

How India is hedging its geopolitical bets

For more than two decades, India has been pivoting towards the US, responding to American blandishments by building a partnership with Washington that has ranged from nuclear energy to technology and defence.

But now, even as it seeks to thrash out the detail of a trade deal with President Donald Trump's administration, New Delhi is seeking to hedge its bets.

The mercurial president has frayed nerves in Narendra Modi's government through his trade brinkmanship and his warm relationship with its regional rival, Pakistan, and its military leader Asim Munir.

India's response has been to rapidly deepen its ties with "middle powers" — countries including Japan, Brazil and Canada — as well as the EU, with which the world's most populous nation concluded a long-sought free trade accord last month.

Modi declared that the EU agreement would "strengthen stability within the international system" at a time when "the global order is undergoing profound turbulence".

Visiting New Delhi, European Commission president Ursula von der Leyen hailed it as the "mother of all deals".

The reality is that the accord was largely a reaction to the pressure Trump has brought to bear on both New Delhi and Brussels.

The EU has been contending with threats to acquire the Danish autonomous territory of Greenland and Trump's wavering support for Ukraine's resistance to Russian invasion.

India has been weathering an ugly and public showdown with the White House for much of Trump's second term, its exporters buckling under the 50 per cent tariff imposed at the end of August by Washington to force India to reduce its purchases of Russian oil.

Even the repudiation of most of



'India is building a lattice . . . [and] gathering shock absorbers against US unpredictability and Chinese coercion'

Trump's tariffs by the US Supreme Court last week offered little relief, and has if anything increased the uncertainty. Asked specifically about the impact of the court's ruling on an outline trade deal with India agreed just weeks earlier, Trump said: "Nothing changes, they'll be paying tariffs, and we will not be paying tariffs."

After building a partnership with the US over two decades that spanned defence, security and technology, only to see Trump wield brusque brinkmanship to secure a one-sided trade deal, India is now hedging its bets by stepping up ties with smaller, more collaborative powers.

"Resilience" is a buzzword in New Delhi right now, as India looks to deepen ties with a range of so-called middle powers including Japan, Canada, Brazil, the United Arab Emirates and the EU in what analysts say is a direct response to the volatility of the US administration. In the process, the Modi government's long-standing boast of being "friends with everybody" is being put to the test.

The Modi government is quietly building what Primit Pal Chaudhuri, Eurasia Group's practice head for south Asia, calls "a web of resilience independent of the superpowers".

"For decades, India has been a strident advocate for a multi-polar world, championing the concept as a theoretical corrective to the economic hegemony of the US and China," Chaudhuri says.

"Today, however, New Delhi faces the distinct challenge of operationalising that rhetoric within a global reality that has finally caught up with its ambitions," he adds.

While analysts stress that India's cultivation of like-minded partners is decades old, and does not necessarily amount to an overt pivot away from the US, it has stepped up dramatically in the face of a US president who is willing to throw out the old rule book governing international relations.

"India is pursuing a 'third way' by building a network of middle-power partnerships that offer stability without the volatility of the G2," says Brahma Chellaney, a foreign affairs commentator, alluding to the US and China.

"This includes repositioning the EU as

Indian Prime Minister Narendra Modi, left, and the EU's Ursula von der Leyen, right, have hailed their deepening trade ties, while Canadian Prime Minister Mark Carney is due to visit India this week. Below: a Hindustan Petroleum Corporation oil refinery in Mumbai

FT montage/Getty Images; Abeer Khan/Bloomberg

its most stable economic and technological anchor, with which it hopes to build supply chains that are neither America-dependent nor Chinese-dominated."

The Modi government's effort ranges from co-operating with Japan on supply chain risks, to working with Israel on drone production and water-related technologies, to clinching critical mineral deals in Latin America and stepping up maritime co-operation with the Association of Southeast Asian Nations.

