

Historical Background:

After independence in 1947, India adopted the Non-Aligned Movement (NAM), which kept its relations with the United States limited during the Cold War.

The U.S. support for Pakistan during the 1971 Indo-Pak war further strained bilateral ties.

However, since the 2000s—especially after the 2005 India-U.S. Civil Nuclear Agreement and the 2020 Comprehensive Global Strategic Partnership—the two nations have witnessed significant growth in cooperation.



Current Situation:

India and the U.S. today share a strong partnership based on democratic values, commitment to a rules-based global order and stability in the Indo-Pacific region. Platforms such as the Quad (India, U.S., Japan and Australia) have further strengthened this cooperation.

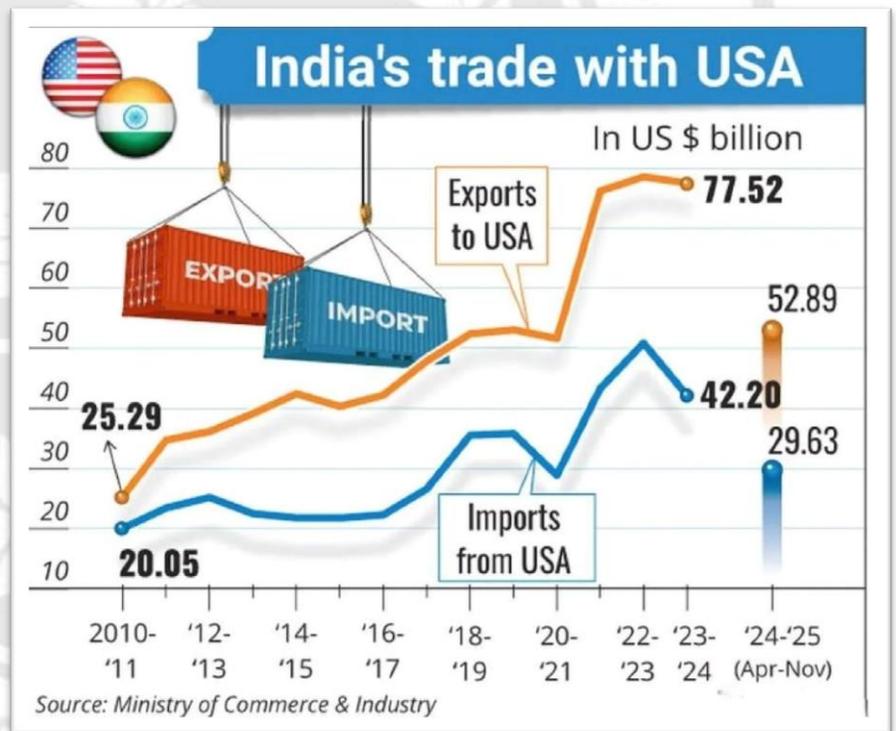
Tariffs and Trade Challenges:

- **Tariff Disputes:** Tariffs have been a key issue in India-U.S. trade relations.

- * The U.S. has raised concerns about India’s high tariffs and intellectual property rights.

- * India, on the other hand, has objected to America’s protectionist policies, such as 50% tariffs on steel and aluminum.

- **Example:** In 2023, India reduced tariffs on products like bourbon whiskey, wine and electric vehicles—seen as a positive step towards a trade agreement with the U.S.



- **Trump's Policies:** Former President Donald Trump's "America First" policy increased tariffs, making trade negotiations more complex. India responded with counter-tariffs and strategic diplomacy to safeguard its interests.

Reasons for U.S. Tariffs on India

1. Oil and Defense Purchases from Russia

The U.S. has cited India's purchase of crude oil and military equipment from Russia as a major reason for imposing tariffs. The Trump administration argued that such policies affect global trade and geopolitical balance, especially in the context of the Russia-Ukraine war.

2. Trade Imbalance

According to the U.S., its trade deficit with India is around \$46 billion.

Trump considered this a threat to national security and adopted a Reciprocal Tariff policy to reduce it.

- Example: India imposes tariffs as high as 52% on American goods, whereas the U.S. had earlier imposed much lower tariffs on Indian goods.

3. India's Protectionist Policies

India's high tariffs and non-tariff barriers (particularly in pharmaceuticals, electronics and agriculture) create market access imbalances, according to the U.S. Tariffs imposed on India are seen as a countermeasure against these policies.

4. Economic Nationalism

Trump's "America First" policy aimed to protect U.S. industries (steel, automobiles, agriculture) and promote domestic production.

