and his more aggressive national security adviser (NSA) may not agree.

Both are (mercifully) better inclined towards India and, therefore, the ongoing deep defence and technology relationship is likely to improve. We already have the General Security of Military Information Agreement (GSOMIA) from 2002, to facilitate sharing military intelligence between India and the USA. From 2016, there is LEMOA or the Logistics Exchange Memorandum of Agreement with the USA. In 2018, India and the US went further to share real-time intelligence under Communications Compatibility and Security Agreement or COMCASA while the BECA (Basic Exchange and Cooperation Agreement) of 2020 have brought the two countries together even more.

But then, we may recall that Trump had spiked the US collaboration to develop the India’s Kaveri jet engine a few years ago — so there is no room for complacency. It would be interesting to see whether Trump stands by Mohammad Yunus or the military that props him in Bangladesh, and how he responds to Islamic extremism in Bangladesh and Pakistan. The USA’s presence in the Indian subcontinent can no longer be ignored or wished away and ranting against the American “deep state” is not the answer.

Trump gives excessive attention to bilateral trade relations as his “Make America Great Again” rests on jingling coffers, more than expensive strong arm international interventions. Where India-US bilateral trade is concerned, it has gone up from \$119.48 billion in 2021-22 to \$128.78 billion in 2022-23. India had a trade surplus of \$36.8 billion in 2023-24, which will be a sore point with the present Presidency. Last time, India bought more crude oil and liquefied petroleum gas from the US to close this gap, but any trade deficit with the USA hurts India’s current account deficit and will further devalue the rupee. Defence purchases excite all US presidents, as this industry creates jobs and contributes liberally during elections. But that is a very expensive route for India. The sectors that need to watch out for possible higher US tariffs are those that export most to the US. They are engineering goods, electronic goods, gems and jewellery, pharmaceutical products, and petroleum products. But then, the pot cannot call the kettle black, as India is notorious for its high tariff barriers — something that Trump would surely target and demand greater access to the Indian market.

In 2022-23, the US was India's third biggest investor with \$4.99 billion and accounted for almost 10% of all foreign direct investment (FDI) inflows into India. The US is also India's top overseas FDI destination though our investment is much less at \$737 million in 2022-23. These are areas where governmental intervention on both sides may stimulate investment— especially if India is nimble enough to attract out-of-China American companies.

Though it is widely perceived that Prime Minister Narendra Modi and President Donald Trump are close in ideology and world views and they have built a personal equation, it was intriguing that PM Modi was deliberately not invited to Trump's much trumpeted inauguration. It hurt and sent all sorts of signals—chiefly that Trump will be more transactional and demand much more than friendship and event management. Sensing this, PM Modi sent out the strongest of feelers possible and was among the first to roll back, quite noticeably, his earlier proposal at the BRICS summit on 23 October 2024 to lessen dependence on the US dollar. He proposed greater trade in local currencies. But when Trump threatened to impose additional tariffs on BRICS countries if they did so, Modi quickly withdrew his earlier proposal to de-dollarise, on 3rd January 2025. Morning shows the day and relations are sure to be very unequal, indeed.

There are two other major issues bothering both countries and the first is H-1B visas permitting foreign specialists to work temporarily in the US. This has been utilised to the hilt by Indians to go on extending their stay in the USA and finally be absorbed as legitimate citizens. In December, the US Citizenship and Immigration Services (USCIS) issued strict orders to bring in clarity in what the US required and one of Trump's first orders was to stop babies born of foreigners in the US to claim automatic American citizenship. As these are emotionally-charged issues in the USA and there is a split in Trump's team, India would do well to stay out of this controversy and let US businesses work it.

The other issue pertains to illegal migration of Indians to the USA, which has reached menacing proportions. Trump and his American voters are incensed over this issue. India ranks third where illegal immigrants in the USA are concerned and over 7 lakh such Indians are at risk amid Trump's crack-down. Recent statistics reveal that of the 90,000 illegal immigrants arrested by the US in 2023, almost half are from only one State, PM Modi's Gujarat. Despite this, the Indian government has officially declared that it will surely take back illegal Indian immigrants deported by the USA, after verification. India has no option, anyway.

Trump is less likely to put pressure on India on human rights and communal and democracy issues, though the ongoing judicial process involving alleged assassination attempts against American and Canadian Khalistani elements may not go away. But Trump's recent search for illegal immigrants at US gurdwaras (sacrilege?) is sending out very loud gongs. Many think PM Modi may petition Trump to spare his friend, Gautam Adani, from criminal conviction in the USA, but systems there do not work that way. At least that is what people believe.

At the end, it is best to remember that in diplomatic and strategic affairs, there are no permanent friends or enemies— only permanent interests.