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Friendly Coercion: Tariffs, Sanctions and Geopolitical Override in India–US Strategic Relations (2018–2026)

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Abstract
It is predicted by the prevailing International Political Economy (IPE) framework of complex interdependence that political coercion is constrained by deepening economic ties. This logic appears to be exemplified by the India–US strategic partnership, with bilateral trade exceeding USD 149 billion in 2025. Yet between 2018 and 2026, tariffs, secondary sanctions, and trade threats were repeatedly deployed by the United States to compel India's strategic alignment with USA, with New Delhi being pressured to halt Iranian oil imports, reduce Russian energy purchases, and abandon its Digital Services Tax. The concept of geopolitical override is introduced by this article a condition in which the terms of low-political economic engagement are systematically determined by high-political imperatives, and the liberal expectation that trade constrains conflict is reversed. Drawing on original trade data from India's Ministry of Commerce TradeStat and three embedded case studies, it is argued by the article that tariffs and sanctions have been evolved into instruments of strategic coercion, deployed not merely against adversaries but against strategic partners. This phenomenon termed friendly coercion is used to extend Farrell and Newman's (2019) weaponised interdependence framework into partnership contexts, and the assumption that strategic alignment guarantees preferential economic treatment is challenged. It is demonstrated by the findings that sensitivity effects, but limited vulnerability effects, are produced by geopolitical override, as the effectiveness of US coercion was constrained by India's adaptive capacity and diversified trade portfolio.

Keywords: geopolitical override, weaponised interdependence, India–US relations, friendly coercion, tariffs, sanctions

Abbreviations:-
IPE - International Political Economy
USTR - Office of the United States Trade Representative
USD - United States Dollar
DST - Digital Services Tax
IEEPA - International Emergency Economic Powers Act
Quad - Quadrilateral Security Dialogue
SWIFT - Society for Worldwide Interbank Financial Telecommunication
JCPOA - Joint Comprehensive Plan of Action
HS - Harmonized System

OECD - Organisation for Economic Co-operation and Development
BEPS - Base Erosion and Profit Shifting
EU - European Union
EFTA - European Free Trade Association
TEPA - Trade and Economic Partnership Agreement
CEPA - Comprehensive Economic Partnership Agreement
UAE - United Arab Emirates
UK - United Kingdom
GSP - Generalized System of Preferences
CRS - Congressional Research Service
PLI - Production Linked Incentive
FTA - Free Trade Agreement
IR - International Relations

1. Introduction

In April 2025, a 25 percent tariff was imposed on Indian goods by the United States under Executive Order 14257, with the International Emergency Economic Powers Act of 1977 being invoked. By August 2025, this figure had been brought to 50 percent by cumulative escalations the highest tariff rate applied by Washington to any major trading partner, with even the 25–35 percent applied to China being exceeded. This occurred within a relationship officially designated a 'comprehensive global strategic partnership,' with the status of a Major Defence Partner being held by India and bilateral trade surpassing USD 149 billion (Congressional Research Service, 2025) [1]. The paradox is stark: a country treated as an indispensable security partner in the Indo-Pacific was simultaneously subjected to punitive trade measures more severe than those imposed on geopolitical rivals.

The foundational claim of complex interdependence theory is directly challenged by this paradox. It was argued by Keohane and Nye (2012) [2] that coercive behaviour is constrained by deep economic integration, as the costs of conflict are raised and channels of mutual interest are multiplied. The India–US relationship, with its dense web of defence agreements, technology partnerships, and people-to-people ties, is regarded as a paradigmatic case of complex interdependence. Yet a different story is told by the evidence from 2018 to 2026: coercion was not constrained by economic interdependence; it became the very medium through which coercion was exercised.

The concept of geopolitical override is introduced by this article to capture this dynamic. Geopolitical override is used to describe a condition in which the terms and limits of low-political economic engagement are systematically determined by high-political imperatives sanctions compliance, alliance expectations, and demands for strategic alignment and the liberal expectation that trade reduces political conflict is reversed. Farrell and Newman's (2019) [12] framework of weaponised interdependence developed primarily for adversarial contexts is extended by the concept into the analytically distinctive setting of strategic partnership. What this article terms friendly coercion is constituted by the deployment of coercive economic instruments against a partner.

The empirical foundation is provided by three embedded case studies: India's Russia oil trade (2022–2026), the India–Iran sanctions episode (2018–2025), and the Digital Services Tax (DST) dispute (2020–2025), all grounded in original data from India's Ministry of Commerce TradeStat. The article is structured through an introduction (Section 1), a review of existing literature (Section 2), a theoretical framework (Section 3), three case studies (Section 4), cross-case analysis (Section 5), and a conclusion (Section 6).

2. Literature Review

2.1 The Dominant Paradigm: Complex Interdependence

Keohane and Nye's Power and Interdependence (2012) [2], first published in 1977, is still regarded as the foundational text for understanding the interplay of economics and politics in international relations. Developed as a neoliberal response to realism, a world characterised by multiple channels of interaction among societies, the absence of a clear hierarchy of issues, and the declining utility of military force was proposed by complex interdependence. Within this framework, interests are pursued by states across multiple dimensions, and conflict is structurally constrained by economic interdependence because the costs of disruption are high for all parties.

