UPSC & STATE PCS CURRENT AFFAIRS · UJIYARI.COM

EDITORIAL ANALYSIS

Five Rates in Fifteen Months: When Tariff Policy Becomes Coercive Diplomacy

NEW INDIAN EXPRESS

2 August 2026 · IR ECONOMY · GS2 GS3

CURATED & WRITTEN BY

Bharat Choudhary

UPSC Educator & Content Creator

linkedin.com/in/epicbharat

Five Rates in Fifteen Months: When Tariff Policy Becomes Coercive Diplomacy

The New Indian Express 2 August 2026 GS2 GS3

INTERVIEW ANGLE

"India has absorbed five tariff revisions in fifteen months without retaliating, on the reasoning that strategic patience preserves room for manoeuvre. At what point does patience stop reading as strength and start reading as elasticity that can be tested again?"

Every fact web-verified against primary sources

THE LIFT LINE

A tariff an executive can impose, an executive can lift. A tariff a legislature has written into statute outlives the administration that wanted it. That is the whole significance of last week's vote.

WHY THIS EDITORIAL MATTERS FOR YOUR EXAM

India-US relations and secondary sanctions are recurring GS2 themes, but this editorial supplies something most coverage lacks: a precise legal chronology showing which authority was used at each stage and why each collapsed. That chronology is directly usable in a Mains answer and distinguishes a strong response from a general one about trade friction.

GS Paper 2: Bilateral, regional and global groupings and agreements involving India and/or affecting India's interests; effect of policies and politics of developed countries on India's interests.

GS Paper 3: Effects of liberalisation on the economy; external sector; energy security.

For **Prelims**, fix the distinct US statutory authorities involved, since each has appeared separately in current affairs and they are easily confused.

INSTRUMENT	WHAT IT IS	WHY IT MATTERS HERE
IEEPA (International Emergency Economic Powers Act)	US statute permitting economic measures during a declared national emergency	The Supreme Court held it did not authorise the tariffs imposed under it, voiding over 160 billion dollars collected
Section 122, Trade Act of 1974	Permits a temporary import surcharge to address balance-of-payments deficits	Used for a flat 10 per cent surcharge after the IEEPA ruling; expired 24 July
Section 301, Trade Act of 1974	Permits action against foreign practices found unjustifiable or discriminatory	The current basis, invoked on forced-labour enforcement findings
Secondary tariffs / sanctions	Measures against third countries for trading with a sanctioned state, rather than against the sanctioned state itself	The mechanism of the Lindsey O. Graham Sanctioning Russia and Iran Act of 2026

BACKGROUND AND CONTEXT

India’s purchase of discounted Russian crude after 2022 was a deliberate policy choice, defended on the grounds that India’s energy security and consumer price stability are legitimate national interests, that no United Nations sanction prohibited the purchases, and that European states continued substantial energy trade with Russia through the same period. The United States has treated those purchases as a target for pressure.

DATE	RATE OR ACTION	LEGAL BASIS
April 2025	26 per cent threatened	Executive action
August 2025	50 per cent, of which 25 points specifically for Russian crude purchases	Executive action
2 February 2026	18 per cent under an interim understanding, against what Washington described as over 500 billion dollars in promised Indian purchases (a figure India did not confirm)	Negotiated understanding
20 February 2026, 18 days later	Tariffs voided; refunds of the roughly 160 to 175 billion dollars collected left to the Court of International Trade and still contested on appeal	Supreme Court, 6-3, opinion by Chief Justice Roberts, holding IEEPA did not authorise them
24 February 2026	Flat 10 per cent surcharge; struck down by the Court of International Trade in May 2026, on appeal	Section 122, Trade Act of 1974 (150-day limit)
24 July 2026	Section 122 lapses at its statutory limit; Section 301 duties take effect the same night, at 10 per cent for India (reduced from a proposed 12.5 per cent), covering 60 economies	Section 301, on forced-labour enforcement findings
28 July 2026	Senate advances the Lindsey O. Graham Sanctioning Russia and Iran Act of 2026 on a procedural vote, 86-12, authorising secondary tariffs up to 100 per cent on the five largest Russian-energy purchasers	Legislation, 60-plus bipartisan co-sponsors; still requires final Senate passage, House passage and signature