India has even agreed a limited détente with China, easing visa restrictions and resuming direct flights. The tentative warming of relations is significant for the rival Asian giants, whose troops last fought along their disputed border in 2020 in clashes that killed at least 24 people.

"India is stitching a more autonomous economic geography," says Nirupama Rao, a former Indian foreign secretary. "It is building a lattice, not a bloc — not substituting for the US but gradually gathering shock absorbers against US unpredictability and Chinese coercion."

Just as Modi and von der Leyen were donning silk scarves for the cameras in New Delhi to mark the conclusion of the EU-India deal, trade talks between Modi's administration and the White House, mired in disputes for months, were finally approaching a conclusion.

A draft agreement with the US, India's largest single-country trading partner, had been on the table and close to signing since mid-2025. Broadly, Delhi had agreed to lower its tariffs for most US industrial goods in exchange for a carve-out from US competition on its huge and protected food grain and dairy markets.

But an agreement remained elusive into early this year amid acrimony over several issues. Trump boasted that he had brokered a ceasefire in last year's

brief military conflict between India and Pakistan, a claim that the Modi government flatly disputes.

New Delhi was further dismayed when Trump hosted Munir for a White House luncheon and meeting, a few days before the Pakistani government nominated the US president for the Nobel Peace Prize.

With the trade talks bogged down, Modi had been avoiding Trump's calls, people close to the Indian leader say, for fear the US president would spin his own version of what was discussed.

Things came to a head in August, when Trump doubled his administration's tariff on India's exports from 25 per cent to 50 per cent to dissuade New Delhi from helping Russia wage war in Ukraine by buying its oil.

The US president's decision to levy some of the highest tariffs on the world came as a shock in a country that had been co-operating ever more closely with the US, an effort that reached a peak under the administration of President Joe Biden.

Modi and Trump finally spoke this month, and less than a week later signed off on an interim trade agreement. This came after Trump said India had promised to stop buying Russian oil, a claim India has not commented on since but has also not disputed.

The agreement is broadly in India's disfavour, as has been the case in Trump's asymmetrical trade deals with other Asian countries that have been agreed under duress after tariff threats.

India's US tariff burden will fall from 50 per cent to 18 per cent, while most US industrial goods will enter India at or near a zero per cent rate. India also said it "intended" to buy \$500bn of goods from the US over five years, roughly double the rate of its current imports.

Adding to India's concessions in the deal, the US warned it would "monitor" whether India resumed buying Russian oil, and snap back tariffs if it did.

The process of finalising the details may now move more slowly following the Supreme Court's ruling that Trump's use of emergency powers to impose tariffs was unconstitutional.

Further talks with US officials, scheduled for this week in Washington, have been "deferred", according to an Indian official, while the commerce ministry "studies the implications" of the ruling.

