Syllabus subtopic: Effect of Policies and Politics of Developed and Developing Countries on India’s interests, Indian Diaspora.

Prelims and Mains focus: about the details of the visit; about India-US trade dispute

News: US President Donald Trump is on his first official state visit to India on 24th February. He is scheduled to travel to Ahmedabad, Agra and New Delhi on a three-stop visit that will end on 25th February.

Background

“Fair trade” and “America First” have been central planks of Trump’s presidency and a pact with India will burnish his credentials as a deal maker, as well as to show his constituency that he has kept his poll promises.

Deal or No Deal?

- US President Donald Trump kept up the pressure on India to lower tariffs, complaining it has been hitting the US “very hard” even as he unveiled a power-packed team—albeit with the trade chief missing—to accompany him on his visit to India.

- Although two defence pacts worth more than $3 billion could be signed during the visit,

- A deal to buy six more Apache helicopters for the Indian Army could be expected around Trump’s visit. That deal is expected to be worth around $800 million.

- The procurement of 24 Seahawk anti-submarine warfare-capable helicopters was cleared by India’s Cabinet Committee on Security (CCS) chaired by the Prime Minister.
A limited trade deal with India was seen as a possibility earlier this month, but Trump seemed to have ruled it out. But analysts speculate that one reason Trump does not appear to be in a hurry to wrap up a trade deal with India could be that he has got China to agree to a deal and worked out another with Mexico and Canada to replace the 1994 North American Free Trade Agreement (Nafta).

China has the biggest trade surplus with the US, while Nafta has been described by Trump as America’s “worst” deal, blamed for a decline in manufacturing jobs.

According to foreign ministry both India and the US have agreed not to rush the deal and instead look to the future and strike a deal that will be a “win-win” for both sides.

New Delhi is looking to increase its energy purchases from the US that would cut down India’s trade surplus. New Delhi is also looking to buy civilian passenger aircraft from the US in the years ahead.