A distinction was drawn by Keohane and Nye (2012) [2] between sensitivity interdependence the immediate costs of adjustment to external changes and vulnerability interdependence the longer-term costs after policy alternatives are exhausted. This distinction is central to understanding the India–US case: while high sensitivity to US tariffs is exhibited by India, its vulnerability depends on the availability and costliness of alternatives. The complex interdependence framework was developed primarily to describe relations among advanced industrialised democracies and has been applied to India–US relations largely in a descriptive mode, in which growing trade and investment are celebrated without the coercive potential of asymmetric dependence being critically examined (Rana, 2015) [3].

2.2 Security Studies and the Strategic Partnership Literature

The strategic dimensions of the India–US relationship have been examined by a parallel body of scholarship, largely rooted in realist international relations. The transformation from Cold War estrangement to post-2000 strategic convergence is documented by works by Tellis (2016) [4] and Leonova and Khatri (2023) [5], with shared concerns about China's rise, the institutionalisation of Quadrilateral Security Dialogue (Quad) cooperation, and defence technology transfer being emphasised. While economic ties are acknowledged by these studies as a component of the partnership, trade is generally treated as an instrument of grand strategy a means to deepen alignment rather than a domain vulnerable to coercion. The possibility that trade itself could become a site of strategic pressure between partners remains undertheorized in this literature.

Indo-US convergence in the Indo-Pacific has been examined by Abraham (n.d.) [6] and Raj (2025) [7], with shared threat perceptions regarding China being noted by both as the primary driver of strategic alignment. These accounts are valuable for contextualising the partnership, but the coercive dimensions of bilateral economic relations are not engaged with. The growing instrumentalization of trade in the India–US relationship is missed by the security studies literature, by which economics is treated as epiphenomenal to security.

2.3 Trade and Economic Analysis

The India–US economic relationship is addressed in technical and policy terms by a third body of literature. Detailed accounts of trade flows, sectoral disputes, and tariff schedules are provided by Congressional Research Service reports (2025), with invaluable factual baselines being offered but engagement with the broader political logic of economic coercion being deliberately avoided. More theoretically engaged treatments are offered by academic studies such as Kumar's (2025) [8] analysis of strategic tariffs and economic diplomacy, in which tariff escalations are situated within the framework of economic statecraft and coercive diplomacy and sector-specific impacts in textiles, gems and jewellery, and pharmaceuticals are examined.

It is argued by Kumar (2025) [8] that tariffs are increasingly used as strategic tools rather than purely economic instruments, though it is concluded that their long-term impact remains limited because disruptions can be mitigated by India through adaptive diversification. US and Chinese use of tariffs as foreign policy tools is similarly examined by Garba (2025) [9], with the shift from protectionist to geopolitical rationales being noted. A broader theoretical treatment is provided by Aykut (2022) [10], in which it is argued that international trade and foreign policy are mutually constitutive instruments of state power. It is collectively established by these studies that tariffs have moved beyond their classical economic function, though how this operates within strategic partnerships is not fully theorised.

2.4 Weaponised Interdependence

The critical missing link in this literature is supplied by Farrell and Newman's (2019) [12] concept of weaponised interdependence. It is argued that dense economic networks with asymmetric topologies have been created by globalisation: flows of goods, capital, information, and services are controlled by a small number of highly connected hub states, while limited exit options are held by peripheral states. Their centrality can be exploited by states occupying hub positions the United States in SWIFT, semiconductor supply chains, and the dollar-based trading system through two mechanisms: the panopticon effect (informational surveillance of network participants) and the chokepoint effect (selective denial of network access). How secondary sanctions were enforced by the US against countries trading with Iran and Russia is explained by this, with interdependence being transformed from a source of mutual vulnerability into an instrument of coercion.

This critique has been extended by Drezner (2019) [11], who notes that the very networks that confer power risk being undermined by overuse of weaponised interdependence, as alternative architectures are invested in by targeted states. However, adversarial dyads have been overwhelmingly focused on by existing applications of weaponised interdependence — Iran excluded from SWIFT, China targeted by semiconductor export controls, Russia sanctioned through financial systems. The India–US case is distinctive in that a large rising power is involved, with which a deep strategic partnership is maintained by the US. The research gap addressed by this article is represented by the application of weaponised interdependence to strategic partnership contexts and the distinctive constraints this generates.

2.5 The Research Gap

Existing scholarship on India–US relations can be divided into two largely separate silos: security studies, in which defence cooperation, Quad dynamics, and Indo-Pacific strategy are focused on; and economic analysis, in which trade volumes, tariff welfare effects, and sector-specific impacts are concentrated on. What is missing is a study in which tariffs are treated as a dependent variable of foreign policy within the India–US relationship one in which how and why trade instruments are systematically deployed against partners to enforce strategic alignment is examined. That gap is addressed by this article through the development of the geopolitical override framework, which is tested against three empirically grounded case studies. A temporal gap is also filled by incorporating data through the 2025–26 tariff escalation, one of the most consequential episodes in bilateral trade history.

2.6 Methodology

Research Design

This study adopts a qualitative, theory-testing and theory-building case study design. The overarching case

is the India–US strategic relationship from 2018 to 2026. Within this single case, three embedded sub-cases are selected to capture variation in issue areas, administrations, and Indian responses:
Sub-case 1: Russia-Ukraine War and Oil Imports (2022–2026). US tariff threats and India's calibrated response, including rupee-rouble mechanisms and continued purchases.
Sub-case 2: Iran Oil Sanctions (2018–2020). US secondary sanctions and India's eventual halt of all Iranian oil imports.
Sub-case 3: Digital Services Tax Dispute (2020–2024). US tariff threats over India's equalisation levy and India's eventual policy shift.
This sub-case selection allows for controlled comparison: the **independent variable** (Degree of Indian foreign policy alignment with US) varies, while the **dependent variable** (US tariff and sanctions on Indian exports) is observed across different domains.