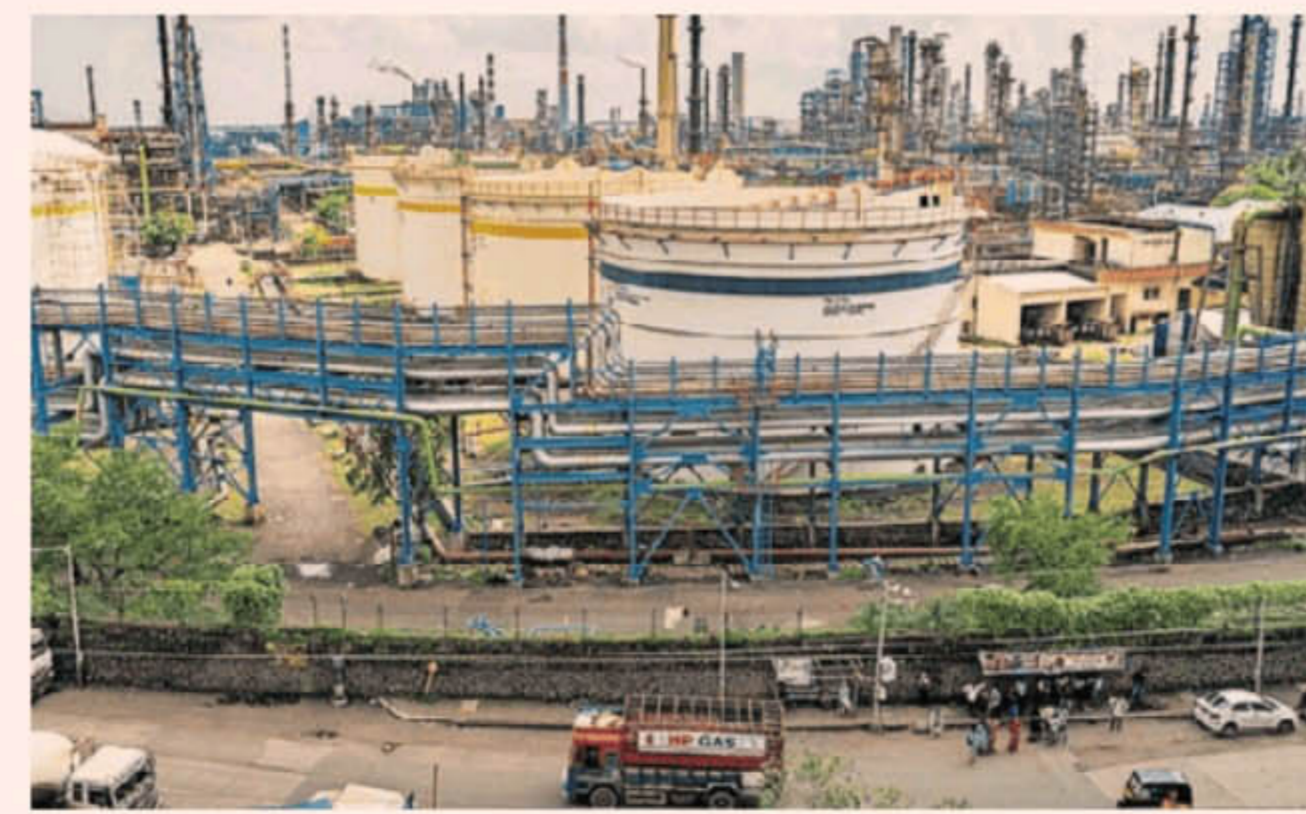
For a country that shook off British colonial rule at great human cost in 1947 and has prided itself on its unstinting self-reliance ever since, the episode has been a public humiliation. Speaking on Saturday, after the Supreme Court ruling, opposition leader Rahul Gandhi

said that Modi "can't renegotiate. He will surrender again."

India has cultivated close ties with the Soviet Union, and later Russia, ever since it achieved independence. S Jaishankar, the foreign minister, had previously described India's choice of energy suppliers as a matter of "strategic autonomy" — the main phrase it uses for its policy of seeking friends but shunning alliances.

Long before last year's showdown with Trump, Jaishankar had been an advocate of "multi-polarity" and India's need to find "like-minded partners". But analysts say the confrontations with Trump over trade have pushed the effort into overdrive.

"India is doubling down on alternative partnerships," says Constantino



Xavier, senior fellow at the Centre for Social and Economic Progress in New Delhi. "This is not new — it was in the making for many years as an insurance in case of a system failure — but Delhi is now cashing in on it."

As seen in India's embrace of the EU, the Modi government's drive to de-risk from the US is being matched and met by many of its foreign partners.

"India's strategy reflects a broader shift among middle powers in the global south to reduce over-dependence on any single superpower, as both the US and China behave in increasingly transactional ways," says Oliver Stuenkel, an associate professor at the School of International Relations at the Fundação Getúlio Vargas think-tank in São Paulo.

One of the most vivid examples of this meeting of minds is India's nascent reconciliation with Canada, whose prime minister, Mark Carney, is due to visit India this week.