THE CORE ARGUMENT / ISSUE

Why the shift from executive to legislative action is the real story

Every earlier stage of this sequence was reversible by the authority that created it, which is why negotiation remained rational: an administration that imposed a rate could lift it. A statute passed with more than sixty co-sponsors from both parties operates differently. It survives changes of administration, it constrains executive discretion to grant relief, and it converts what India could treat as a bargaining position into a fixed parameter. India's diplomatic effort has been calibrated to the first situation and now faces the second.

The carve-out is harder to defend than the rule

The legislation names no country. It defines coverage by criteria: the five largest importers of Russian crude and gas over a twelve-month lookback, whom the sponsors identify as China, India, Slovakia, Hungary and Azerbaijan. That is a defensible drafting choice, and it is worth noting that the earlier 2025 draft was harsher and broader still, applying a 500 per cent minimum to all Russian-energy buyers; the revision narrowed the scope and cut the ceiling to 100 per cent.

The difficulty lies in the gas carve-out. A state is exempted from gas-related duties if its Russian gas imports fall below 15 per cent of Russia's total gas exports and it is taking significant steps to reduce them. The acknowledged purpose is to accommodate European states still weaning themselves off Russian gas, and reported likely qualifiers include Japan, France, Belgium and Hungary, with Hungary appearing on both the top-five crude list and the gas carve-out. A rule that targets conduct is defensible; a rule that targets one form of Russian energy purchase while building a threshold that accommodates another invites the question of why the two are treated differently, which is why Indian officials have called it a double standard. This is an argument about consistency rather than entitlement, and it should be made in those terms.

A caution worth carrying into an answer: the "fifteen European nations exempted" formulation circulates widely in Indian commentary and is a misreading of the 15 per cent threshold. Use the threshold, not the country count.

The comparison with China is analytically loaded

The editorial observes that China, which imported roughly 62.6 billion dollars of Russian oil in 2024 against India's 52.7 billion, has faced a more negotiated approach than India and no Russian-oil-specific punitive tariff. The uncomfortable implication drawn is that accommodation has been read as elasticity to be tested rather than as goodwill to be reciprocated. A candidate should note both that this is a real pattern in the record and that an alternative explanation exists: leverage in trade disputes tends to track the cost the other party can impose in return, and a state that has signalled it will not retaliate has, by that signal, reduced its own leverage. Both readings are defensible and a strong answer holds them together.

Why India's non-escalation is nonetheless the correct policy

Retaliatory tariffs would raise the cost of imported inputs for Indian manufacturers, feed domestic inflation, and jeopardise a strategic partnership that extends well beyond trade into defence, technology and the Indo-Pacific balance. Crucially, retaliation cannot move a statute, because the constraint is no longer an executive preference responsive to bargaining. Non-escalation is therefore not passivity; it is the recognition that the instrument India would be using no longer reaches the target.

HOW TO THINK ABOUT THIS (ANALYTICAL FRAME)

Ask whether a constraint you face is discretionary or structural, because the two call for opposite responses. A discretionary constraint, imposed by an actor who can lift it, rewards negotiation, relationship maintenance and reciprocal concession. A structural constraint, embedded in statute or institutional design, rewards adaptation: diversification, hedging and building alternatives. Misdiagnosing the second as the first produces years of negotiation that cannot succeed, because the counterpart lacks the authority to deliver what is being negotiated for. Apply this test to any external constraint, in trade, in technology access, or in multilateral institutions.

