



Trump 2.0

Ripples across India's Economic and Strategic Waters

Heralded as one of the “Greatest Political Comebacks” of all time, Donald Trump’s return to the White House has set the ball rolling for a lot of voices and dialogues where we can clearly see two groups being formed. One believes that Trump’s comeback is good and won’t be a significant challenge for India, while the other sees it as a huge headwind for India. Trump’s "America First" policies, coupled with his unpredictable foreign relations, have raised concerns about the impact on international trade and economic security. His stance on China and trade could also complicate India’s strategic and economic goals.

Trump’s staunchly pro-American stance is viewed as a potential obstacle in a world that is increasingly interconnected. His policies, which are expected to prioritise national interests over global cooperation, may create friction in international relations. This approach could hinder multilateral efforts to address issues like climate change, global trade, and security concerns. In an era of complex global challenges, such isolationist tendencies might undermine collective progress, especially as countries strive for collaboration on pressing global issues. As such, his influence could reshape the dynamics of international diplomacy in unpredictable ways.

With this Background and Context, this Occasional News Wrap has reviewed and compiled some relevant articles in print and electronic media on Trump’s comeback and ripples it may create for India’s trade, in particular and economy, in general.

1.	<p>Trump 2.0: What it means for India's trade & diplomacy</p> <p><i>By Biswajit Dhar</i></p> <p>The Hindu Businessline</p> <p>November 09, 2024</p>	<p>Donald Trump's potential return to office could reshape global trade dynamics, especially for India. His "America First" approach, focused on bilateral deals over multilateral agreements, could offer opportunities in specific sectors like agriculture and technology but also bring challenges. India will need to adapt its trade strategies, emphasizing agility and stronger relationships with global partners. Trump's policy shift could disrupt existing trade frameworks like the WTO, requiring India to be proactive and resilient in adjusting to a changing geopolitical and economic landscape. For more insights, listen to the full analysis</p>
2.	<p>India-US trade not hit by regime changes: Commerce Secretary</p> <p><i>By Sunil Barthwal</i></p> <p>Business Standard</p> <p>November 14, 2024</p>	<p>India-US trade ties have grown steadily despite changes in U.S. administrations. From 2001 to 2023, U.S. imports from India grew at a compound annual growth rate (CAGR) of 10.48%, far surpassing the 4.76% CAGR in overall U.S. imports. In 2023, U.S. imports from India reached \$87.3 billion, a significant increase from \$9.7 billion in 2001. This growth is driven by bipartisan support for stronger economic relations, further reinforced by agreements like the Indo-Pacific Economic Framework for Prosperity (IPEF), which aims to enhance trade and economic cooperation between the two nations.</p>
3.	<p>Trump 2.0: India braces for trade tussle with US</p> <p><i>By Policy Circle</i></p> <p>Policy Circle Bureau</p> <p>November 29, 2024</p>	<p>Donald Trump's re-election is expected to heighten U.S. protectionism, posing challenges for India's economy. Key concerns include potential increases in tariffs affecting Indian exports, notably in pharmaceuticals and IT services. The re-election has already led to significant withdrawals by foreign portfolio investors, causing declines in Indian stock markets and a depreciation of the rupee. Additionally, anticipated restrictions on outsourcing and H-1B visas could adversely impact India's IT sector. These developments may hinder bilateral trade and foreign direct investment, with broader implications for global economic growth.</p>
4.	<p>Driving our foreign trade beyond the Trump bump</p> <p><i>By Sanjaya Baru</i></p> <p>Deccan Chronicle</p> <p>December 09, 2024</p>	<p>India's foreign trade faces challenges, particularly with the U.S. and China. While India has a trade surplus with the U.S., its deficit with China continues to grow. India seeks to balance this by increasing defense purchases from the U.S. and attracting Chinese investments. The Niti Aayog's report highlights India's limited success in exploiting the "China Plus One" strategy. To boost trade, India needs structural reforms to improve competitiveness and address trade imbalances.</p>

<p>5.</p>	<p>Confident about its US relationship, India welcomes Trump – <i>By Prमित Pal Chaudhuri</i> Aspenia Online December 11, 2024</p>	<p>India's government is confident in its strong relationship with the U.S., viewing strategic and economic ties as stable regardless of leadership changes. With Trump’s return, India expects continuity in collaboration on technology, trade, and geopolitical concerns, particularly regarding China. There are concerns about potential tariffs and reduced support for countering China's influence in the Global South, but India values the U.S.'s focus on integrating it into global supply chains and strategic alliances like the Quad. Trump’s administration is anticipated to be more transactional yet aligned on key security and economic interests.</p>
<p>6.</p>	<p>US envoy's win-win 'lower tariffs' pitch for India amid Trump threat <i>By Ajmal Abbas</i> India Today December 20, 2024</p>	<p>US Ambassador to India, Eric Garcetti, emphasized the need for both nations to collaboratively reduce tariffs to foster fair and equal trade. He noted that despite significant reductions since 2001, India remains the major economy with the highest tariffs. Garcetti highlighted the importance of honest conversations to address trade barriers and enhance economic relations. His remarks align with President-elect Donald Trump's focus on fair trade practices and the imposition of reciprocal tariffs. Garcetti also praised India's workforce and advocated for combining American resources with Indian ingenuity to achieve mutual ambitions.</p>