

Trump's 50% tariffs on India take force

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The US tariff on most Indian goods doubled to 50 percent on Wednesday, as the 25 percent supplementary tariff that US President Donald Trump slapped on India on August 6—citing its purchases of Russian oil and armaments—came into force.

Only fellow BRICS member Brazil and tiny Lesotho are currently subject to such punishing US tariffs.

The tariffs threaten to badly destabilize an Indian economy that already confronts slowing growth and is characterized by low private investment and mass unemployment and underemployment.

Many Indian industries, including textiles and garments, auto parts, chemicals, gems and jewelry, and carpets and leather, are expected to be gravely impacted by the tariffs. Employers in Tiruppur, the Tamil Nadu city that is the centre of India's knitwear export industry, have said they expect large scale job cuts and factory closures to begin almost immediately, with 150,000 direct industry job losses anticipated in coming weeks.

The US is India's largest export market, accounting for 19 percent of its exports in the 2024-2025 fiscal year. Analysts estimate that once exemptions for critical minerals, pharmaceuticals and other products are taken into account, the goods that will be subject to the 50 percent tariff account for more than \$50 billion of India's \$86 billion in exports to the US last year.

Should the tariffs not be quickly rolled back, they will imperil India's efforts to attract foreign investment, including from Western firms under US government pressure to lower, if not end their reliance on production facilities and contractors based in China.

Beyond that, the tariffs and Trump's demand that New Delhi massively downgrade its ties with Russia, effectively ceding to Washington control over key elements of its foreign policy, have upended the long-term strategic calculations of India's capitalist ruling elite.

For two decades, India's governments whether led by Prime Minister Narendra Modi's Hindu supremacist Bharatiya Janata Party or the Congress Party, have made New Delhi's "global strategic partnership" with US imperialism the cornerstone of India's foreign policy. This "partnership," founded on the Indian bourgeoisie's readiness to assist US imperialism in its efforts to strategically isolate and encircle China, has seen India increasingly transformed into a US frontline state in Washington's ever more incendiary, all-sided economic and military-strategic conflict with China.

Under the Modi government, and especially during the past five years, India has integrated itself into a web of bilateral, trilateral and quadrilateral military-security ties with Washington and its chief Asia Pacific treaty allies, Japan and Australia.

In coming weeks, Trump is slated to visit New Delhi and join Modi, Japanese Prime Minister Shigeru Ishiba and Australian Prime Minister Anthony Albanese for a heads of government summit of the Quadrilateral Security Dialogue—Washington's informal anti-China, Indo-Pacific alliance.

Yet, to its shock and consternation, the Indian ruling class, like that of the European powers and Canada, has had the rug pulled out from under it by its ostensible US ally, as Trump ruthlessly pursues American

imperialism's economic and geopolitical interests with wanton disregard for longstanding agreements and partnerships.

Adding to its indignation and anger is that India appears to be singled out. The Indian government, joined by the opposition parties and media, has complained that the Trump administration has not taken similar action against China and Turkey, which also have maintained extensive economic ties with Russia amid the NATO-instigated Ukraine war.

The US trade war broadside against India, it need be noted, was launched in early August even as Trump was intensifying his efforts to reach a "peace deal" with the Kremlin, with the aim of gaining privileged access to Russian and Ukrainian resources and concentrating America's military and economic resources on preparing for war with China.

India gropes for a response to Trump's unexpected broadside

Faced with this sudden, unexpected turn, the Modi government and the Indian ruling class are struggling to find their bearings and articulate a response.

Speaking last week, Indian Foreign Minister Subrahmanyam Jaishankar said India was "very perplexed" by the Trump administration's attack on India. He added that if the Western powers do not agree with India's refining of Russian oil for resale on the world market, all that they need do is cease their purchases of it.

To underline that India will not be bullied, New Delhi has demonstratively moved to strengthen ties with both Beijing and Moscow. Jaishankar visited Russia for three days of talks last week. High on the agenda was finalizing plans for Russian President Vladimir Putin's first visit to India since December 2021.

China's Foreign Minister Wang Yi visited New Delhi on August 18-19 and met with India's National Security Advisor Ajit Doval, Jaishankar and Modi. India's prime minister will himself travel to China for the first time since 2019 at the end of this week to attend the August 31-September 2 Shanghai Cooperation Organization Summit in Tianjin. While there Modi is expected to hold discussion on the summit sidelines with Chinese President Xi about lessening tensions over their disputed border—from which some, but not all, of the tanks, warplanes and troops forward deployed after bloody skirmishes in 2020 have been withdrawn—and expanding economic cooperation.

At the same time, New Delhi continues to stress its eagerness to come to an accommodation with Washington and to deepen their strategic partnership.

On Tuesday, Indian and US foreign affairs and defence officials held a virtual meeting as part of the India-US 2+2 Dialogue framework. An Indian government readout highlighted the meeting's discussion of expanding military-defence cooperation, including through the co-production of armaments, the sourcing of critical minerals, the development of the Quad and the finalization of a new 10-year "Framework for the India-US Major Defense Partnership" to replace the

one that expires later this year. A US State Department release said that both sides “look forward to increasing defence cooperation, and build(ing) upon the progress made in these areas under the auspices of the US-India COMPACT (Catalysing Opportunities for Military Partnership, Accelerated Commerce & Technology) for the 21st Century and beyond.”