Data Sources

The study uses both primary and secondary data sources

Government Documents: Press releases, official statements, and testimonies from the Office of the United States Trade Representative (USTR), Indian Ministry of Commerce and Industry, Ministry of External Affairs, and relevant parliamentary committees. Congressional Research Service (CRS) reports will provide detailed legislative and policy backgrounds.

Policy and Academic Literature: Peer-reviewed journal articles in IPE, security studies, and South Asian politics. Think-tank policy papers (e.g. Carnegie Endowment for International Peace, Observer Research Foundation, Centre for Strategic and International Studies) will supplement academic sources.

Media Archives: Major English-language newspapers including The Hindu, The Indian Express, The Economic Times, The Wall Street Journal, and The New York Times will be used to reconstruct the timing of threats, official statements, and policy reversals. Specialised reporting from Bloomberg, Reuters, and Petroleum Intelligence Weekly will inform the energy-related sub-cases.

Trade and Energy Data: Publicly available data from the International Energy Agency (IEA), US Energy Information Administration (EIA), and Indian Ministry of Petroleum and Natural Gas will provide empirical grounding for the oil import cases and ministry of commerce Trade stat for Export and import and trade data between the countries.

3. Theoretical Framework: From Interdependence to Override

3.1 Complex Interdependence and Its Limits

As reviewed above, the dominant liberal expectation that coercive behaviour is constrained by deep economic integration was established by Keohane and Nye (2012) [2]. The most analytically precise lens for evaluating US coercive effectiveness in the India–US case is provided by their distinction between sensitivity and vulnerability interdependence: are sensitivity effects (short-term disruption before alternatives are found) or vulnerability effects (durable structural submission because alternatives are prohibitively costly) generated by US pressure?

The limitations of complex interdependence in the current setting are theoretically significant. It is conceded by Keohane and Nye (2012) [2] themselves that interdependence is rarely symmetrical, that power is generated rather than suppressed by asymmetries of dependence, and that issue hierarchies can re-emerge under conditions of geopolitical stress precisely the dynamic documented by this article. More fundamentally, complex interdependence was theorised in an era of détente, before the deliberate weaponisation of economic networks became a routine instrument of statecraft.

3.2 Weaponised Interdependence

The essential upgrade is provided by Farrell and Newman (2019) [12]. How network-level power operates beyond the bilateral dependence structures theorised by classical IPE is explained by weaponised interdependence. The chokepoint and panopticon effects are visible in both the Iran and Russia oil cases: chokepoints were created by US control over dollar-clearing infrastructure and the SWIFT system, through which compliance with US strategic preferences could be enforced at the network level, not merely the bilateral level.

Crucially, however, their framework is developed by Farrell and Newman (2019) [12] for adversarial relationships. The distinctive constraints that operate when a strategic partner is targeted by coercion are not theorised by them cases where the coercing state's own dependencies, shared strategic interests to protect, and political costs of over-escalation are involved. These limits are gestured toward by Drezner (2019) [11], who notes that network dominance risks being eroded by weaponisation, but a systematic account of friendly coercion is not developed.

3.3 Geopolitical Override: The Conceptual Contribution

Geopolitical override is defined by this article as a condition in which the terms of low-political economic engagement are systematically determined by high-political imperatives such as sanctions compliance, strategic alignment demands, and alliance management with market logic being overridden and the liberal expectation that interdependence constrains coercion being reversed. Geopolitical override is distinguished from standard weaponised interdependence by three features.

