

U.S.-India Relations and Trump II

Key Takeaways

- The U.S.-India strategic partnership will likely deepen under a second Trump administration, thanks to a strong relationship between Trump and Modi and a shared perspective on balancing China.
- Trade tensions remain a significant hurdle, but opportunities in defense, technology, and semiconductors could strengthen economic ties.
- Stricter H-1B visa regulations may marginally affect bilateral ties, but India's innovation and tech sectors could adapt to foster self-reliance.

Introduction

India's leaders welcome President-Elect Donald Trump's second term in the White House and are optimistic about its impact on U.S.-India relations. Prime Minister Narendra Modi's government expects strategic alignment with Washington over countering China which Modi will seek to leverage to enhance India's global influence.

The personal chemistry between Modi and Trump will be an important factor shaping the U.S.-India relationship over the next four years. Modi was among the first three global leaders to call Trump to congratulate him after winning the election. Their personal rapport may help them navigate some of the more complex factors of the bilateral relationship like trade and immigration.

A shared perspective on China

The U.S. has strengthened ties with India to counter Beijing's growing influence in the Indo-Pacific, as reflected in past security partnership agreements like the [U.S.-India Major Defense Partnership](#) under the Biden Administration and the 2018 [Asia Reassurance Initiative Act](#) during Trump's first presidency. During a second Trump administration, the U.S. will likely continue to maintain India as a critical partner in this effort. Key figures in Trump's incoming administration like Marco Rubio and Mike Waltz have historically championed tough stances on China and will likely prioritize engagement with India.

India views itself as a rising global power and will seek to partner with the U.S. to strengthen India's own economic and security standing through FDI and other initiatives like the US-India Semiconductor partnership. Modi's "Make in India" initiative, aimed at boosting domestic manufacturing and reducing dependence on Chinese imports, aligns with Trump's vision of resilient, China-free supply chains in critical industries like semiconductors.

Despite strategic alignment, Modi must balance aspirations to lead the Global South, often seen as countering the Western-led world order, with the expectations of Trump's "America First" agenda. Their personal chemistry, demonstrated during events like [Howdy Modi](#) in Texas (2019) and [Namaste Trump](#) in Gujarat (2020), will be key in navigating this complex balancing act.

Trade remains an obstacle in U.S.-India relations

Trump will likely target India's significant trade surplus with the U.S., its second-largest trading partner (after China) and largest export market. During his first term, Trump [labeled](#) India as the "tariff king" and criticized its duties on American goods. In 2018, Trump imposed a 25% tariff on all U.S. steel imports and 10% on aluminum. This triggered retaliatory duties on 28 products, including apples and walnuts. In

2019, the Trump administration canceled India's special trade privileges under the Generalized System of Preferences (GSP).

Congress is unlikely to support comprehensive free trade agreements, making future trade relations more transactional and sector specific. In the previous Trump administration, then-U.S. Trade Representative Robert Lighthizer championed a U.S.-India trade agreement, which included heavy concessions to U.S. interests. The U.S. is expected to push for greater reciprocal market access in defense, semiconductors, and technology. India seeks to benefit if U.S. tariffs on Chinese goods push companies to pivot from China to India for regional production.

Immigration is an issue, but only at the margins

Trump will likely tighten H-1B visa regulations to prioritize American workers. These restrictions will concern Indian companies, as Indian nationals account for more than [70 percent](#) of H-1B visas annually. Tech companies like Amazon, Google, and IBM have sponsored most of these in recent years and rely on Indian talent to drive innovation in the U.S.

While stricter visa policies could disrupt collaboration in R&D innovation, they [align](#) with Modi's "Self-Reliant India" initiative to build domestic tech capabilities. Lobbying by the U.S. tech industry could mitigate drastic changes, keeping skilled immigration issues on the periphery of U.S.-India relations.

Business environment good on paper, but difficult on the ground

On paper, American companies are expected to continue to benefit from stronger U.S.-India relations, especially in sectors like defense, manufacturing, technology and other areas where both countries have mutual interests in "China-free" value chains. However, away from Delhi, the on-the-ground business realities will remain challenging due to FDI caps, regulatory hurdles, and India's emphasis on protecting domestic industries under policies like "Make in India."

One key unknown to watch is how forcefully the Trump administration will advocate for U.S. business interests in India, and if these will be negotiated as a "deal" between Trump with Modi, part of a larger economic and strategic reset with Delhi, or will the relationship continue to be handled more piece-meal through existing bureaucratic channels.