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Long Term Impact
of Trump 2.0 on
Indo-US Relations

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Abstract

The article examines the long-term implications of present US Administration under President Trump (Trump 2.0) for Indo-US relations across trade, immigration, security, diplomacy and regional dynamics. The administration's unpredictability, coercive and highly transactional style—especially through tariffs, H-1B restrictions and ambiguous crisis diplomacy—has weakened older assumptions of trust and pushed India toward greater strategic autonomy and multi-alignment. While cooperation in defence, high technology and the Indo-Pacific remains intact, the relationship is likely to become more conditional, issue-specific and harder bargained. It has further focused India towards diversification of trade partnerships, strengthening self-reliance and may lead to greater focus on seeking written commitments rather than informal assurances. Though, Trump 2.0 may not break the partnership, but it is likely to leave Indo-US ties less predictable, more transactional and structurally more cautious in the years ahead.

Keywords: Indo-US Relations, Trump 2.0, Long Term Impact

Introduction

Since the beginning of its second term, every day of the Trump administration (Trump 2.0) has thrown a new surprise and left the whole world to grapple with it. India also, consistently has been on its radar. But even if India is able to negotiate this period well or even make the most of it, this experience, like for every other country, has altered older assumptions and the way the world looks at USA. This change, however, will have long-term implications for the future Indo-US relations.

The past US administrations, both Republican and Democrats, had made some serious attempts to strengthen ties with India and build trust for a strategic partnership. However, the present administration seems to be hell bent on undoing it all and set a new path on its own terms, probably scoring a bit in the short term, but totally unmindful of how this would impact in the long run. Though there are still some voices of sanity and some old linkages holding on well, but they have increasingly been pushed to the background and may also be just waiting for the storm to pass.

The Furnace of Ties

Trump 2.0 is acting like a furnace, burning and resetting the old ties, aiming to forge new relations on their own terms. Though the term started on a positive note, in February 2025, with the launch of US – India COMPACT initiative during the visit of Narendra Modi (Prime Minister of India) to Washington, aimed at boosting defence co-production, AI/tech cooperation, energy trade (including supply of US SMR nuclear reactors) and supply-chain resilience, followed by a renewed 10-year Framework (Oct 2025) for the US-India Major Defence Partnership prioritising joint development, tech transfer and exercises, signalling that security partnership and high tech cooperation remained on track despite trade friction, but later events and actions by the Trump 2.0, not only towards India but around the world, have casted a shadow on it. Let's look at some important actions and events which are at the centre of this reset.

- Trade / Tariffs.** After the 'Liberation Day' reciprocal tariff announcement, which shook the world, and a 90-day pause, Trump 2.0 imposed a 25% tariff on India, later doubling it to 50%, with 25% additional secondary tariffs, as a punishment (coercive leverage) for continued Russian oil imports. With this India became one of the hardest hit countries in Trump's tariff war with its export sectors like textiles, jewellery, engineering goods, IT, pharma etc. getting hit due to cost escalation in the US market (Jonko, A. and Nath, S. {Edts}, 2025).
- Trade Talks.** The Bilateral Trade Agreement (BTA) talks began in February 2025 with ambitious aims but ran a long turbulent course of negotiations. With differences over issues related to tariffs, agriculture, digital trade, data rules, IPR etc. US used tariffs and coercive diplomacy to push India for a compromised deal, while India pushed to conserve its strategic autonomy and protect its farmers. Finally, an interim trade deal was achieved in February 2026 with US cutting its tariffs to 18%, scrapping 25% secondary tariffs and India agreeing to curb Russian oil imports and assuring purchase of USD500worth of American goods over next five years, as the main points negotiated. With many critiques calling it a compromise on India's part and also questioning the relevance of the deal post the US Supreme court judgement on tariffs, the deal has again come under a shadow of doubt though the Indian government has not yet commented on it. But the arm-twisting tactics of US, its

frequently changing positions (imposition of 10% global tariffs likely to be increased to 15%) despite trade deals and the judicial ambiguity of Trump's decisions, leaves deeper BTA negotiations and future reciprocity disputes unresolved and would surely impact the final deal and thus the long-term relations (Bajpae, C. 2026) (Juster, K.I. 2026).

