

Long on ceremony, short on deals

WASHINGTON

Trump's visit to India shows common ground is no proof against barriers

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President Trump's visit to India included a state dinner, tens of thousands of cheering onlookers and a marching band on camels — but a long-awaited trade deal between the United States and India was notably absent.

For the second time since September, when Prime Minister Narendra Modi of India visited the United States, the two countries have failed to reach even a limited deal that would increase trade for focused groups of goods, like dairy products, medical devices and Harley-Davidson motorcycles.

Negotiators from both countries have been working since 2018 on a deal that would lower Indian barriers to some American products, and restore India's access to a program that allows goods to enter the United States without tariffs.

But the breakdown in negotiations illustrates the steep challenge in reaching a trade deal between two countries headed by populist leaders who harbor suspicions of multilateral arrangements. Both Mr. Trump and Mr. Modi want to protect jobs in their own countries by fending off foreign competitors — shared attributes that make it even more difficult to strike a comprehensive agreement that would roll back trade barriers more broadly.

"Both sides are attuned to their own political imperatives and not where the other side might have an area of accommodation," said Nisha Biswal, president of the U.S. India Business Council, who served as assistant secretary of state for Central and South Asia during the Obama administration. "It is hard, then, to find where the common ground is where a deal could be struck."

In appearances alongside Mr. Modi on Tuesday, Mr. Trump touted an agreement by India to purchase more than \$3 billion worth of American military equipment, as well as other purchasing agreements related to commercial airlines and natural gas. He said the two sides had made "tremendous progress on a comprehensive trade agreement" and that he remained optimistic they could reach a deal.

But urgency about a deal appears to have faded, with both leaders appearing content with continuing trade barriers. Mr. Trump has said he was focused on a larger agreement that could be reached



President Trump and Prime Minister Narendra Modi of India, right, have failed to reach even a limited "mini-deal" since their negotiations began in 2018.

DOUG MILLS/THE NEW YORK TIMES

at the end of this year if the two sides could find common ground.

That may not be easy. During his visit, the president reiterated his previous complaints about India's high tariffs on American products, including Harley-Davidson motorcycles and other goods.

"We're being charged large amounts of tariffs, and you can't do that," Mr. Trump said. "I just said that's unfair, and we're working it out."

He added that "the money you're talking about is major, but the United States has to be treated fairly. And India understands that."

Since trade talks began, both the United States and India have escalated tensions by ratcheting up tariffs and trade barriers, rather than lowering them. In March 2018, Mr. Trump included India in the list of countries that

would be hit by his steel and aluminum tariffs. India responded with retaliatory tariffs on American almonds, apples and other goods. Last May, the Trump administration stripped India of a special status that exempted billions of dollars of its exports into the United States from tariffs.

The two sides were close to reaching a modest agreement in early January that would remove barriers for American farmers and medical device makers and strengthen India's intellectual property protections, among other issues. But new demands — like a U.S. request for India to buy more walnuts and turkeys — kept popping up, delaying an agreement.

India then surprised the Trump administration in February by pledging to raise import duties on more than 100

items, including medical devices, furniture, electronics, cheese and shelled walnuts — a move that became a major stumbling block to the pact's conclusion.

Mr. Trump's trade negotiator, Robert Lighthizer, responded by reopening previously settled issues. Then he canceled a planned trip to work out everything in person with Mr. Modi's commerce minister, Piyush Goyal.

An Indian official briefed on the talks said that India would not be bullied into making an agreement with the United States, especially if those concessions might ultimately hurt Indian interests.

For both India and the United States, the trading relationship is an important one.

India was the United States' ninth-largest trading partner in goods in 2018, while the United States edged ahead of

China to become India's largest trading partner last year.

Edward Alden, a senior fellow at the Council on Foreign Relations, said the outcome showed the limitations of Mr. Trump's truculent approach to trade, in which he tries to ratchet up pressure on trading partners to force them into making a bilateral deal.

With smaller countries that count the United States as a major market — South Korea, Japan, Canada and Mexico — Mr. Trump has signed a series of small or revised deals. But with bigger economies, Mr. Trump's one-on-one approach "has really run into roadblocks," Mr. Alden said.

With China, it resulted in a limited trade deal, but not one that addressed the biggest economic issues between the countries. Negotiations with the Eu-

ropean Union have so far failed to progress. And with India, Mr. Trump's pressure campaign may have backfired, he said.

Alyssa Ayres, also a senior fellow at the Council on Foreign Relations, said India had gradually been moving toward greater economic openness since experiencing a financial crisis in 1991. But in recent years, the Trump administration's trade tactics may have pushed India in the opposite direction.

"Given that the Trump administration has brought tariffs back as a policy tool, we are setting the wrong example ourselves for these trade moves," she said.

But Wendy Cutler, vice president of the Asia Society and a former trade negotiator, said the United States was hardly alone in its inability to get India to sign a trade deal. India has yet to sign a deal with Europe despite years of talks and has fought efforts by the World Trade Organization to update its trade rules, Ms. Cutler said. Progress that the United States and India were making toward a deal "was overshadowed by new tariff and nontariff measures that India was erecting, seriously complicating the talks."

The Trump administration's biggest carrot is the restoration of India's tariff-free status for industries under the Generalized System of Preferences. But that carrot, which waived \$200 million a year in tariffs on Indian exports, hardly has the Indian side salivating.

Since Mr. Trump revoked that status, India's exports of preferential goods like leather handbags, certain metal and plastic products and furniture have increased 5.5 percent, compared with a 1.9 percent increase in overall exports to the United States. That suggests Indian companies are feeling little pain from the change in trade status.

"The U.S. needs the trade deal more than India does," said Mukesh Aghi, the chief executive of the U.S.-India Strategic Partnership Forum, a business group whose members include PepsiCo, Cisco, Mastercard, Boeing and Disney.

The battle over milk and vegetarian cows has been another example of how the two sides can't seem to find a middle ground. India produces more milk than anyone else in the world, yet it's still not enough to meet demand. But India is worried that cheap imported milk from the United States would wipe out many of its 80 million small farmers, who typically tend just a few cows each.

"If our farmers go out of business, there is no one to feed us," said Ashwani Mahajan, a leader of Swadeshi Jagran Manch, a business group affiliated with India's ruling Bharatiya Janata Party.

Ana Swanson reported from Washington, and Vindu Goel from Mumbai, India.