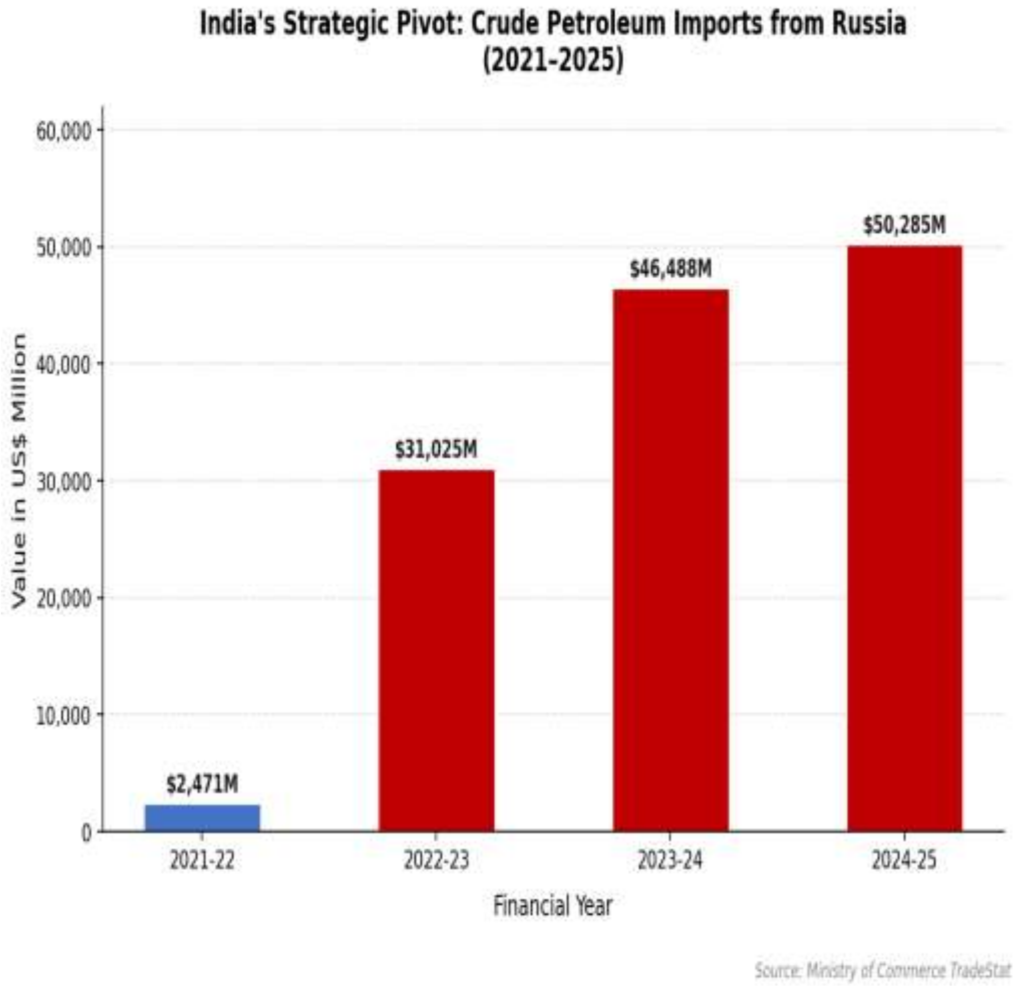
First, the friendly coercion paradox is created by geopolitical override, which operates within cooperative strategic frameworks: tariff rates exceeding those imposed on geopolitical rivals can be faced by a Major Defence Partner when strategic alignment is at stake. Second, the scope of coercion is limited by the reciprocal vulnerability constraint: where the coercing state's domestic welfare is made indispensable by the target state's exports, full-scale weaponisation is structurally impossible, and selective application rather than comprehensive pressure is produced. Third, a spectrum of compliance outcomes is generated by geopolitical override full compliance (Iran), partial compliance (Russia oil), fiscal capitulation (DST) calibrated by the depth of the target state's adaptive capacity and the nature of the coercive instrument deployed (network chokepoint versus bilateral tariff).

4. Three Cases of Geopolitical Override

4.1 Case One: Russia Oil Trade and Tariff-Based Coercion (2022–2026)

Global energy markets were fundamentally altered by Russia's invasion of Ukraine in February 2022. An unintended consequence was produced by Western sanctions aimed at reducing Russian oil revenues through price caps and import bans: the redirection of Russian crude to alternative buyers, principally India and China. Moscow's significantly discounted prices were responded to by India, dependent on imported crude for over 85 percent of its energy needs, with a dramatic increase in purchases. According to Ministry of Commerce Trade Stat data, India's imports of Russian crude petroleum were increased from USD 2.47 billion in 2021–22 to USD 31.02 billion in 2022–23, USD 46.48 billion in 2023–24, and USD 50.28 billion in 2024–25 a surge of over 1,900 percent in three years. Russia's share of India's total crude imports was raised from approximately 2 percent to over 35 percent (Department of Commerce, 2026) [13].

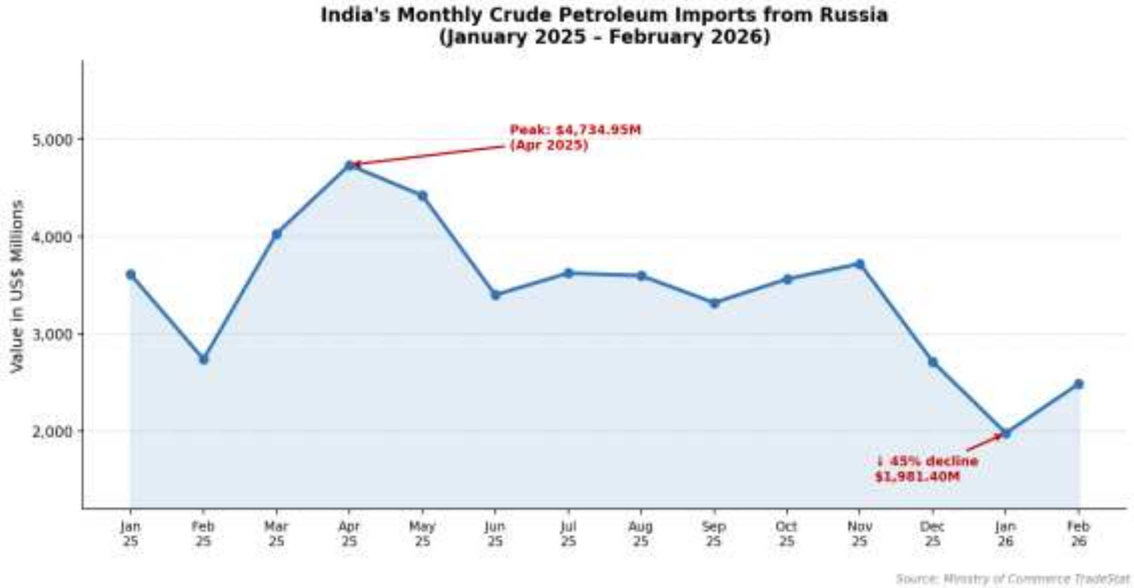
Figure 1. India's Annual Crude Petroleum Imports from Russia, 2021–2025 (USD Million). Source: Ministry of Commerce TradeStat (Department of Commerce, 2026) [13].