Tariffs on India were part of this economic nationalism— making imports costlier so that local products gain priority.

5. BRICS and Dollar Dominance

The U.S. believes that BRICS nations, including India, challenge the dominance of the U.S. dollar in global trade. Tariffs are seen as a strategy to curb BRICS expansion and maintain U.S. influence in world trade.

Recent Agreement

Both countries have agreed to complete the first phase of a **mutually beneficial multi-sectoral Bilateral Trade Agreement (BTA)** by the end of 2025, with the goal of raising bilateral trade to \$500 billion by 2030 ("Mission 500").

Importance of the U.S. for India Economic Partnership

- The U.S. is India's largest trading partner.
- In 2023–24, bilateral trade reached \$119.71 billion, with India enjoying a trade surplus of around \$36.8 billion.
- The U.S. is a major export market for India, especially for gems, jewelry and labor-intensive products.

Space, Science and Technology Cooperation

American companies such as Google, Amazon and Tesla have made significant investments in India's digital economy and manufacturing sector.

1. NISAR (NASA–ISRO Synthetic Aperture Radar)

A joint Earth observation satellite using microwave remote sensing technology.

2. Artemis Accords (June 2023)

ISRO signed the Artemis Accords with NASA to participate in peaceful and sustainable civilian exploration of outer space.

3. ICET (Initiative on Critical and Emerging Technologies)

Launched in January 2023 by the National Security Advisors of India and the U.S.

* Objective: To strengthen cooperation and innovation in AI, quantum technology, telecommunications, space, biotechnology, semiconductors and defense.

Defense Cooperation

- India has purchased over \$13 billion worth of military equipment from the U.S.
- India and the U.S. have signed the following foundational defense agreements:
 1. **General Security of Military Information Agreement (GSOMIA)** – the first agreement signed; expanded in 2019 as the Industrial Security Annex (ISA).
 2. **Logistics Exchange Memorandum of Agreement (LEMOA)** – signed in 2016.
 3. **Communications Compatibility and Security Agreement (COMCASA)** – signed in 2018.
 4. **Basic Exchange and Cooperation Agreement (BECA)** – signed in 2020.
- The Defense Trade and Technology Initiative (DTTI) and the 2+2 Ministerial Dialogue have further strengthened defense cooperation.

Military Cooperation



- India and the U.S. actively participate in the Quad forum, especially the Malabar Naval Exercise.
- They also conduct several bilateral military exercises, including:
 - * Yudh Abhyas (Army)
 - * Vajra Prahar (Special Forces)
 - * Other smaller joint exercises across services.

Geopolitical Importance

- The U.S. views India as a key strategic partner in countering China's growing influence in the Indo-Pacific region.
- Cooperation under the Quad and in maritime security is vital to this strategy.

Indian Diaspora

- The Indian-American community, highly educated and economically strong, acts as a cultural and economic bridge between the two nations.

Growing Trade Partnership

- In 2024–25, India-U.S. bilateral trade reached \$131.84 billion, up from \$119.4 billion in 2021–22.
- India's exports to the U.S. include gems, jewelry and aluminum.
- U.S. exports to India include high-technology products and defense equipment.

New Initiative: Mission 500

- The goal is to raise bilateral trade to \$500 billion by 2030.
- Focus areas:
 - * Reducing tariff and non-tariff barriers
 - * Integrating supply chains
 - * Expanding market access

Challenges

- H-1B visa restrictions affecting Indian professionals
- U.S. concerns over illegal immigration
- India's continued oil purchases from Russia despite Western sanctions

These issues create friction in otherwise growing economic and strategic ties.

India's Importance for the United States

1. Geopolitical Partner

- India plays a key role in countering China's influence in the Indo-Pacific region.
- American leaders like Nikki Haley have called India "the only country that can counter China's dominance."

2. Economic Opportunities

- India's rapidly growing economy and vast market are highly attractive to U.S. companies.
- India's digital economy and demographic dividend provide major investment opportunities.

3. Defense and Security

- Military exercises and defense cooperation with India help the U.S. ensure regional stability in Asia.

4. Technology and Innovation

- Through initiatives like ICET (Initiative on Critical and Emerging Technologies) and space cooperation (e.g. the NISAR Mission), India has become a vital U.S. partner in technology and innovation.

