



By: TA | AP Insight

# Trump announces 25% tariff on India and penalties for buying Russian oil



Although they are negotiating a bilateral trade agreement, trade between the US and India is likely to be burdened by new restrictions, including "penalties" because of India's oil and arms imports from Russia.

The United States will impose a 25% tariff on goods from India, plus an additional import tax because of India's **purchasing** of Russian oil, President Donald Trump said Wednesday.

India "is our friend," Trump said on his Truth Social platform, but its tariffs "are far too high" on U.S. products.

The Republican president added India buys military equipment and oil from Russia, enabling Moscow's war in Ukraine. As a result, he intends to charge an additional "penalty" starting on Friday as part of the launch of his administration's **revised** tariffs on multiple countries.

The Indian government said Wednesday it's studying the implications of Trump's tariffs announcement.

India and the U.S. have been engaged in negotiations on concluding a "fair, balanced and mutually beneficial" bilateral trade agreement over the last few months, and New Delhi remains committed to that objective, India's Trade Ministry said in a statement.

## Trump's view on tariffs

Trump's announcement comes after a slew of **negotiated** trade frameworks with the European Union, Japan, the Philippines and Indonesia — all of which he said would open markets for American goods while enabling the U.S. to raise tax rates on imports.

The president views tariff revenues as a way to help offset the budget deficit increases tied to his recent income tax **cuts** and generate more domestic factory jobs.

## Trump and U.S. Trade Representative Jamieson Greer would announce the Russia-related tariff rates on India at a later date

While Trump has effectively wielded tariffs as a cudgel to reset the terms of trade, the economic impact is **uncertain** as most economists expect a slowdown in U.S. growth and greater inflationary pressures as some of the costs of the taxes are passed along to domestic businesses and consumers.

There's also the possibility of more tariffs coming on trade partners with Russia as well as on pharmaceutical drugs and computer chips.

Kevin Hassett, director of the White House National Economic Council, said Trump and U.S. Trade Representative Jamieson Greer would announce the Russia-related tariff rates on India at a later date.

## Tariffs face European pushback

Trump's approach of putting a 15% tariff on America's long-standing allies in the EU is also generating pushback, possibly causing European partners as well as Canada to seek alternatives to U.S. leadership on the world stage.

French President Emmanuel Macron said Wednesday in the aftermath of the trade framework that Europe "does not see itself sufficiently" as a global power, saying in a cabinet meeting that negotiations with the U.S. will continue as the agreement gets formalized.

**There is a greater urgency than ever to accelerate the European agenda for sovereignty and competitiveness - Emmanuel Macron**

“To be free, you have to be feared,” Macron said. “We have not been feared enough. There is a greater urgency than ever to accelerate the European agenda for sovereignty and competitiveness.”

## Seeking a deeper partnership with India

Washington has long sought to develop a deeper **partnership** with New Delhi, which is seen as a bulwark against China.

Indian Prime Minister Narendra Modi has established a good working relationship with Trump, and the two leaders are likely to further boost cooperation between their countries.

The Census Bureau reported that the U.S. ran a \$45.8 billion trade imbalance in goods with India last year, meaning it imported more than it exported.



*India and Russia have close relations, and New Delhi has not supported Western sanctions on Moscow over its war in Ukraine*

At a population exceeding 1.4 billion people, India is the world's largest country and a possible geopolitical counterbalance to China. India and Russia have close **relations**, and New Delhi has not supported Western sanctions on Moscow over its war in Ukraine.

The new tariffs could put India at a disadvantage in the U.S. market relative to Vietnam, Bangladesh and, possibly, China, said

Ajay Sahai, director general of the Federation of Indian Export Organisations.

“We are back to square one as Trump hasn't spelled out what the penalties would be in addition to the tariff,” Sahai said. “The demand for Indian goods is bound to be hit.”

The new tariffs on India could complicate its goal of doubling bilateral trade with the U.S. to \$500 billion by 2030.

The two countries have had five rounds of negotiations for a bilateral trade agreement. While U.S. has been seeking greater market access and zero tariff on almost all its exports, India has expressed reservations on throwing open sectors such as agriculture and dairy, which employ a bulk of the country's population for livelihood, Indian officials said.

When Trump in February met with Modi, the U.S. president **said** that India would start buying American oil and natural gas.

Trump discussed his policies on trade and tariffs with reporters accompanying him Tuesday on the flight home following a five-day visit to Scotland.

He declined to comment then when asked about reports that India was bracing for a U.S. tariff rate of at least 25%, saying, “We're going to see.”

Trump also said the outlines of a trade framework with India had not yet been finalized. Once back at the White House on Tuesday, Trump indicated that there were no plans to announce new tariff rates on Wednesday, a claim that turned out to be inaccurate.