India simultaneously emerged as an indirect energy intermediary for Europe. A regulatory gap in the Western sanction's regime which restricted direct Russian crude imports but not refined petroleum products derived from Russian crude — was exploited, and discounted Russian oil was processed by Indian refineries, with refined diesel and jet fuel being exported to European markets. It is shown by Trade Stat data that India's refined petroleum exports (HS Code 2710) to the Netherlands rose from USD 1.87 billion in 2019–20 to USD 14.28 billion in 2022–23 (Department of Commerce, 2026) [13]. The limits of sanctions in a globally integrated energy market were illustrated by this market-driven outcome.

US pressure escalated through 2025. A 25 percent reciprocal tariff was imposed on Indian goods by the Trump administration from August 2025, followed by an additional 25 percent penalty tariff explicitly linked to India's energy trade with Russia, bringing the total to 50 percent — the highest rate applied to any major US trading partner (Congressional Research Service, 2025) [1]. The behavioural outcome is revealed by monthly TradeStat data: India's crude imports from Russia peaked at USD 4.73 billion in April 2025 and were then reduced to USD 1.98 billion by January 2026 a 45 percent decline from January 2025 levels (Department of Commerce, 2026) [13].

Figure 2. India's Monthly Crude Petroleum Imports from Russia, January 2025–February 2026 (USD Million). Source: Ministry of Commerce TradeStat (Department of Commerce, 2026) [13].



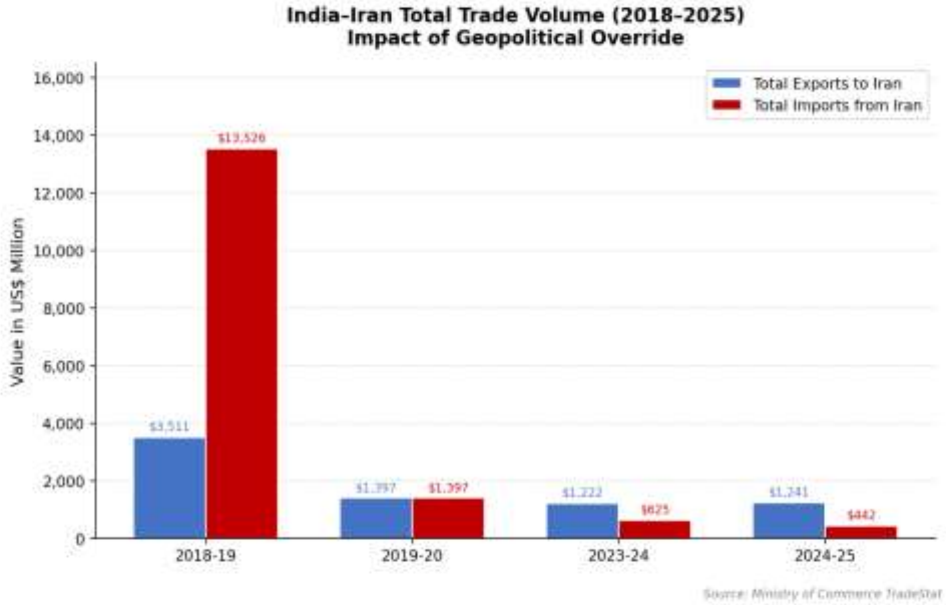
The most direct empirical evidence that tariff policy was explicitly contingent on strategic alignment is constituted by the February 2026 interim trade agreement which reduced tariffs from 50 percent to 18 percent in exchange for India's commitment to halt Russian oil purchases and adopt a 'Buy American' orientation (Congressional Research Service, 2025) [1]. This is geopolitical override in its clearest form. However, Russian oil was not fully abandoned by India during the coercion period, and the partial compliance dynamic characteristic of friendly coercion is reflected: sufficient adjustment to reduce tariff pressure without complete capitulation to US strategic preferences.

4.2 Case Two: Iran Sanctions and the Limits of Strategic Autonomy (2018–2025)

The most complete instance of geopolitical override in the India–US relationship is represented by the Iran case. Prior to 2018, Iran was India's third-largest crude oil supplier, with approximately 10–11 percent of India's total oil imports being accounted for. In 2018–19, India's total imports from Iran stood at USD 13,525.64 million, of which USD 12,369.07 million was accounted for by mineral fuels (HS Code 27) (Department of Commerce, 2026) [13].