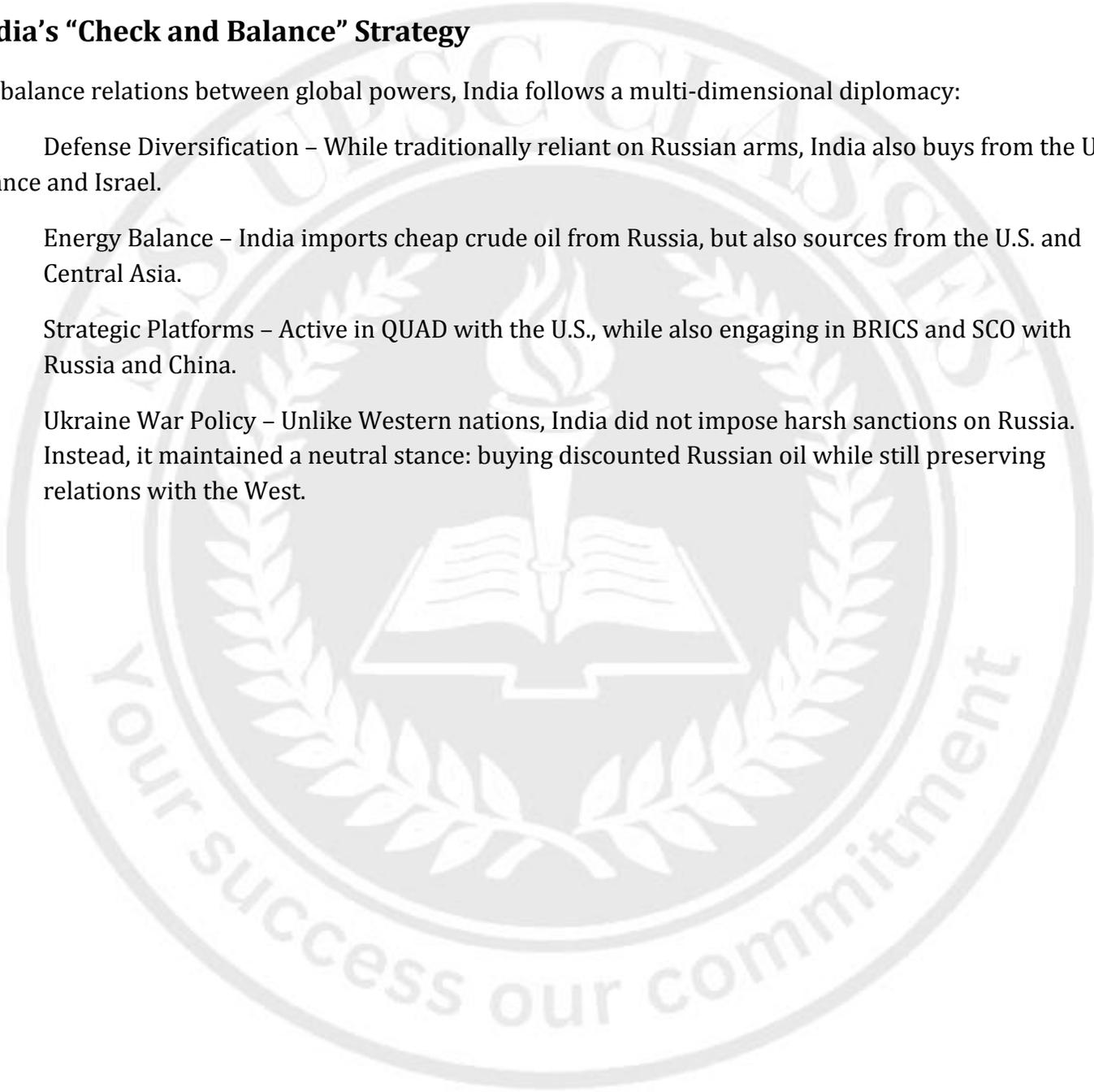
5. Cultural Influence

- The Indian diaspora in the U.S. is an influential community that strengthens both economic and political ties between the two countries.

India's "Check and Balance" Strategy

To balance relations between global powers, India follows a multi-dimensional diplomacy:

- Defense Diversification – While traditionally reliant on Russian arms, India also buys from the U.S., France and Israel.
- Energy Balance – India imports cheap crude oil from Russia, but also sources from the U.S. and Central Asia.
- Strategic Platforms – Active in QUAD with the U.S., while also engaging in BRICS and SCO with Russia and China.
- Ukraine War Policy – Unlike Western nations, India did not impose harsh sanctions on Russia. Instead, it maintained a neutral stance: buying discounted Russian oil while still preserving relations with the West.



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