That follows an earlier meeting between Modi and Carney on the sidelines of the G20 summit in Alberta last year, and will be the first by a Canadian leader to India since a dramatic

diplomatic bust-up in 2023 over the assassination near Vancouver of a Sikh diaspora separatist, Hardeep Singh Nijjar. Canadian authorities had claimed Delhi was involved in the killing.

Carney's visit will come just weeks after his warmly received January speech at the World Economic Forum in Davos, in which he warned that the world was in the midst of "a rupture, not a transition" and entreated middle powers to "act together, because if we're not at the table, we're on the menu".

India and Canada have also agreed to resume talks on a trade agreement, which collapsed during their diplomatic crisis in 2023.

'It is important that the Indian presidency of Brics leads discussion about the current world and how to change it'

Trade diplomacy has been a core part of Modi's agenda since he first took power in 2014. It accelerated during Trump's second term, with India concluding free trade agreements or other pacts with the UK, the EU, Oman and New Zealand and putting an earlier trade deal with the European Free Trade Association into effect.

"Political economy is finding new avenues for growth," says Zorawar Daulet Singh, a New Delhi-based author and strategic affairs analyst. "There's a recognition that we need to export externally and enhance our export base, and need to be in world markets."

Eurasia Group's Chaudhuri also says that the "pain" inflicted by 50 per cent tariffs lay behind the Modi government's decision to embark on sweeping economic reforms last year, including overhauls of the country's tax system and the labour code.

India is also building ties with Latin American and African countries. It championed the permanent admission of the African Union into the G20 during its presidency in 2023. It also hosted its biggest ever delegation from Brazil, including more than 200 businesspeople, during a state visit by President Luiz Inácio Lula da Silva last week.

Modi has chaired two "Voice of the global south" summits, and is due to host leaders of the 11-member Brics grouping, which also include Brazil, China and Russia, this year.

"It is important that the Indian presidency of Brics leads this discussion about the current world and how to change it," says Celso Amorim, Lula's lead foreign affairs adviser. "We all want to have diversified relations and not depend on any one country."

While India's bid for global south leadership is in part a power play against China, it is also bolstering ties with these countries with an eye for the critical minerals they produce such as lithium, which India needs for its own EV manufacturing, renewable technology and electronics.

Latin America has the world's largest lithium reserves. New Delhi has been pushing state-owned mining groups to pursue projects in the "lithium triangle" where most proven resources are located, spanning Argentina, Bolivia and Chile. Modi met Argentine President Javier Milei in Buenos Aires in July, a year after India signed a deal with Argentina to lease five lithium blocks for exploration and eventual exploitation. India last year also hosted Chile's outgoing president, Gabriel Boric, to discuss access to minerals.

India is also quietly deepening its relationship with Japan. The two countries signed what they termed an economic security initiative last year covering semiconductors, solar modules, permanent magnets and other technologies.

At the AI Impact Summit in Delhi last week, Modi insisted that India would "continue to follow an approach rooted in India's own values and priorities", and this would allow it to play an "extremely significant" role in the global order.

But analysts say the prime minister's confident rhetoric masks some rougher truths. "The Trump administration has forced India to look at other partners, in all parts of the world, mainly for trade," says Sushant Singh, a lecturer in south Asian studies at Yale University.

"It has not changed the attractiveness of the US as a strategic partner and it should not be seen as a pivot away from the US," he adds.

"It is more like a shift to compensate for Trump's mercurial behaviour."

India's exports to the US have fallen sharply during the Trump administration

By month (\$bn)



The US imposed a new 25% tariff on India from Aug 7 2025, with an additional 25% penalty for purchasing Russian oil taking effect on Aug 27 2025. The levies dropped to 18% in Feb 2026 after India agreed to halt purchases of Russian oil. A new 10% global tariff took effect on Feb 24 2026. Source: India's Ministry of Commerce and Industry