- **Immigration and Mobility Roadblocks.** Trump 2.0 imposed stringent immigration and mobility roadblocks which seems to specifically target Indian students and professionals with measures like H-1B fee hike to USD100,000 per new application (from USD5,000–USD10,000), wage-based lotteries prioritising higher salaries, stricter "specialty occupation" definitions, and enhanced compliance for third-party placements, reducing approvals, vetting with social media screening, expedited removals, mandatory detention and suspended immigrant visa processing. With India being the most affected, this has been used as a coercive diplomacy tool for negotiations and also with 'de-Indianisation' rhetoric pressures firming to hire Americans this issue will surely impact future relations and is also an example of domestic politics playing heavily on bilateral relations (Anderson, S. 2026).
- **Op Sindoor.** Trump's repeatedly claiming to have mediated a ceasefire, thus averting a Nuclear War despite India consistently rejecting the claim and avoiding endorsing of the Indian 'non-escalatory' strikes, has showcased the transactional approach of the Trump administration. Though US reaffirmed its anti-terror support for India and hosted the Shashi Tharoor-led delegation, but its constant rhetoric on mediation, hyphenating India and Pakistan and diplomatic nudges to de-escalation, with the Foreign Agents Registration Act (FARA) disclosures revealing over 60 contacts by Pakistani diplomats with US officials, lawmakers, and media from 07 May , offering investments, mineral access, and pleading for intervention to "stop" India, poses a question on US credibility as a strategic partner in the long run (Akashvani, 2026).

On its part, India has been quietly countering each move while walking a diplomatic tight rope, in an increasingly volatile world where diplomacy seems to be taking a quiet back seat. India

has visibly diversified focusing on global south, EU and Latin American markets with signing of trade agreements with UK, EU, Australia etc. India also has increased its engagement with Russia and China making some US analysts warn that the coercive economic statecraft of Trump 2.0 was squandering two decades of effort of courting India, pushing India back towards multi-alignment, thus limiting US leverage and undermining its 'Natural Ally' narrative.

Implications that Would Impact Relations in the Long Run

Besides its dealings with India, certain other actions by the US administration like its claims about Greenland undermining the EU, pushing Ukraine for a ceasefire agreement on unfavourable terms against opposition by its European allies while keeping them out of the loop, actions against Iran despite opposition by its gulf partners and detrimental to them, unilateral action in Venezuela etc. have severely hit the credibility and image of US globally. Some of the implications of the same are, as under.

- **The Trust Factor.** 'Can US be Trusted?', this is a question that haunts the mind of diplomats and policy makers alike, today. Not that international relations and diplomacy works explicitly on trust, but it has always been a point of leverage. But with the unpredictability and self-centred approach showcased by Trump 2.0, not only towards India but even towards its long-standing allies, a question will always linger in the mind of policy makers, weather it is worth to invest in strengthening the relationship with the US or better to keep it transactional. Also, the reciprocity-first approach has reduced India's "preferential partner" status, fostering caution in US tech transfers under iCET and "Make in India" incentives. Similarly, the trust on US supply chains and commitments have diminished in light of its actions against its NATO allies, delays in supply of defence equipment including jet engines to India and the Ukraine crisis. Even with bilateral agreements, the US showcased an utter disregard as it imposed an 10% global tariff (likely to be increased to 15%) using the Trade Act of 1971, post the Supreme Court judgement, even on those countries which had signed trade pact sowing doubts in the mind of others on the relevance of such treaties. Also, despite of an interim trade deal, the US administration included India among the 16 countries under scanner with an intent to restore tariff pressure, showcasing that even with pacts and agreements, it cannot be trusted and will find ways and means to pressurise if it suits them.

