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India's Strategic Autonomy at the Crossroads — The US Tariff Deal and the Russia-Oil Dilemma

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GS2

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INTERVIEW ANGLE

"India's Russia-India oil relationship has been described as 'strategic pragmatism.' How does the India-US tariff deal of February 2026 test the limits of that pragmatism? Does India have alternatives?"

WHY IN NEWS

EAM S. Jaishankar's Washington visit produced an agreement in which the US reduced reciprocal tariffs on Indian goods from 50% to 18% — but reports indicate India may need to reduce its Russian crude imports and increase US energy purchases as part of the trade-off, directly testing India's doctrine of strategic autonomy.

WHAT IS STRATEGIC AUTONOMY — AND HAS INDIA PRACTISED IT?

Strategic autonomy is India's foundational foreign policy principle: the doctrine that India should maintain freedom of action and independence of decision across geopolitical alignments, refusing to be locked into bloc politics. It descends intellectually from **Jawaharlal Nehru's Non-Alignment** — but is explicitly different in one critical respect: post-1991 India does not claim equidistance from all powers, it claims *freedom of choice* — the right to have strong ties with the US, Russia, China, Iran, Israel, and the Gulf simultaneously, making transactional decisions in each relationship based on national interest.

Strategic autonomy has worked well for India in some arenas:

India abstained on the UN vote condemning Russia's invasion of Ukraine in March 2022

India maintained its bilateral defence relationship with Russia (Sukhoi aircraft, S-400 missiles, BrahMos joint development)

India continued purchasing Russian crude oil at discounts (Russian share of Indian crude imports rose from ~2% pre-2022 to ~35–40% by 2024)

India simultaneously deepened its defence and technology partnership with the US (iCET agreement, GE jet engine technology transfer, semiconductor MoUs)

The **India-US tariff deal of February 2026** now forces a more explicit reckoning with the costs of this balancing act.

THE TARIFF BACKSTORY

In April 2025, the Trump administration announced “**Liberation Day**” tariffs — sweeping reciprocal tariffs on all US trading partners designed to reduce the US trade deficit. India, with a goods trade surplus of approximately **\$35–45 billion** with the US, was hit with a **26% base reciprocal tariff**. The US added an additional **25% penalty** — not officially linked to trade data, but widely understood to relate to India’s continued purchase of Russian crude in defiance of G7 sanctions and oil price cap regimes.

Combined effective tariff on Indian goods: approximately **50%**. The impact on Indian exports was immediate — particularly in pharmaceuticals, gems and jewellery, textiles, chemicals, and IT hardware.

EAM Jaishankar’s February 2–4 Washington visit produced a negotiated framework:

US reciprocal tariff reduced to **18%**

In exchange, India reportedly committed to:

- Increasing purchases of US energy (LNG, coal, oil)

- Reducing (gradually) Russian crude imports

- Expanding purchases of US agricultural goods

- Discussing civilian nuclear technology and advanced semiconductor imports from the US

INDIA’S RUSSIAN OIL DILEMMA

India’s shift to Russian crude since the Ukraine war began in February 2022 was economically rational. Russia offered oil at discounts of **\$10–30 per barrel** below Brent benchmarks — massive savings for a country that imports approximately **85–88% of its crude requirements** (roughly 4.8 million barrels per day). At peak discount, India was saving an estimated **\$10–15 billion annually** on its oil import bill.

The strategic dimensions are equally significant:

India-Russia defence relationship: Russia supplies approximately **65% of India’s military hardware inventory** (though this proportion is declining as indigenisation accelerates). Disrupting the Russia relationship has direct defence implications — spare parts, upgrades, joint programmes.

India-Russia space cooperation: Joint agreements on cryogenic engines, launch services, GLONASS integration

Trade diversification: India and Russia have expanded bilateral trade in non-oil goods — fertilisers, defence, IT services, pharmaceuticals

The US pressure to reduce Russian oil purchases puts India in a genuine bind: the economic benefits of discounted Russian crude are real and large, and the strategic value of the Russia relationship extends well beyond oil.

WHAT INDIA CAN OFFER THE US

The US-India trade deal is not a zero-sum concession — India has genuine interests in expanding its US economic partnership:

Energy: India is the world's third-largest energy consumer and the demand for LNG (Liquefied Natural Gas) is growing rapidly as India expands city gas distribution. US LNG exports have grown significantly since Henry Hub prices collapsed relative to global benchmarks. Long-term LNG contracts with US exporters would serve India's gas security.

Technology: The India-US **iCET (Initiative on Critical and Emerging Technologies)** framework already covers semiconductors, AI, quantum computing, and advanced manufacturing. Expanding US technology access to India — particularly in semiconductor fabrication (Intel, Micron investments in India under discussion) — serves India's industrial policy goals.

Agriculture: India has significant food security concerns — domestic production of edible oils, pulses, and certain grains is insufficient. US soybeans, pulses, and dairy products could partially address supply gaps.

Nuclear: The **Indo-US Civil Nuclear Agreement (2008)** opened the door for US civilian nuclear technology exports to India. Implementation has been slow due to India's **Civil Liability for Nuclear Damage Act (2010)**, which creates unlimited supplier liability — a dealbreaker for US reactor manufacturers. If this legal issue is resolved, US reactor technology (Westinghouse AP-1000) could support India's nuclear power expansion.

THE STRATEGIC AUTONOMY STRESS TEST

The February tariff deal reveals three structural tensions in India's strategic autonomy doctrine:

Tension 1: Economic dependence as geopolitical leverage. India's \$35–45 billion trade surplus with the US, its dependence on American technology and investment, and the aspirational goal of deeper US-India economic integration all create leverage for the US. Strategic autonomy requires the economic independence to exercise choice — but economic interdependence with any major power creates constraints.

