



Deterioration of relations between the US and India

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The imposition by Donald Trump's administration of 50% tariffs on goods from India, a tightened migration policy, as well as the strengthening of US cooperation with Pakistan, have all led to the most serious crisis in Indian-American relations in 25 years. Although both sides will try to ease tensions and return to normal cooperation, the shift in US policy has undermined India's trust in the US. As a result, India will be more willing to cooperate with other partners, including the BRICS countries. It will be important for the EU to strengthen its cooperation with India in order to try to prevent a deeper anti-Western drift in Indian policy.

At the beginning of Donald Trump's second term, [US-Indian relations were the best ever](#). Trump's first meeting with Indian Prime Minister Narendra Modi at the White House on 14 February this year heralded a further strengthening of multidimensional cooperation, including the goal of doubling trade to \$500 billion by 2030. However, in the following months, an unexpected shift in US policy towards India and South Asia led to a serious deterioration in relations.

Bilateral problems. The main point of contention is the US trade deficit, which amounted to \$41.5 billion in 2024. Although this was only the 11th highest figure, with the US deficits with China (\$270 billion), Vietnam (\$113 billion), and Germany (\$76 billion) being higher, Trump referred to India as the "tariff king" and demanded greater openness of the Indian market. Trade negotiations announced in February did not lead to an agreement, mainly due to India's refusal to reduce protection for its own agricultural sector. As a result, in August, India was subject to a 25% rate of ['reciprocal' tariffs](#). At the end of August, an additional 25% 'punitive duty' was imposed, with oil imports from Russia cited as justification. As a result, India was subject to the highest level of duties, comparable to China and Brazil.

Although half of US imports (worth \$80 billion), such as electronics and pharmaceuticals, were exempted from the tariffs, the restriction of India's access to its largest export market heavily impacted suppliers of precious stones and jewellery, clothing, textiles and gold. According to various

estimates, if maintained over a longer period, the US restrictions could slow India's economic growth by 0.5 to 1 percentage point of GDP. The Indian side pointed to the selectivity of the tariffs in response to oil imports, noting the lack of similar pressure on China, the largest consumer of Russian oil, and EU countries. Although India did not succumb to the pressure to agree to unfavourable terms for itself, it also did not take any retaliatory measures, hoping for compromise.

The atmosphere of relations was also worsened by tensions over migration. At the beginning of the year, public opinion in India was outraged by images of handcuffed Indian citizens being deported by military aircraft from the US as illegal immigrants. Restrictions on legal migration meant difficulties in accessing American universities, where more than 320,000 people from India study. In the second half of this year, the US announced an increase in fees for H-1B visas to \$100,000 for highly skilled professionals, mainly affecting Indian citizens, who account for about 75% of recipients of these visas.

Regional challenges. India's relations with the US have also been strained by Trump's change in policy towards South Asia. Unlike his first term (2017–2021), when the US considered India to be its main partner in the region and [Pakistan to be a source of problems](#), this time the US has decided to prioritise its relations with Pakistan. This is facilitated by Trump taking credit for ending the [short-lived armed conflict between the two countries in May](#) this year,

a claim which India strongly rejects and which Pakistan has repeatedly confirmed, including by nominating Trump for the Nobel Peace Prize. India was surprised by the Pakistani army chief, General Asim Munir, being invited to a closed meeting at the White House in June this year, and his revisit together with Prime Minister Shehbaz Sharif in September. Pakistan has been subject to significantly lower tariffs (19%) than India and is trying to strengthen cooperation by offering the US a share in the exploration and extraction of mineral resources, including rare earth metals, and the construction of an ocean port in Pasni, near the Chinese-developed port of Gwadar. Pakistan also supported [Trump's plan for Gaza](#), and Prime Minister Sharif attended a peace conference in Egypt, where he gave a very flattering speech regarding Trump.

The second worrying change for India is the US's softer approach to China compared to Trump's first term. The current administration has suspended the trade war with China and places less emphasis on the [Indo-Pacific as an arena for competition with China](#), in which [India would have played a key role](#). The Quad – a platform for cooperation between the US, India, Japan and Australia – is also losing importance, as confirmed by the cancellation of this year's planned summit of leaders in India. Furthermore, the recent [Xi-Trump agreement](#) (made during the APEC summit in South Korea) and American suggestions to create a G2 format, in which the US and China would determine the most important global issues, are causing serious concern in India.

The issue of Russian oil. Another unexpected source of dispute was the import of Russian oil to India. In 2024, India imported more than \$52 billion worth of oil (36% of its total demand) from Russia, with the tacit approval of the US, which has since 2022 wanted to avoid an increase in oil prices on international markets. Trump considered this purchase to be support for Russian aggression in Ukraine and used it to increase pressure on India. Despite the imposition of additional punitive tariffs in August, India continued to import Russian oil at a similar level (1.5 million barrels per day) in September and October. It was only the decision on 22 October to impose 'blocking sanctions' on Rosneft and Lukoil that caused most Indian refineries to suspend new orders for December. Concerns about the interests of Indian companies in the US, as well as lower prices on international markets and the availability of crude oil from other sources, will allow India to reduce its purchases from Russia in 2026.

India's willingness to decrease imports of Russian oil gave both sides an opportunity to ease tensions and improve the atmosphere of cooperation. India is increasing its oil imports from the US, which will reduce the American trade deficit. Since October, President Trump has been making gestures to pave the way for normalisation of relations (e.g. a phone

call to Prime Minister Modi on his birthday). The appointment of Sergio Gore, a trusted associate of Trump and director of the White House Presidential Personnel Office, as ambassador to India offers an opportunity for further improvement in cooperation. Both sides report progress in trade negotiations and readiness to sign an agreement in the near future.

Conclusions and prospects. Despite recent tensions, the US and India still have common economic and strategic interests (e.g. counterbalancing China's influence), and continued tensions are not beneficial to either side. Therefore, it can be expected that in the short term, both countries will normalise relations, including signing a trade agreement, and tariffs imposed on India will be significantly reduced (possibly to 15%, as in the case of Japan and South Korea). India's reduction in Russian oil imports gives Trump an opportunity to declare success and withdraw additional tariffs, and to ease migration policy. Although the parties will return to normal bilateral cooperation, divergent approaches to third countries, mainly Pakistan and Russia, will remain a source of tension.

The deterioration of relations with India is one of the most serious strategic mistakes of Donald Trump's second term. He has squandered the achievements of several previous administrations, which had been building trust in bilateral relations and strengthening the US's position as a reliable partner for India since 2000. This will not only damage the US's image in India, but also harm its strategic and economic interests. Firstly, it strengthened forces in India that are reluctant to engage with the West and inclined to cooperate more closely with Russia or [normalise relations with China](#). This will limit the importance of the Quad format and strengthen BRICS' resolve to limit the US's ability to use financial or trade instruments to punish other countries. Secondly, India will be less inclined to purchase American weapons (e.g. F-35 fighter jets) and other technologies which would allow the US to exert pressure on it.

The deterioration of Indian-American relations means that the EU has become a more attractive and reliable partner for India. This gives it the opportunity to maintain India's gradual rapprochement with the West, which has been evident over the last decade, and to cooperate more closely in stabilising multilateralism. The EU should strengthen bilateral cooperation in line with its new strategy towards India from September this year, which was approved by the European Council in October. This will create an opportunity to sign a bilateral free trade agreement, which has been under negotiation since 2007. The EU and India should also strengthen their dialogue on diversifying sources of oil, gas and critical raw materials, as well as on restructuring supply chains to reduce dependence on China.