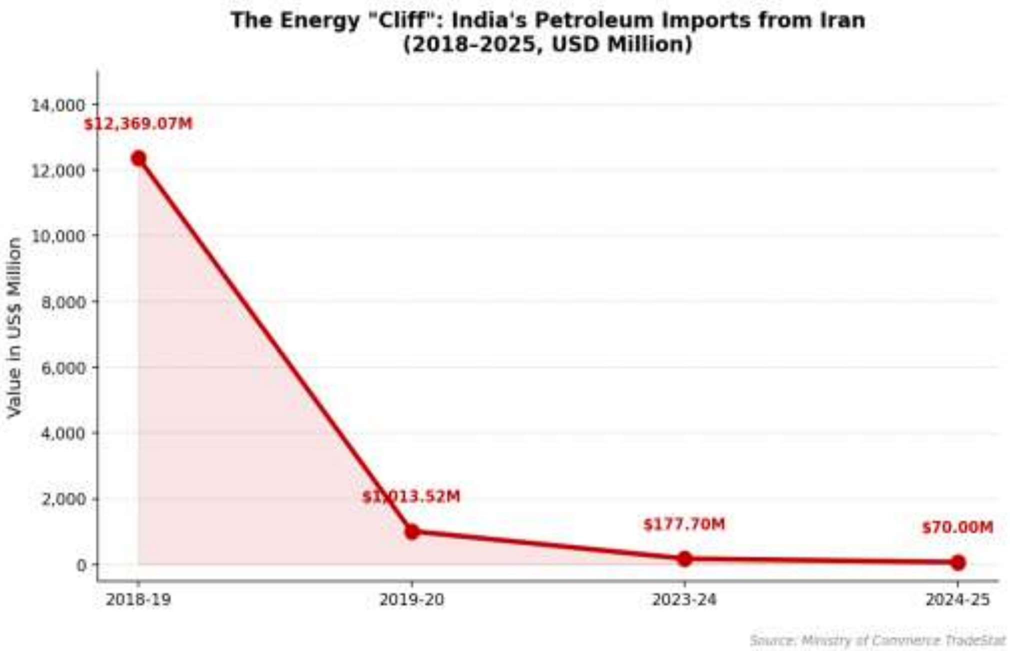
Following the United States' withdrawal from the JCPOA in May 2018, comprehensive sanctions targeting Iran's energy, banking, and shipping sectors were reimposed by the Trump administration. Third-country firms engaging in Iranian trade were penalised by secondary sanctions, with their access to the US financial system being restricted. India's ability to conduct routine commercial transactions with Tehran was eliminated by the effective exclusion of Iranian banks from SWIFT. This is the chokepoint mechanism identified by Farrell and Newman (2019) [12]: bilateral trade was rendered operationally impossible by control over central network infrastructure, regardless of Indian commercial preferences. Temporary waivers allowing limited purchases between November 2018 and May 2019 were initially granted to India by the United States, before being withdrawn entirely a calibration that illustrates the geopolitical rather than purely economic logic of sanctions design.

Figure 3. India–Iran Total Trade Volume, 2018–2025 (USD Million). Source: Ministry of Commerce TradeStat (Department of Commerce, 2026) [13].



A collapse of extraordinary magnitude is revealed by the trade data. India's total imports from Iran were reduced from USD 13,525.64 million in 2018–19 to USD 441.83 million in 2024–25 a decline of 97 percent. Mineral fuel imports were reduced from USD 12,369.07 million to approximately USD 70 million a reduction of 99 percent, with Iran's role as an energy supplier to India being effectively ended. India's exports to Iran contracted by 65 percent as the broader commercial relationship withered under sanctions pressure (Department of Commerce, 2026) [13].

Figure 4. India's Petroleum Imports from Iran, 2018–2025 (USD Million). Source: Ministry of Commerce TradeStat (Department of Commerce, 2026) [13].



Unlike the Russia case, which operated through bilateral tariff threats, control over systemic financial infrastructure was involved in the Iran case. No viable alternative payment architecture capable of substituting for dollar-clearing at the required scale was possessed by India. The vulnerability dimension of interdependence was therefore genuinely high, and full rather than partial compliance was produced. Following the cessation of Iranian oil imports in 2019, its energy sources were diversified by India to Iraq, Saudi Arabia, the UAE, the United States, and eventually Russia adaptive capacity being demonstrated, but it being confirmed that energy choices were geopolitically constrained rather than purely market-driven.

4.3 Case Three: Digital Services Tax and Fiscal Sovereignty Override (2020–2025)

Geopolitical override is extended into domestic fiscal policy by the Digital Services Tax dispute a domain conventionally regarded as beyond the reach of trade coercion. In 2016, an Equalization Levy of 6 percent on online advertising services provided by non-resident digital companies was introduced by India, expanded in 2020 to include a 2 percent levy on non-resident e-commerce operators. The objective was to ensure that tax revenues commensurate with their economic presence in India were contributed by American technology companies Google, Amazon, Meta (Office of the USTR, 2021) [14].

A Section 301 investigation was initiated by the USTR (Office of the United States Trade Representative) in 2020, with the conclusion reached that India's DST was discriminatory, because non-resident (primarily American) companies were targeted while domestic Indian firms were exempted, and international tax principles were violated. Retaliatory tariffs of up to 25 percent on certain Indian exports were proposed by the USTR, temporarily suspended pending OECD BEPS negotiations but maintained as a sustained coercive signal (Office of the USTR, 2021) [14]. This pressure was reinforced by the Trump administration in February 2025, with additional tariffs on countries imposing digital taxes on American technology companies being explicitly threatened. The weaponisation of market access threats to reshape another state's regulatory sovereignty a distinct and novel mechanism of geopolitical override is represented by this.

A complete policy reversal was produced by India's response. In the Union Budget 2024, withdrawal of the 2 percent e-commerce levy was announced by Finance Minister Nirmala Sitharaman; in 2025, the 6 percent online advertising levy was removed by India, and its entire DST framework was dismantled. The fiscal cost was approximately USD 400 million in annual revenue a concrete measure of the price paid to avoid broader tariff escalation. It is confirmed by this that geopolitical override extends to fiscal sovereignty: market access denial threats were successfully used by the US to reshape India's internal regulatory choices, not only its trade flows.