This meeting aside, Trump, his aides and his officials have been unrelenting in their demands that India make sweeping trade and geostrategic concessions. They have castigated India for its ties with Russia and trade policies, with the fascist US president accusing India of having “the highest tariffs” in the world. In a *Financial Times* op-ed, White House Trade Advisor Peter Navarro accused New Delhi of “cozying up to both Russia and China,” then declared that if India “wants to be treated as a strategic partner of the US, it needs to start acting like one.”

Trump has repeatedly paused trade actions, including rolling back 135 percent tariffs on China under two successive 90-day trade war “truces,” after Beijing responded with its own 100 percent-plus tariffs and by restricting rare earth exports. However, no respite was given India. Instead just days before the August 27 deadline for the doubling of the tariffs on India, US trade negotiators withdrew from a planned trip to New Delhi.

Clearly, Trump calculates that India is vulnerable to US pressure and is eager to press home the advantage, even if that means defying broad sections of the American political and military-security establishment who fear that in doing so he is unnecessarily putting at risk the Indo-US alliance, which they view as a critical element in the drive to subjugate China.

Trump’s demands and New Delhi’s strategic interests

The demands Trump is making of India threaten what New Delhi and the ruling class as a whole consider vital strategic interests.

Cheap Russian oil, sold at discount prices due to the NATO powers’ sanctions on Moscow, has proven to be a boon to India’s economy under conditions of slowing economic growth, due to falling foreign investment and anemic domestic consumption.

But that is far from the principal reason New Delhi bristles at Trump’s demand that it radically downgrade its relations with Moscow. India’s strategic alliance with Russia dates back to the Cold War and is seen as central to its continuing efforts to maintain “strategic autonomy,” straddling the ever widening faultiness in world geopolitics. Even as it has aligned itself ever more closely with the US in the Indo-Pacific against China, New Delhi has remained wary of Washington’s ruthless pursuit of its own interests and readiness to resort to bullying and aggression.

While India has moved to lessen its dependence on Russian-made armaments, they remain critical to its military. Russia also plays a vital role in India’s nuclear industry.

Even the Biden administration, which spearheaded NATO’s war in Russia, ultimately opted not to press New Delhi over its continuing ties with Moscow, so as ensure its integration into Washington’s strategic offensive against China proceeded unimpeded.

Modi and other leading figures in his government have felt compelled to make demagogic declamations, vowing to defend the interests of Indian farmers and dairy producers from Trump’s demands that India throw open its markets to US exports and investment. Although agriculture accounts for only 15 percent of Indian’s GDP, over 45 percent of the population remains dependent on agriculture for their livelihood. The Indian government and bourgeoisie fear the economically and socially explosive consequences of opening India’s economy up to a flood of US

agribusiness exports, further squeezing the incomes of hundreds of millions of poor farmers and agricultural labourers.

However the crisis in Indo-US relations develops in the coming weeks and months, it attests yet again to the fact that the post-World War II geopolitical order has collapsed, with US imperialism its key architect leading the wrecking crew in a desperate attempt to restore its global hegemony. What prevails in trade and geopolitical relations is the law of the jungle, with each capitalist state and ruling class ruthlessly pursuing its own interests.

That India and Brazil simultaneously find themselves in Trump’s trade war cross hairs is surely no coincidence, even if the stated motivations for the 50 percent tariffs are quite different. In Brazil’s case, Trump is intervening directly to destabilize the Brazilian government, demanding that it stop prosecuting his fascist ally the ex-President Jair Bolsonaro for his attempt to organize a military coup.

Modi, a would-be far-right Hindu communalist strongman, is by contrast a political-ideological ally of Trump. What India and Brazil have in common is their attempt to marry close ties with Washington, including their respective militaries and the Pentagon, and a posture of “strategic autonomy,” asserting spheres of influence in their respective regions and the right to pursue their own great-power aspirations.

They are also both founding members along with Russia, China and South Africa of BRICS. The Trump administration has made clear its hostility toward BRICS, especially its efforts to reduce the role of the dollar in world trade, with Trump conceding that were the US dollar to lose its status as the world reserve currency, it would be equivalent to a defeat in war.

Without exception the capitalist ruling classes the world over are responding to the intensification of trade war and geopolitical conflict—that is, an imperialist-led repartition of the world—by intensifying the assault on the working class and moving toward authoritarian methods of rule.

Modi’s August 15 Indian Independence Day speech was a fascistic rant, in which he signalled a further lurch to the right. Without naming Trump or the United States, he made veiled reference to the threat of tariffs in invoking the need for a new wave of pro-investor “reforms.” This was combined with bellicose threats aimed at Pakistan, including a vow to permanently abrogate the suspended Indus Waters Treaty, and Hindu communalist incitement against “infiltrators” (Bangladeshi Muslim migrants), whom he railed against as a threat to the “integrity, unity and progress of the country.”



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