- **Hypocrisy.** The US hypocrisy has been very evident over the years but under Trump 2.0 it has become blatant, and adds on to the previous point of trust. Here we will just discuss one episode which clearly highlights this aspect. Post the commencement of the Ukrainian conflict, it was the previous US administration which requested India to import Russian oil to stabilise the market, to which India obliged (of course it benefited India too) and Trump 2.0 used the same to impose 25% secondary punitive tariffs on India to curb it as it was no longer favouring them. However, the hypocrisy becomes blatant with the Iran conflict and closure of the strait of Hormuz, with the US administration again asking and praising India for importing Russian oil. It won't be surprising if, at a later time, the same is used again as a pretext to impose more tariffs or for any other action against India.
- **Relevance of Rules and Treaties.** The counter to above argument is generally that relations are based on legally implementable treaties and rules not only on trust, people to people relations etc. However, Trump 2.0 has also showcased that the only rule which seems to work with them is 'Might is Right'. Yes, there is the American judicial system, as was seen by the verdict it gave on Tariffs, but the system is too slow and the POTUS too empowered, for the duration between them to be exploited adequately for any form of coercive leverage. Also, the administration has shown total disregard for any international rules, as was the case in Venezuela or Greenland incident, or multinational organisation including the UN, which has literally been sidelined and are mere spectators, hardly able to even condemn anything let alone implement rule by imposition of sanctions, rallying global support any other constructive form of intervention.
- **Economic War and War for Economics.** Trump 2.0 has literally weaponised trade, especially tariffs, and its impact is not just limited to economics. The Trump administration not only is using trade and tariffs as a weapon but is equally willing to use weapons for economic and other benefits. For example, the Gaza conflict being an economic opportunity for US or Oil economics leading to the Venezuela strike and so on.
- **Transactional Approach.** The US administration (President Trump) has been adopting a very rigid approach, where a confrontation or disagreement with it on any issue, draws adverse actions in different spheres to generate coercive leverage. This approach can be

termed transactional, at best, and seems to disregard treaties and relations in other fields to secure a win or crack a deal in one.

- **Blurring Lines Between International and Domestic Politics.** Though US domestic politics has always impacted the world, but on date it has gone to another level wherein domestic issues have prompted unilateral actions challenging the sovereignty of other nation states, like the Venezuela regime change. Also, the Iran conflict which was initiated much against the will of the Gulf allies, mostly keeping the domestic audience and Israeli in mind. There are speculations of line blurring between personal interests and national interests as some critiques have pointed in case of a Boeing jet being gifted to Trump by the Qatari Royal family, or crypto deal with Pakistan or investment by other countries and entities into the Trump family businesses.

Impact on Long Term Relations and Way Ahead of India

Trade and Economic Ties. Trump's second term has fundamentally altered the economic pillar of the Indo-US partnership through aggressive "reciprocal tariffs" and a more transactional approach. However, with the signing of the interim deal and Trump still possessing multiple options despite US Supreme Court judgement and affirming to exercise them, a lot will depend on the final deal. Though the trade relations are likely to grow in the short term, despite all the turbulences, but the episode has embedded a perception in New Delhi that US market access can be weaponised without warning and India must take appropriate steps to protect its interests in the future. Some of the recommended steps which must be adopted are as under.

- **Accelerate Diversification.** India must diversify from its over-reliance on the US market. The process has already begun with signing of multiple FTAs with EU, UAE, Australia etc., but further impetus is needed with a focus on greater trade in the Global South. An approach of US + 2 is recommended, wherein trade needs to be diversified in a balanced manner between the US market, International market and the Domestic consumption so as to balance out a disruption in each with a surge in the other. This would not only require trade deals and agreements but a push for enhancing domestic consumer base alongside development and control over robust supply chains.

- **Trade Deal.** Despite the interim deal, with the event post it and the actions as discussed earlier, India will and needs to be cautious about any deep, binding trade pact with Washington. India may subsequently opt for sector specific deals in areas like digital trade, critical minerals, energy, defence production etc. aligning to its interests instead of a comprehensive FTA or BTA.
- **Indigenisation.** In the short term, the technology and digital trade, including defence trade and production, is likely to grow, but India must push for technology transfer and development of indigenous technology and production base to offset its dependence on the US which may not be reliable during any future crisis. Besides defence, the focus on other critical technologies like semi-conductors, AI, quantum technologies, biotechnology, aviation and space.
- **Leverage.** It is evident that today's world in general and US in specific only understands power and if we intend to maintain our strategic autonomy, we need to have leverages to wield power. This point is common to all other aspects of the relationship as this leverage can be developed through multiple means but is very relevant to trade relations in today's scenario. To develop these leverages, India needs to not only develop dependencies and vulnerabilities which it can exploit when needed but also build policy and legal frameworks (like CAATSA) which will help in exercising them (obviously the political will to exercise them becomes paramount which requires a change of mindset and approach and is not being discussed any further being a topic in itself). These leverages can be built through trade and supply chain dependencies, investing in disruptive tech and monopolising tech and manufacturing (can be in different fields), geo-political and geo-economic dependencies, human resource dependencies etc.

