

Trump Hosts Modi to Discuss Trade Arrangements

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On February 13, 2025, President Trump hosted the Prime Minister of India, Narendra Modi, at the White House. Prime Minister Modi was the fourth head of state to meet with President Trump regarding the President's threat that United States trading partners will face reciprocal tariffs.

TRUMP ADMINISTRATION PLAN TO IMPOSE RECIPROCAL TARIFFS

Prior to his meeting with Modi, President Trump signed a memorandum warning that the Administration would impose reciprocal tariffs on United States imports from nations that impose higher duties on American products. The President also directed the Administration to consider barriers and other approaches that are used by the United States' trading partners, including taxes on foreign products, subsidies provided to domestic industries, and exchange rate policies. These tariffs are expected to take effect as early as April 2025.

The United States has a current trade deficit of \$45.6 billion with India. President Trump has referred to India as the "tariff king" in criticizing the high import tariffs that have been imposed on U.S.-origin goods entering India. In anticipation of being affected by the reciprocal-tariff policy, India recently reduced its average tariffs from 13% to 11%. India continues to identify mechanisms by which tariffs can be lowered on a wide range of U.S. goods, including cars and chemicals, in an effort to avoid the reciprocal tariffs.

PRESIDENT TRUMP AND MODI WHITE HOUSE MEETING

Modi visited the White House in an effort to strengthen his already positive relationship with President Trump. Modi approached the meeting seeking a partnership between India and the United States in areas such as technology, defense, and energy. He also sought to calm the Administration's concerns about trade.

To avoid any future trade obstacles, Modi was amenable to reducing tariffs on United States goods, repatriating undocumented Indian nationals, and buying military fighter jets from the United States. In addition, President Trump and Modi agreed to further defense ties by increasing United States military sales to India by "many billions of dollars."^[1] Specifically, the United States seeks to provide F-35 stealth warplanes to India.^[2] Additionally, Modi and the President discussed plans for India to purchase energy from the United States as well. It is projected that India's purchase may increase by an estimated \$25 billion in the next few years to contribute to a reduction in the trade deficit.

Though President Trump accepted these concessions from Modi, he reinforced his position regarding the imposition of reciprocal tariffs, including with respect to India. Ultimately, the parties agreed that the goal is to negotiate the initial phase of a trade agreement by Fall 2025. The first phase of the trade agreement will target market access, tariff reductions, and supply chain integration.

[1] <https://www.whitehouse.gov/remarks/2025/02/remarks-by-president-trump-and-prime-minister-narendra-modi-of-the-republic-of-india-in-joint-press-conference/>.

[2] *Id.*

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