THE DIAGRAM IN WORDS

Picture India negotiating across a table with an official who can adjust a dial on the wall behind them, the tariff rate. For fifteen months the dial moved five times, and each move was worth negotiating about, because the person at the table controlled it. Last week, the dial was unbolted from that room and installed in a legislature down the corridor, wired to a statute with sixty signatures on it. The person at the table remains, still friendly, still willing to meet. They simply no longer control the dial, which means the meetings can continue indefinitely without the number changing.

WAY FORWARD

1. **Plan on structural rather than negotiable volatility**, building trade and energy strategy around the assumption that no stable bilateral rate will be settled in the near term.
2. **Accelerate crude-source diversification**, continuing the reduction in the Russian share while expanding West African, Gulf and American volumes, so that the specific conduct targeted becomes less material to Indian energy security.
3. **Deepen Global South and regional trade arrangements**, reducing the share of Indian exports exposed to any single partner's legislative mood.
4. **Continue to decline retaliation**, since retaliatory tariffs would raise Indian input costs and inflation without affecting a statutory mandate that does not respond to bilateral pressure.
5. **Invest in the domestic manufacturing base and Global South partnerships** that the editorial identifies as India's actual long-run answer, on the reasoning that a rising economy's leverage grows with its alternatives.

PYQ LINKAGE AND PRACTICE

UPSC has repeatedly tested India-US relations, WTO-consistency of unilateral trade measures, secondary sanctions and India's strategic autonomy in GS2, and this case supplies a current, legally precise example that can anchor answers across all of them.

Practice question: "A constraint embedded in statute demands adaptation, not negotiation." Examine this claim with reference to the shift from executive tariff action to legislated secondary sanctions in United States trade policy toward India, and the implications for India's energy sourcing and export strategy. (250 words, 15 marks)

Interview angle: India has absorbed five tariff revisions in fifteen months without retaliating, on the reasoning that strategic patience preserves room for manoeuvre. At what point does patience stop reading as strength and start reading as elasticity that can be tested again?

Sources: The New Indian Express, Ministry of Commerce and Industry, Ministry of External Affairs

KEY ARGUMENTS AT A GLANCE

The advancing of the Lindsey O. Graham Sanctioning Russia and Iran Act of 2026 through the United States Senate converts what had been a shifting series of executive tariff decisions on India into a durable legislative mandate, and because a bipartisan statute is considerably harder to reverse than a presidential order, this changes the character of the problem India faces from a negotiation with an administration into a structural feature of the relationship.

✓ SUPPORTING

- The duty applied to Indian goods has been revised five times in fifteen months, from a threatened 26 per cent in April 2025 to 50 per cent by that August, then to 18 per cent under an interim understanding, then voided entirely by the Supreme Court, then a 10 per cent Section 122 surcharge, then 10 per cent Section 301 duties, a sequence that has produced no stable rate, no durable exemption and no settled legal basis.
- The legislation names no country, defining its targets by criteria, the five largest importers of Russian crude and gas over a twelve-month lookback, which its sponsors identify as China, India, Slovakia, Hungary and Azerbaijan; but a separate carve-out exempts from gas-related duties any state whose Russian gas imports fall below 15 per cent of Russia's total gas exports and which is reducing them, a threshold whose acknowledged purpose is to shield European buyers still weaning off Russian gas, an asymmetry Indian officials have publicly called a double standard.
- India's accommodation, reducing the Russian share of its crude imports, increasing purchases of American energy, sustaining more than a dozen negotiating rounds and committing Indian investment in the United States, has coincided with a narrowing of India's trade surplus with the US from 40.9 billion dollars in 2024-25 to 34.4 billion in 2025-26, without producing a stable settlement.

⚠ COUNTER

Secondary sanctions on Russian energy purchases are a recognised instrument of coalition pressure rather than a bilateral punishment of India specifically, the legislation targets a category of conduct rather than a country, and India's continued purchase of discounted Russian crude is a deliberate policy choice with foreseeable costs that India accepted when it made the choice; a state exercising strategic autonomy cannot also expect exemption from the consequences of the position it has autonomously taken.

