

Modi-Trump Trade Tensions Strain Relationship Over Tariffs and Oil

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Ties between the United States and India are facing a new strain as Donald Trump imposes sweeping tariffs on Indian goods, citing the country's continued purchase of Russian oil. The move signals a significant shift in tone between the two leaders, who once publicly referred to each other as "good friends."

The new tariff policy, which took effect on August 1, imposes a 25 percent duty on all Indian imports. The White House says the measure is a direct response to India's failure to align with U.S. sanctions against Moscow. Trump has warned of possible further penalties, including trade restrictions linked to India's military and energy transactions with Russia.

The economic implications for India are substantial. Analysts estimate the tariffs could affect nearly \$87 billion in exports, with the potential to cut 0.5 percent from the country's GDP growth. U.S. consumers may also feel the impact through increased prices on popular imports such as auto parts, textiles, electronics, and jewelry.

The escalation also comes just months after Prime Minister Narendra Modi visited Washington in February. At that time, both leaders pledged to deepen trade ties and strengthen strategic cooperation in areas such as defense, energy, and immigration. India also signaled a willingness to expand purchases of U.S. natural gas and arms, while agreeing to work with Washington on the repatriation of Indian nationals living illegally in the United States.

Despite the warmer rhetoric earlier this year, longstanding trade grievances have resurfaced. Trump has revived his criticism of India as a "tariff king" and taken a tougher stance on the country's non-alignment in the global energy market. His administration has also increased diplomatic engagement with Pakistan, adding a layer of complexity to U.S.-India relations.

Indian officials have defended their energy policy, arguing that affordable oil is critical for economic stability. They continue to engage in

negotiations with U.S. counterparts but maintain that India must preserve its strategic independence.

With threats of further tariffs looming, diplomats warn that the current trajectory could unravel key elements of a partnership once viewed as pivotal in the Indo-Pacific region.