India could bear brunt of US sanctions meant for Putin

Analysis

By **Adrian Blomfield**
SENIOR FOREIGN CORRESPONDENT

DIEGO HERRERA CARCEDO/ANADOLU VIA GETTY

Paramedics carry the body of a man after a Russian artillery attack in Kostiantynivka, Ukraine; Vladimir Putin, below, could finally be about to face US punishment for invading Ukraine

AFTER championing Vladimir Putin indefatigably for months, Donald Trump is poised this week to punish Russia's invasion of Ukraine for the first time. But it is India, not Russia, that appears likely to bear the brunt.

Facing a self-imposed deadline, shortened from 50 to 12 days, the US president has until Friday to unveil measures aimed at forcing Putin to consider facing a ceasefire.

With bipartisan support in Congress for tough sanctions, Mr Trump has threatened to throttle Russia's war economy by imposing 100 per cent tariffs on any country buying its oil.

Such a move would have a significant impact, says Timothy Ash, associate fellow at Chatham House, an international affairs think tank: "Russia's exports would slow to a trickle. Its fiscal revenues would stop almost completely. We would see major runs on banks and the currency come under severe pressure."

But, he adds, while the impact on Moscow would be severe it would also unleash turmoil on world markets, send oil prices sky-rocketing and chill the global economy.

So outlandish did the threat seem that investors initially dismissed it as bluster from a president long open about his warm relations with Putin. But in recent days, he has begun shaping a more modest sanctions package targeting states whose purchases of Russian oil help fund the war.

So far his focus has been selective. He has avoided threatening China, Russia's biggest energy customer, and Turkey, the third largest. Instead, he has singled out India, the second-largest buyer.

Last week, Mr Trump raised tariffs on Indian goods to 25 per cent, above the rate applied to Asian competitors, and promised an additional penalty for Delhi's oil purchases from Russia.

"They're fuelling the war machine, and if they're going to do that, then I'm not happy," he told CNBC yesterday, saying he would unveil the new tariff within 24 hours.

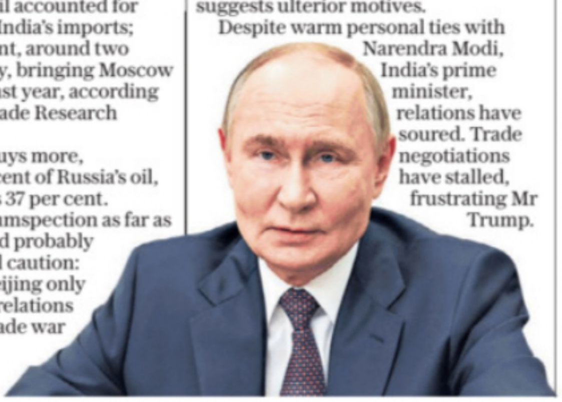
India's role in sustaining Russia's economy is clear. Before the 2022 invasion, Russian oil accounted for just 0.2 per cent of India's imports; today it is 45 per cent, around two million barrels a day, bringing Moscow £41bn in revenue last year, according to Delhi's Global Trade Research Initiative.

Even so, China buys more, purchasing 47 per cent of Russia's oil, compared to India's 37 per cent.

Mr Trump's circumspection as far as Beijing is concerned probably reflects geopolitical caution: Washington and Beijing only recently stabilised relations after a damaging trade war and Mr Trump is hoping to stage a triumphant summit with Xi Jinping, the Chinese president, before the end of the year.

That he feels freer to confront India suggests ulterior motives.

Despite warm personal ties with Narendra Modi, India's prime minister, relations have soured. Trade negotiations have stalled, frustrating Mr Trump.



He was also reportedly incensed when Pakistan, not India, praised his mediation and even nominated him for a Nobel Peace Prize after the India-Pakistan clashes in May.

Mr Modi, by contrast, played down Mr Trump's role and has paid the price for his perceived ingratitude. In June, Mr Trump invited Asim Munir, Pakistan's powerful army chief to lunch at the White House, pledged to improve relations with India's chief enemy and announced plans to help develop its oil reserves.

Scepticism over Mr Trump's sudden concern about Indian oil imports is heightened by his previous reluctance to impose new sanctions on Russia — or even uphold the old ones.

Enforcement of existing restrictions has significantly weakened since he returned to the White House, critics say. Not only did he decline to appoint a new head of the US State Department's Office of Sanctions Co-ordination, he has also proved reluctant to coordinate with the EU on sanctions enforcement, European officials complain. Front companies helping Moscow evade restrictions have proliferated, critics say, claims the White House denies.

Some analysts believe Mr Trump has had a genuine change of heart, after concluding that only meaningful pressure on Putin, who believes he has the battlefield advantage, will bring him to the negotiating table.

With some experts warning a Russian victory is no longer unthinkable, the president seems determined to act.

"I think Trump has come around to the realisation that convincing Putin to back away from his maximalist war aims will take more than nice conversations," said Charles Kupchan, senior fellow at the Council on Foreign Relations, a prominent US think tank.

"I think in many respects you're looking at an American president who feels played by Putin, and he's angry. And now that he has pivoted, he does not want to go down in history as the American president who lost Ukraine."

> 'If you get energy down, another $10 a barrel, he's going to have no choice as his economy stinks'

Whether focusing on India alone will work is doubtful, particularly as Mr Modi shows no sign of yielding.

Mr Trump insists that second tariffs could cut Russian oil reve enough to force Putin to rethink strategy.

"If energy goes down enough is going to stop killing people," on Thursday. "If you get energy another $10 a barrel, he's going t no choice because his economy

But experts warn that tariffs a sanctions alone may not be enou certainly if they are imposed on alone. As Mr Kupchan notes: "Increasing economic pressure necessary, but it's only one plan set of policies. The more import element is getting arms to Ukrai helping it build its own military industrial base.

"I don't think we can strangle Russian economy. Ultimately, U needs the capability to stop Puti