→ WAY FORWARD

Plan on the assumption that tariff volatility is now structural rather than negotiable: accelerate crude-source and export-market diversification, deepen Global South and regional trade arrangements that do not depend on a single partner's legislative mood, and continue to decline escalation, since retaliation would raise Indian input costs without altering a statute that no longer turns on executive discretion.

MAINS ANSWER FRAMEWORK

QUESTION

Examine the shift from executive tariff action to legislated secondary sanctions in United States trade policy toward India, and assess the implications for India's strategic autonomy and energy sourcing. (250 words)

INTRODUCTION

The United States Senate's procedural vote of 86 to 12 on 28 July 2026 advancing the Lindsey O. Graham Sanctioning Russia and Iran Act of 2026, which authorises secondary tariffs of up to 100 per cent on the five largest purchasers of Russian oil and gas, marks a qualitative change in the trade pressure India has faced since 2025: what had been a series of reversible executive decisions is being converted into a bipartisan legislative mandate.

BODY

The sequence preceding this vote is itself the argument. The duty applied to Indian goods was revised five times in fifteen months.

Washington threatened 26 per cent in April 2025; by that August the rate stood at 50 per cent, with the additional 25 points imposed specifically because India continued purchasing Russian crude. An interim understanding announced on 2 February 2026 lowered it to 18 per cent against what Washington described as over 500 billion dollars in promised Indian purchases of American energy, technology and other goods, a figure Indian officials did not confirm.

Eighteen days later the Supreme Court held, six to three, that the International Emergency Economic Powers Act had never authorised those tariffs, voiding more than 160 billion dollars already collected and rendering the understanding moot. A flat 10 per cent surcharge followed under Section 122 of the Trade Act of 1974, which the Court of International Trade then struck down in May 2026, a ruling under appeal when the surcharge lapsed by operation of law at its 150-day statutory limit on 24 July; Section 301 duties took effect the same night on forced-labour enforcement findings, at 10 per cent for India, reduced from an initially proposed 12.5 per cent.

No stage of this sequence produced a stable rate, a durable exemption or a settled legal basis. The legislative turn matters because a statute with more than sixty co-sponsors from both parties does not depend on who occupies the White House.

The bill names no country, defining coverage by criteria, the five largest importers of Russian crude and gas over a twelve-month lookback, which its sponsors identify as China, India, Slovakia, Hungary and Azerbaijan, though independent trackers rank Turkey among the top five and the determining methodology has not been specified. A separate carve-out exempts from gas-related duties any state whose Russian gas imports fall below 15 per cent of Russia's total gas exports and which is taking significant steps to reduce them, a threshold whose acknowledged purpose is to shield European states still weaning off Russian gas; Indian officials have called the resulting asymmetry a double standard.

India's response has been accommodation without escalation: reducing the Russian share of its crude, buying more American energy, and sustaining negotiations, during which its trade surplus with the United States narrowed from 40.9 billion dollars to 34.4 billion.

CONCLUSION

The strategically significant conclusion is not that the pressure is unfair but that it is now structural, and Indian policy should therefore be built on the assumption of continued volatility rather than on the expectation of a negotiated settlement, which means diversifying crude sources and export markets while continuing to decline retaliation that would raise Indian costs without moving a statute that no longer turns on executive discretion.

RELATED DAILY ARTICLES

2 Aug **Current Affairs Today, August 2, 2026**

2 Aug **Cheaper Cylinders, Costlier Jet Fuel: How India...**

2 Aug **Glasgow Closes, Ahmedabad Next: India Finishes Fourth...**

1 Aug **Current Affairs Today, August 1, 2026**

CURATED & WRITTEN BY

Bharat Choudhary

UPSC Educator & Content Creator

linkedin.com/in/epicbharat

📖 Read Full Article on Ujiyari →

https://ujiyari.com/editorials/2026/08/nie-trump-tariffs-india-coercive-diplomacy-2026/