Table 1. Comparative Case Analysis: Geopolitical Override in India–US Relations (2018–2026)

Case	Coercive Tool	US Objective	India's Response	Compliance Level
Russia Oil (2022–26)	50% tariffs (IEEPA + penalty)	Reduce Russian war revenues; force energy realignment	Partial reduction; 45% monthly decline Jan 2025–Jan 2026	Partial
Iran Sanctions (2018–25)	SWIFT exclusion +	Isolate Iran; enforce JCPOA exit	Full halt of oil imports; 99% decline	Full

Case	Coercive Tool	US Objective	India's Response	Compliance Level
	secondary sanctions		in mineral fuel imports	
Digital Services Tax (2020–25)	Section 301 + 25% tariff threat	Remove discriminatory digital levy on US tech firms	Complete DST rollback; USD 400M annual revenue foregone	Full

Note. Data compiled from Department of Commerce TradeStat (2026) [13], Congressional Research Service (2025) [1], and Office of the USTR (2021) [14]. Compliance level assessed against stated US coercive objective.

5. Analysis: The Logic of Friendly Coercion

5.1 Weaponisation Against Partners: The Friendly Coercion Paradox

A clear empirical pattern is established by the three cases: economic coercive instruments have been systematically deployed by the United States against India a designated strategic partner to enforce foreign policy alignment. The anomaly deepens when comparative tariff data is examined. In 2025, a 50 percent tariff rate was applied by the United States to India its Major Defence Partner while 25–35 percent was levied on China, 15 percent on the EU and Japan, and 10–15 percent on Canada (Congressional Research Service, 2025) [1]. More punitive treatment than geopolitical rivals was received by a strategic partner. This is the defining feature of friendly coercion: coercive instruments are deployed within the architecture of partnership, and their intensity can exceed that applied to adversaries when the strategic stakes alignment on Russia, Iran, digital taxation are deemed sufficiently important.

The explanation lies in the asymmetric structure of the relationship. Despite the rhetoric of partnership, significant asymmetries of vulnerability are exhibited by the India–US relationship. Critical chokepoints dollar-clearing infrastructure, SWIFT, semiconductor supply chains, and market access that cannot readily be substituted by India that are controlled by the United States. Washington is provided with leverage by this structural asymmetry, leverage that operates at the network level rather than merely the bilateral level, with Farrell and Newman's (2019) [12] core argument being confirmed while it is extended into a new contextual domain.

5.2 The Reciprocal Vulnerability Constraint

Geopolitical override in partnership contexts is, however, structurally self-limiting. A consistent pattern of selective application is revealed by the India–US case: coercive instruments are calibrated to exempt sectors of critical mutual dependence. The clearest illustration is provided by the pharmaceutical sector. Despite 50 percent tariffs being applied to most Indian goods, pharmaceutical products were explicitly exempted from tariffs by the United States because approximately 47 percent of US generic drug needs is supplied by India, and an estimated USD 51 billion in annual costs would be added to the US healthcare system by a 25 percent tariff, with drug prices being raised by 13 percent (Ramakrishnan, 2025) [15]. Indian pharmaceutical exports to the US actually grew from USD 9.78 billion in 2024 to an estimated USD 12.7 billion in 2025 in the same period that 50 percent tariffs were faced by other sectors (Congressional Research Service, 2025) [1].

This reciprocal vulnerability constraint also operates at the strategic level. India risks being pushed toward deeper alignment with China or Russia by excessive coercion precisely the outcome sought to be prevented by US Indo-Pacific policy. Not merely domestic economic constraints but the broader strategic cost-benefit calculation that must be performed by any dominant power when coercion is deployed against a valued partner is therefore reflected by the selective application pattern.

5.3 Sensitivity Without Vulnerability: India's Adaptive Capacity

The most precise analytical lens for assessing coercive effectiveness is provided by the Keohane and Nye (2012) [2] sensitivity–vulnerability distinction. Sensitivity effects immediate disruptions were produced by US pressure across all three cases, but durable vulnerability effects were not generated, because sufficient adaptive capacity was possessed by India. The aggregate trade data is instructive: despite the 2019 withdrawal of Generalised System of Preferences benefits, India's exports to the US grew from USD 57.88 billion in 2019 to USD 95.46 billion in 2025, and India's trade surplus with the US was expanded from USD 23.66 billion to USD 53.45 billion over the same period (U.S. Census Bureau, 2026) [16]. India's capacity for market diversification and domestic demand strengthening is reflected by this aggregate resilience.

India's geographic diversification was significantly accelerated following the 2025 tariff shocks, through the India–UK Comprehensive Economic and Trade Agreement (July 2025), the India–Oman CEPA (December 2025), the India–EFTA Trade and Economic Partnership Agreement (October 2025), and the India–EU Free Trade Agreement (January 2026), which together cover 99 percent of India's export value. US market concentration was collectively reduced by these agreements, with Washington's chokepoint leverage being weakened over time, consistent with Drezner's (2019) [11] observation that counter-strategies among targeted states are generated by weaponised interdependence. India was further embedded in global supply chains by the Production Linked Incentive scheme, with investments of over ₹1.76 lakh crore and sales exceeding ₹16.5 lakh crore by mid-2025, and reverse leverage was created in sectors like pharmaceuticals, electronics, and advanced manufacturing.

5.4 The 2026 Interim Deal as Confirmatory Evidence

The strongest confirmatory evidence of the geopolitical override thesis is provided by the February 2026 interim trade agreement. Tariffs were reduced from approximately 50 percent to 18 percent, with the additional 25 percent penalty tariff linked to Russian oil purchases fully rescinded. In exchange, revised low tariffs on US goods, a halt to Russian oil purchases, and significant purchases of US products were committed to by India (Congressional Research Service, 2025) [1]. It is confirmed by the explicit linkage of tariff relief to foreign policy choices a reduction of Russian energy purchases that tariffs functioned as instruments of strategic coercion rather than commercial negotiation tools. This is precisely the linkage politics associated by Keohane and Nye (2012) [2] with conditions where complex interdependence fails, where issue hierarchies are reasserted and low politics is subordinated by high politics.

