

## India Halts \$3.6 Billion Boeing Deal Amid US Tariff Escalation



India has officially paused its long-pending \$3.6 billion deal to acquire six additional P-8I maritime surveillance aircraft from the United States, according to reports from defense sources. The decision comes in the wake of escalating trade tensions with Washington, ignited by a new 50% tariff on Indian exports announced by U.S. President Donald Trump. This move signals a significant shift in India's defense procurement strategy, as New Delhi re-evaluates high-value foreign deals in the face of economic pressure.

The procurement of the P-8I Poseidon jets from Boeing has been a key part of the Indian Navy's modernization plans. India currently operates a fleet of 12 P-8Is, which are crucial for anti-submarine warfare, reconnaissance, and surveillance of the Indian Ocean Region. The additional aircraft were deemed essential to counter the growing naval presence of China in the region. However, the deal, which was initially approved by the U.S. State Department in 2021 for a lower price, saw its cost surge by nearly 50% due to global supply chain disruptions and inflation. The latest tariff hike is believed to have been the final catalyst for the decision to pause the acquisition.

The new 25% U.S. tariff on Indian goods, which is an addition to an existing 25% duty, has made components and parts related to the aircraft procurement significantly more expensive for Boeing. These increased costs are being passed on to the Indian government, which is now conducting a strategic reassessment of the deal. The pause is not a definitive cancellation, but it signals that India is prioritizing its economic interests and strategic autonomy.

The decision aligns with India's "Make in India" initiative, which aims to boost indigenous defense manufacturing and reduce dependence on foreign suppliers. The Ministry of Defence is reportedly considering homegrown alternatives and reviewing other major U.S. defense purchases. While the P-8I aircraft are a critical asset for the Indian Navy, the government appears unwilling to proceed with a deal at a heavily inflated price, especially when the cost increase is directly tied to a punitive trade measure. This move underscores India's resolve to protect its national interests and its growing role as an independent player in global geopolitics.