



TIES STRENGTHEN AS TRUMP AND MODI MEET

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SUMMARY

- A handshake followed by bear hugs made headlines as both leaders established rapport and vowed to further strengthen strategic ties between India and the United States.
- Both leaders agreed to bolster bilateral trade and investment and deepen cooperation in the energy, agriculture, healthcare, defense, civil aviation, and technology sectors.
- Fears that issues like immigration could overshadow the meeting did not materialize.
- Momentum towards developing deeper strategic ties was generated ahead of, during, and after the meeting, signaling that U.S.-India ties will further strengthen in the coming months.
- India also achieved multiple diplomatic wins including the explicit reference to Pakistan-based terrorism in the joint statement.
- Enhanced strategic and economic cooperation means that businesses can take advantage of the momentum generated by this meeting.

ABOUT ASG

Albright Stonebridge Group (ASG) is the premier global strategy and commercial diplomacy firm. We help clients understand and successfully navigate the intersection of public, private and social sectors in international markets. ASG's worldwide team has served clients in more than 110 countries.

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HANDSHAKES OVERSHADOWED BY BEAR HUGS

In President Trump's previous meetings with world leaders, all eyes have been on his handshake to measure rapport. This week's meeting between Trump and Indian Prime Minister Narendra Modi was no different, although their encounter appeared to move beyond camaraderie and photo-ops to bolster strategic ties between both countries.

President Trump had already generated positive momentum ahead of the trip, calling India a "true friend". High praise flowed as Trump referred to the immense following of his and Modi's social media accounts - both leaders have 30+ million Twitter followers each. The two leaders met for over four hours at the White House in a pleasant atmosphere and the joint statement issued following the meeting suggests that U.S.-India ties will continue to strengthen. Prime Minister Modi thanked his counterpart for the warm reception, saying that this trip was "filled with friendliness" from the "opening tweet to the end of our talks."

**"ONE OF THE MOST PRODUCTIVE VISITS I
HAVE SEEN TO THE U.S." – S. JAISHANKAR,
INDIAN FOREIGN SECRETARY**

Differences on issues related to trade, immigration, and climate change were a cause of concern ahead of the meeting. However, both sides papered over the differences and instead focused on the positives that can be achieved through closer strategic, trade, and business ties between the two countries. Both Trump and Modi also focused on developing a strong personal relationship.

President Trump also congratulated the prime minister's efforts to overhaul India's tax code through [the Goods and Services Tax \(GST\)](#), calling it the "largest tax overhaul in India's history." The [joint statement](#) also recognized this effort, highlighting that "extensive economic and tax reforms" in both countries will "unlock immense economic opportunities."

TRADE AND ENHANCED ECONOMIC TIES A FOCAL POINT OF THE DISCUSSIONS

The United States had a trade deficit of \$24.4 billion with India last year and Indian exports into the U.S. are twice the size of U.S. exports to India. Barriers to trade, particularly in the agricultural sector, and intellectual property rights are viewed as a key barrier to U.S. exports to India. Fears that these issues and the Trump administration's populist "Make America Great Again" economic agenda would clash with Modi's competing "Make in India" did not materialize. Modi argued that "India's interests lie in a strong, and prosperous, and successful America" while "India's development and its growing role at the international level are in the USA's interest."

Businesses in India and the U.S. should feel optimistic following this meeting as both countries agreed to undertake a "comprehensive review of trade relations" and build upon "the principles of free and fair trade." This review will focus on expediting regulatory processes, fostering greater technological cooperation between both countries, and increasing market access in multiple sectors including agriculture, information technology, defense, and manufactured goods.

BUSINESSES IN INDIA AND THE U.S. SHOULD FEEL OPTIMISTIC FOLLOWING THIS MEETING AS BOTH COUNTRIES AGREED TO UNDERTAKE A "COMPREHENSIVE REVIEW OF TRADE RELATIONS"

Energy security and closer energy cooperation were also discussed, with the joint statement calling to "elevate cooperation to enhance global energy security." To bolster India's economic growth, the U.S. would enhance its energy exports of natural gas, clean coal, and renewable energy technology to India, as well as the successful purchase of six nuclear reactors from Westinghouse Electric Company.

MULTIPLE DIPLOMATIC WINS FOR INDIA

Prior to the meeting the U.S. administration approved the sale of 22 Sea Guardian Unmanned Aerial Systems to India and designated Syed Salahuddin, chief of the Kashmiri militant group Hizbul Mujahideen, as a global terrorist. This is a symbolic but significant win for India, which has demanded that the U.S. take a tougher stance on militant groups closely associated with Pakistan's security establishment.

Closer cooperation on terrorism and the need to eliminate safe havens was also discussed during the meeting, with Modi saying that "fighting terrorism and doing away with the safe shelters, sanctuaries, and safe havens will be an important part of our cooperation." The joint statement reflected that sentiment, with the countries calling on Pakistan to "ensure that its territory is not used to launch terrorist attacks on other countries."



China's One Belt One Road (OBOR) plans were also implicitly called out as the two countries stressed that infrastructure development should be "transparent" and use "responsible debt financing practices." The joint statement also stressed the need to respect the "freedom of navigation, overflight, and commerce" across the region, a clear reference to China's growing influence. The countries also condemned North Korea's belligerence saying that this posed "a grave threat to regional security and global peace."

INCREASED MOMENTUM FOR U.S.-INDIA BUSINESS TIES

With both the U.S. and India looking to boost economic growth and generate jobs, the commitment to expedite regulatory processes and enhance ties in critical industries such as agriculture, science and technology, defense, and energy is a positive development. Modi has continued to liberalize FDI policies in a bid to attract investment in these critical sectors and this trip is expected to further increase momentum to that end. Trump is also looking to generate jobs in the U.S. and closer ties with India, particularly in the energy and defense sectors, will help achieve that goal.

Lockheed Martin's recent agreement with Tata for F-16 manufacturing in India, SpiceJet's \$22 billion order for Boeing planes, and a commitment to work together on "advanced defense equipment and technology" means that there will be substantial opportunities for progress in the defense and civil aviation sectors.

Energy is another area where significant progress is expected in the coming months. Both countries agreed to move forward on several initiatives, including U.S. gas exports to India, sharing of clean coal technology, and an increased focus on innovative energy solutions on "efficient fossil fuel technologies, smart grids, and energy storage."

At the meeting, Prime Minister Modi invited President Trump, Vice President Mike Pence, members of the U.S. cabinet, and Ivanka Trump to visit India. We expect that U.S.-India ties will continue to strengthen in the coming months, and foresee future high-level trips to India. Strategic cooperation between the two governments will continue to have a positive impact on the economic and business ties as well, bolstering business opportunities in the short- and medium-term.

ASG's [India and South Asia Practice](#) has extensive experience helping clients navigate markets across the region. For questions or to arrange a follow-up conversation please contact [Uzair Younus](#).