6. Policy Recommendations

Formalise a Bilateral Trade Treaty: India and the US should move from ad hoc tariff bargaining, as seen in the February 2026 interim deal, toward a formal bilateral trade agreement with binding dispute-settlement provisions. This would reduce the discretionary space in which geopolitical override currently operates and gives India recourse beyond unilateral US executive action under instruments such as IEEPA or Section 301.

Increase Domestic Demand: As tariff pressure from the US reduces export demand, India should proactively strengthen domestic consumption to offset this loss. The income tax relief announced in the Union Budget 2025 is a step in this direction while not explicitly framed as to tariff pressure, freeing up additional disposable income across a large segment of the population. This surplus income should be channelled into higher domestic spending, so that the shortfall from export markets is cushioned by demand generated at home. Going forward, India should use fiscal tools of this kind deliberately as a counter-tariff strategy, ensuring that a temporary contraction abroad does not translate into slower growth domestically.

Strengthen the Production Linked Incentive Scheme as a Geoeconomic Strategy: The PLI scheme, launched in 2020 with an outlay of ₹1.97 lakh crore across 14 strategic sectors, should be sustained and expanded as a structural response to weaponised interdependence rather than treated solely as an industrial policy. With 806 applications approved, investments of ₹1.76 lakh crore attracted, and sales exceeding ₹16.5 lakh crore by mid-2025, the scheme has diversified and upgraded India's export basket, embedded India in global supply chains under the "China+1" strategy, and generated reverse leverage in sectors such as pharmaceuticals, where India moved from a net importer to a net exporter of bulk drugs. By reducing import dependence and raising the cost to the US of disrupting Indian-linked supply chains, continued investment in the PLI scheme would directly weaken the effectiveness of tariff-based coercion while strengthening India's strategic autonomy.

Deepen Export and Market Diversification: India should continue and expedite the trade-diversification trajectory already underway through the UK CETA, Oman CEPA, EFTA TEPA, and EU FTA, as this diversification is the empirical source of India's demonstrated sensitivity-without-vulnerability and directly reduces US chokepoint leverage.

Establish a Standing High-Level Economic-Security Dialogue: Regular high-level consultation mechanisms should be created for preventing misunderstandings and enabling quick resolution of conflicts, including quarterly ministerial meetings and technical working groups for specific sectors, explicitly mandated to flag when trade measures are being driven by high-political rather than commercial considerations.

7. Conclusion

The concept of geopolitical override has been developed by this article to explain a persistent pattern in India–US relations between 2018 and 2026: the systematic deployment of economic coercive instruments tariffs, sanctions, and trade threats to enforce strategic alignment within an ostensibly cooperative partnership. The empirical scope of this phenomenon is demonstrated by three case studies, grounded in original Trade Stat data. Full geopolitical override is illustrated by the Iran sanctions case through control of chokepoint network infrastructure, with a 99 percent collapse in bilateral energy trade being produced. Partial override is illustrated by the Russia oil case through bilateral tariff pressure, with significant but incomplete adjustment being produced. Override is extended to fiscal sovereignty by the DST case, demonstrating that geopolitical override is not limited to trade flows but encompasses domestic governance choices.

Three contributions to IPE theory are made by the geopolitical override concept. First, Farrell and Newman's (2019) [12] weaponised interdependence framework is extended by it into partnership contexts, with the reciprocal vulnerability constraint and the selective application dynamic being identified as features that distinguish friendly coercion from adversarial coercion. Second, Keohane and Nye's (2012)

[2] sensitivity–vulnerability distinction is empirically validated by it in a new setting: sensitivity effects were produced by US pressure across all three cases, but vulnerability effects were limited by India's adaptive capacity, as evidenced by the continued expansion of India's trade surplus throughout the tariff escalation period. Third, the friendly coercion concept is introduced by it to describe the anomalous condition in which punitive trade instruments are deployed more aggressively against strategic partners than against geopolitical rivals a finding with broad implications for the study of asymmetric partnerships. Several limitations should be acknowledged. Primarily Indian trade data is relied on by the analysis; documentary evidence of US deliberative processes behind specific tariff levels is less accessible. A single bilateral relationship over a compressed timeframe is drawn on by the three cases; further empirical testing is required for generalisability to other asymmetric partnerships EU–US, Japan–US, South Korea–US. The beginning of a de-escalatory trajectory rather than a stable settlement may be represented by the February 2026 interim agreement, and whether India's diversification durably reduces US leverage will need to be assessed by longer-term data.

The broader implication of the geopolitical override framework is that in an era of weaponised interdependence, economic sovereignty is not automatically guaranteed by strategic partnership status. For rising powers navigating asymmetric relationships with structural hegemons, both a cautionary tale and a model of adaptive resilience are offered by the India case: the maintenance of genuine vulnerability-reducing capacity through export diversification, alternative payment architectures, and embeddedness in critical global supply chains is not merely economic prudence but a strategic necessity for the preservation of foreign policy autonomy. It is served by the geopolitical override phenomenon as a critical reminder that in the 21st-century international order, economic interaction and national security are not separate domains but two dimensions of the same strategic contest.

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