

Trump tariffs and the geopolitical developments in the Middle East: Challenges for India

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The last few days have been witnessed some important events in the Middle East as well as globally.

Apart from the situation in Iran, it is the US President's decision to impose tariffs, of 10% on Denmark, Norway, Sweden, France, Germany, the United Kingdom which has drawn attention. Trump made the announcement on January 17, 2026. While these tariffs will come into force on February 1, they are set to increase to 25% from June 1, 2026.

While ties between US and EU have already witnessed a downturn, this move could impact relations further.

The US House of Representatives' foreign affairs committee criticised Trump saying:

“Trump is ignoring Americans’ affordability concerns with his foreign escapades, and making things worse with more tariffs. This will only further raise costs for the American people.”

Several other US policy makers have said that Trump’s focus on Greenland will impact US-EU ties and strengthen.

European leaders have also criticised Trump’s recent announcement. French President, Immanuel Macron dubbed Trump’s tariffs as “unacceptable”.

Iran situation

The situation in Iran remains uncertain, with Tehran warning against any external interference. For now, US military intervention in Iran has been put on hold – countries like China and Saudi Arabia had categorically opposed any such action. According to sources, Israel had also opposed US military intervention saying it was not prepared for retaliation from Iran. Tehran has also denied the US State Department’s Persian language account which, earlier this month, stated that Tehran was planning to attack US interests in Iran. The State Department post said that all options remain on table. Over 5,000 people have died in the protests.

Trump tariffs and impact on India

On January 13 2026 Trump had imposed a 25 percent tariff on countries trading with Iran. Said Trump

“Effective immediately, any country doing business with the Islamic Republic of Iran will pay a Tariff of 25 per cent on any business being done with the United States of America. This Order is final and conclusive,”

If one were to add this to the 25 percent reciprocal duty and 25 percent for purchasing oil total tariffs on Indian imports will reach 75 percent. Trump has already given a go ahead to a bill which seeks to impose 500% tariffs on countries purchasing oil from Russia – this includes Brazil, India and China (three founding members of BRICS). Certain Indian commodities like Basmati and tea would be impacted by Trump’s announcement – given that Iran is an important export destination for both commodities.

Overall trade between both countries is limited – in 2024-2025 bilateral trade was estimated at \$1.68 billion. Most importantly, the Chabahar Port Project in which India has invested in would be uncertain at least in the short run. This will impact India’s trade relations with Afghanistan and broader regional connectivity vision. Some reports suggested that India has pulled out of the project, but the Ministry of External Affairs (MEA) has stated that it is

engaging with the US regarding the extension of the sanctions waiver which had been provided in October 2025 by the Trump administration (this waiver is till April 2026).

Saudi-UAE tensions and the Islamic Nato

Two other developments the growing rift between Saudi Arabia and UAE with which India shares close ties means that India has to navigate the Gulf carefully. United Arab Emirates (UAE) President Sheikh Mohamed bin Zayed Al Nahyan visit to India – January 19, 2026 - is important in this context. While commenting on the robust ties between both countries an MEA statement while referring to the visit said:

“It will also enable an exchange of views on regional and global issues of mutual interest, where India and the UAE share a high degree of convergence,”

The possibility of an Islamic NATO between Pakistan, Turkey and Saudi Arabia could pose another challenge for India. Post the India Pakistan conflict in May 2025, Riyadh and Islamabad signed a pact like Article 5 of NATO. The agreement Strategic Mutual Defence Agreement (SMDA), signed in Riyadh in September 2025 by Saudi Crown Prince Mohammad Bin Salman and Pakistani Prime Minister Shehbaz Sharif. Turkey is also in talks to join this agreement.

In recent years, India's ties have strengthened with Saudi Arabia – but developments in recent months could cast a shadow on the relationship. Turkey and Pakistan share close economic and strategic ties. Turkey is also upgrading Pakistan's F16. India's ties with Turkey have been strained for some years due to Ankara's growing proximity, especially in the security sphere, with Islamabad.

India invited to join Gaza Board of Peace

Amidst the uncertainty in India-US ties and turmoil in the Middle East, one good piece of news for India is the US President's invitation to India to join the Gaza Board of Peace. In a tweet on social media, US Ambassador to India Sergio Gor said

“Honored to convey @POTUS invitation to Prime Minister @narendramodi to participate in the Board of Peace which will bring lasting peace to Gaza. The Board will support effective governance to achieve stability and prosperity!

Other members of the board include US Secretary of State Marco Rubio, former UK PM, Tony Blair and World Bank President, Ajaypal Singh Banga – a turbaned Sikh of Indian origin. He was also awarded the Padma Shri in 2016.

Conclusion

In conclusion, it not merely relations with the US, especially trade relations, but also the geopolitical churning in the Middle East which India needs to adjust to and deal with deftly. It is not just the situation in Iran, but the Saudi-Arabia-UAE tensions and the potential alliance between Pakistan-Saudi Arabia and Turkey which India would be observing closely.

(Disclaimer: The views expressed above are the author's own and do not reflect those of DNA)

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