

Trump punishes India for buying Russian oil by doubling 25% tariff

◆ Accused of funding war ◆ Ties with Modi strained ◆ Investor confidence dented ◆ Witkoff meets Putin

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Donald Trump has imposed an additional 25 per cent tariff on imports from India, citing New Delhi's purchases of Russian oil in a move that will raise tensions with Prime Minister Narendra Modi's government.

The decision was published yesterday in an executive order from the White House shortly after Steve Witkoff, a senior US envoy, met Russian President Vladimir Putin in Moscow.

"I determine that it is necessary and appropriate to impose an additional *ad valorem* duty on imports of articles of India, which is directly or indirectly importing Russian Federation oil," the US president said.

India's foreign ministry said its oil imports were "based on market factors and done with the overall objective of ensuring the energy security of 1.4bn people of India".

"It is therefore extremely unfortunate that the US should choose to impose additional tariffs on India for actions that several other countries are also taking," spokesperson Randhir Jaiswal said. "We reiterate that these actions are unfair, unjustified and unreasonable."

The executive order said the 25 per cent levies connected to India's oil trade with Russia would be added to existing duties of 25 per cent imposed on Indian imports after New Delhi failed to reach a trade deal with Washington. A White House official confirmed that the extra duties would take effect on August 27.

Trump's move will widen the rift between the two largest democracies, which have expanded ties in defence and technology and had been nearing agreement on an interim trade deal just weeks ago. It comes after the US accused New Delhi of funding Russia's war on Ukraine via oil imports, mocked India's "dead" economy and praised its arch-enemy, Pakistan.

The executive order was published despite Witkoff's meeting with Putin, which a Russian official described as productive. "Russia had conveyed signals to the American side on the Ukrainian issue and received corresponding



signals from Trump," said Putin's foreign policy adviser Yuri Ushakov.

The White House said the meeting "went well" but that "the secondary sanctions are still expected to be implemented" tomorrow.

Ukraine's President Volodymyr Zelenskyy said after the meeting that he

had a call with Trump and European leaders.

Before the full-scale invasion of Ukraine, India imported a minimal amount of Russian seaborne crude. It has since become its largest buyer. Customs returns show India imported \$19.5bn of crude from Russia in the first five months of 2025. Since the invasion in 2022 it has reported \$137bn of imports.

Analysts said the direct impact to India of the falling-out with the US, its largest trading partner, might prove limited because its economy was largely driven by domestic demand. India's \$86.5bn exports to the US accounted for about 2 per cent of nominal GDP in the 2024-25 fiscal year, according to govern-

ment statistics. But analysts said the rift risked harming confidence in the world's fifth-largest economy at a time when the Modi government was trying to attract investment from manufacturers such as Apple, which now sources most of the iPhones it sells in the US from plants in southern India.

"This could negatively impact investor sentiment, especially as India was trying to place itself [as] a destination for 'China plus one' investment," said Jeremy Zook of Fitch Ratings.

James Politi in Washington, John Reed and Andres Schipani in New Delhi, Anastasia Stognei in Berlin, Chris Cook in London and Michael Acton in San Francisco

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Vladimir Putin welcomes envoy Steve Witkoff to Moscow yesterday. The meeting 'went well', the White House said. The Russians called it 'productive'

Gavril Grigorov/Pool/ AFP via Getty Images

Crude data
Delhi over
a barrel

After bingeing on cheap Russian crude for years, the third-biggest oil importer faces a geopolitical as well as practical challenge should it seek to re-engineer its energy mix. It buys 5mn barrels of oil a day, 2mn from Russia. 'Where would India find 2mn barrels a day just like that?' an analyst reflects. **Page 3**