Strategic Partnership, Defence and Security Ties. The Indo-US defence and strategic ties have grown over the years with enabling agreements like COMCASA, BECA, SOSA etc. and with a decade-long defence framework. This relationship is likely to grow further towards a 'managed strategic convergence' with robust information-sharing, intelligence and maritime cooperation, despite India's insistence on strategic autonomy and reluctance to militarise the Quad

and India is also expected to purchase more US defence tech and platforms. However, the actions of Trump 2.0 debunked the US 'Natural Ally' narrative and further progress of these relations will be marred by distrust, pushing Indian defence purchases to be on stricter terms focusing stringently on Aatmanirbharta, Transfer of Technology, higher local content and joint production with guaranteed timelines of delivery and post-delivery support. India must also continue to diversify its imports and supply chains and enhance its focus on self-dependence both for technology and manufacturing. The policy of multiple alignment must be pursued (including Russia and China) more vigorously and India must leverage its unique diplomatic and geographic position to be a larger and indispensable regional player, without entering binding military ties or militarising its geography (Kapoor, R.G. 2025).

Immigration and People to People Ties. Though India has been amongst the hardest hit by the immigration policies of Trump 2.0, it has also impacted the US tech innovation and other sectors which is evident from the opposition and legal cases it has generated in US and also from the increased offshoring of work. This has also been followed by redirecting of talent to other countries like UK, Canada, Australia, EU (especially Germany) etc., display of disapproval by the vast Indian diaspora and the rising anti- US sentiment in India. This reduced mobility will not only strain bilateral trust and pressurise the Indian government due to huge job losses, especially in the IT sector (augmented by AI disruption), to push for more diversified ties and agreements with other developed countries on education and immigration but also provides India with the opportunity to accelerate its self-reliance in tech and manufacturing sectors through talent retention and diversified reverse brain-drain. Though, due to the large Indian diaspora, people- to- people relations will take long to thin out and would depend upon policies of future US governments, but the mistrust and anti- US sentiments generated (a lot due to US narrative and unfiltered comments of POTUS) amongst the Indian population, will surely impact this key societal pillar sustaining strategic convergence.

Diplomatic Relations. The Indo- US diplomatic relations had witnessed a long phase of bonhomie but with the actions of Trump 2.0, as discussed earlier, has damaged the image of US as a reliable partner. This would lead to India adopting a more cautious approach and bank on hedged diplomacy rather than trust. Focus will surely shift to written commitments with guarantees rather than verbal assurances and diversified partnerships, further pushing India towards

a multiple alignment approach. India will and must continue to engage with the US at the Summit and diplomatic levels, but these interactions will remain more functional and cooler, undoing decades' worth of effort of the previous US governments and imposing caution, with India likely to view US as a vital but volatile partner.

Regional Dynamics. With the US National Security Strategy 2025 explicitly elevating India as a “crucial partner” for a “free and open Indo-Pacific” with Quad reaffirmed for maritime security, tech standards and infrastructure—insulated from trade frictions, Indo-US relations will now mostly be restricted to Indo-Pacific/China factor. However, post the US actions during and post Op Sindoor and other factors discussed earlier, India must remain focused on its multi-alignment approach deepening Russia ties, managing border tranquillity and trade with China, deepening EU, Japan, SCO, BRICS etc. hedges and ensuring no overdependence on US while balancing ties for US tech and investments. In the long term, India must position itself as an indispensable regional player without ceding to binding military commitments or concessions, to be able to leverage US support against China-Pakistan nexus while maintaining its strategic autonomy.

Conclusion

With a volatile global situation and the unpredictability of Trump 2.0, India surely needs to walk a diplomatic tight rope, aiming to weather the storm with minimum losses while maintaining its strategic autonomy. It is also an opportunity for India to focus on self-reliance not only for defence but for energy and food security and diversify not only its supply chains and other dependencies but also the market for its own products. The renewed focus on multiple alignment and Aatmanirbharta will surely help India emerge as a dominant regional power and help it negotiate its future ties with US in a more assertive manner to leverage them towards its own national interests.

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