Tension 2: The Russia relationship's diminishing strategic value. Russia's declining defence industrial capacity (the Ukraine war has exposed limitations in Russian military hardware production) means India's future defence modernisation increasingly depends on Western and domestic technology, not Russian.

If Russia's strategic value is declining, the cost of reducing Russian oil imports relative to the benefits of deeper US partnership changes the calculation.

Tension 3: Multilateral alignment pressure. The Pax Silica critical minerals coalition, the I2U2 group, the Quad, the iCET framework — each of these multilateral formats pulls India incrementally toward a US-centred technology and security alignment. The cumulative effect of these partial alignments may limit India's freedom of manoeuvre in ways that individual bilateral agreements do not.

THE WAY FORWARD

Strategic autonomy is not a fixed doctrine — it is a continuous negotiation between national interest and external pressure. India's challenge is to translate the economic gains from the US tariff deal into concrete industrial outcomes (semiconductor fabs, LNG terminals, advanced manufacturing) while managing the Russia relationship's transition from its current energy-and-defence configuration toward a more balanced bilateral relationship.

The most important strategic move for India is not to choose between the US and Russia — it is to **reduce dependence on both** by accelerating domestic energy production, indigenising defence manufacturing, and diversifying crude oil sources (Middle East, Africa, Americas). Real strategic autonomy is not a foreign policy posture; it is a development model.

UPSC RELEVANCE

Liberation Day tariffs (April 2025, Trump); US reciprocal tariff on India before/after (50% → 18%); iCET (Initiative on Critical and Emerging Technologies; India-US; covers semiconductors, AI, quantum, advanced manufacturing); Indo-US Civil Nuclear Agreement (2008); Civil Liability for Nuclear Damage Act (2010; supplier liability issue); India crude import dependence (~85–88%); Russia crude share in Indian imports (~35–40% at peak); Brent crude benchmark; India-US goods trade surplus (\$35–45 billion); Pax Silica (critical minerals coalition).

*Strategic autonomy doctrine; India-US-Russia triangular relationship; implications of tariff deal for India's foreign policy; non-alignment to strategic autonomy evolution; economic interdependence and geopolitical leverage. **GS-3:** India's energy security; LNG imports; crude oil diversification; Indo-US nuclear cooperation and supplier liability; semiconductor supply chains.*

★ FACTS CORNER — KNOWLEDGE PEDIA

INDIA-US TRADE (2026):

US reciprocal tariff before deal: ~**50%** (26% base + 25% Russia penalty)

After February 2026 deal: **18%**

India-US goods trade surplus: ~**\$35–45 billion/year** (India's favour)

US tariff trigger: "Liberation Day" tariffs announced **April 2025**

EAM Jaishankar meeting: US Secy of State **Marco Rubio**; Washington D.C.; Feb 3, 2026

INDIA'S ENERGY IMPORT DEPENDENCE:

Crude import dependence: ~**85–88%** of requirement

Daily crude consumption: ~**4.8 million barrels/day**

Russian crude share (2024 peak): ~**35–40%** of India's crude imports

Pre-Ukraine war (2022) Russian share: ~**2%**

Discount offered by Russia: **\$10–30/barrel** below Brent benchmark

Estimated annual savings: **\$10–15 billion** at peak discount

INDIA-US TECHNOLOGY FRAMEWORKS:

iCET (Initiative on Critical and Emerging Technologies): Covers semiconductors, AI, quantum, space, defence; launched 2022

Indo-US Civil Nuclear Agreement (123 Agreement): **2008** (signed Bush-Manmohan era)

Civil Liability for Nuclear Damage Act: **2010**; creates supplier liability — barrier to US reactor sales

Quad (Quadrilateral Security Dialogue): India, US, Japan, Australia; security + technology focus

INDIA-RUSSIA STRATEGIC RELATIONSHIP:

Russia share of India's military hardware inventory: ~**65%** (declining)

Key defence items: Sukhoi-30 (aircraft), S-400 (air defence), BrahMos (jointly developed), INS Vikramaditya (aircraft carrier, Russian origin)

India's position on Ukraine war: **Abstained** on UNGA resolutions condemning Russia

India's stated position: Dialogue and diplomacy; "not this era of war" (PM Modi, July 2022, Samarkand SCO)

STRATEGIC AUTONOMY — KEY MILESTONES:

Non-Alignment Movement (NAM): Founded 1961 (Belgrade); India was founder; Nehru, Tito, Nkrumah, Nasser, Sukarno

India-US "estrangement" period: 1971 (US Seventh Fleet in Bay of Bengal during Bangladesh war)

India-US civilian nuclear deal: **2008** — marked end of nuclear isolation; began strategic convergence

iCET: **2022**; elevated technology partnership from transactional to strategic

OTHER RELEVANT FACTS:

India's crude oil suppliers (FY 2025): Russia (35-40%), Iraq (~20%), Saudi Arabia (~15%), UAE, Kuwait, others

Henry Hub (Louisiana): US LNG benchmark price; significantly lower than Asian spot LNG

Westinghouse AP-1000: US nuclear reactor design; proposed for Kovvada site in Andhra Pradesh

Chabahar Port: India-operated; gateway to Afghanistan and Central Asia via Iran; US sanctions risk

CAATSA (Countering America's Adversaries Through Sanctions Act): US law; India faces potential CAATSA sanctions for S-400 purchase from Russia (waived so far)

Sources: Indian Express, Business Standard

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