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**Oil, Tariffs, and Trade Targets:**

**The Economics of Putin's India Visit**

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**28 January 2026**

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Table of Contents

Page | 2

|   |        |
|---|--------|
| Executive Summary .....   | Page 3 |
| Putin's Visit to India: Strategic Continuity Under Global Strain..... | 3      |
| India: Economic Pressure and Strategic Autonomy.....                  | 3      |
| Russia's Objectives and Outcomes .....                                | 4      |
| NOTES .....   | 5      |



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## *Oil, Tariffs, and Trade Targets: The Economics of Putin's India Visit*

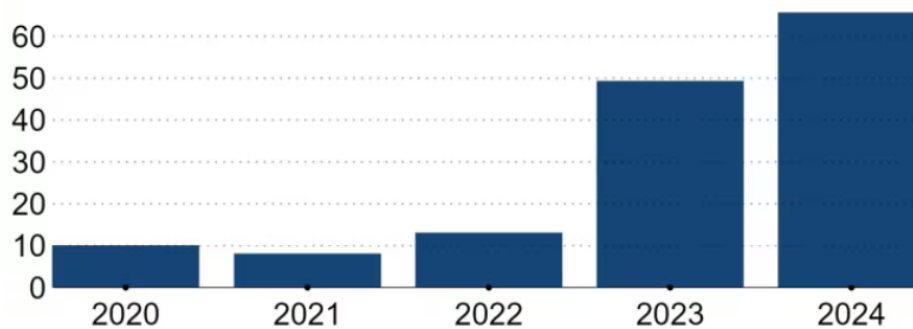
28 January 2026

### Executive Summary

Page | 3

- ✧ Putin's December 2025 visit to India took place amid heightened global tensions, reflecting an effort by both sides to maintain continuity in a long-standing partnership under external pressure.
- ✧ India used the summit to reinforce its strategic autonomy, signalling that US tariffs and sanctions pressure would not dictate its foreign policy choices.
- ✧ Energy cooperation, particularly discounted Russian oil, remains central but is increasingly shaped by market conditions, sanctions risk, and India's broader diversification strategy.
- ✧ Russia sought to preserve its strategic and commercial footprint in India through defence, energy, and long-term economic frameworks rather than immediate breakthroughs.
- ✧ The adoption of a cooperation programme through 2030 institutionalised ties and reaffirmed trade ambitions, even as Russia's short-term material gains remained limited.

### Key Picture: India-Russia Trade (in Billions of Dollars)



Source: [Indian Ministry of Commerce and Industry](#)

### Putin's Visit to India: Strategic Continuity Under Global Strain

Russian President Vladimir Putin's visit to India on December 4-5, 2025, took place amid an unusually tense global environment. With the war in Ukraine continuing to reorder international alignments and New Delhi under growing pressure from Western partners, the meeting provided insight into how both countries are adjusting a long-standing relationship.<sup>1</sup> The trip was widely regarded as having both symbolic and practical importance, reflecting the deepening strategic cooperation between Moscow and New Delhi.<sup>2</sup>

The two leaders said that India and Russia had concluded an economic cooperation framework extending to 2030, aimed at broadening commercial ties and increasing annual bilateral trade to \$100bn by the end of the decade.<sup>3</sup> Both sides indicated their intention to reinforce their "Special and Privileged Strategic Partnership," the formal framework governing Russia-India relations since 2010, and to hold discussions on regional and global issues of shared interest, according to India's Ministry of External Affairs.<sup>4</sup>

### India: Economic Pressure and Strategic Autonomy

The visit took place against the backdrop of increasing pressure from US President Donald Trump, who had levied punitive tariffs on Indian exports in response to New Delhi's purchases of discounted Russian oil.<sup>5</sup> In August, Trump had increased tariffs on Indian exports to 50 percent, arguing that half of the rate constituted

punitive measures in response to India's continued imports of discounted Russian oil. Since the outbreak of the Ukraine war, India has shifted from minimal reliance on Russian crude to becoming its second-largest buyer after China. Washington maintains that such purchases help fund Russia's war effort and has recently sanctioned two major Russian oil producers to pressure third countries, including India, to curb imports. Indian officials, however, insist that India has consistently complied with international sanctions and will continue to do so with respect to Russian oil.<sup>6</sup>

Thus, a backdrop to Putin's visit was India's strained trade relationship with the US, particularly the impact of Trump's higher tariffs on Indian exports, which have generated economic uncertainty and heightened concerns about market access and inflation. Against this backdrop, India's ties with Russia do not function as an economic alternative but as a source of diplomatic and strategic flexibility. The visit reinforced India's commitment to strategic autonomy, signalling that external economic pressure will not determine its foreign policy orientation.<sup>7</sup>

Discounted Russian crude oil imports have helped cushion India against inflationary shocks, easing vulnerability to US trade measures, while discussions on rupee-ruble trade and limited joint manufacturing point to efforts to diversify economic partnerships. Taken together, these factors strengthen India's negotiating position with the US, emphasising that tariff pressure alone cannot constrain its strategic choices and that the Russia relationship continues to serve as a stabilising counterweight in an increasingly contested economic environment.<sup>8</sup>

During talks, India and Russia reaffirmed their intention to expand cooperation across trade, defence, energy, and high-technology sectors. The two leaders committed to raising bilateral trade to \$100bn by 2030, building on record levels driven largely by India's imports of discounted Russian oil. While Putin emphasised Russia's reliability as an energy supplier, Modi highlighted the broader partnership, particularly in civil nuclear cooperation, downplaying oil purchases.<sup>9</sup>

Indeed, India has taken a cautious approach to Putin's offer to ensure steady fuel supplies, given the constraints created by US tariffs and sanctions. During the visit, Indian officials confirmed that recent sanctions on Russian oil were discussed, with India indicating that future energy purchases would be guided by market conditions and commercial considerations rather than political commitments.<sup>10</sup>

Beyond economic and energy considerations, India's engagement with Russia is shaped by strategic concerns linked to geography and regional security, particularly along its northern and north-eastern borders. China remains India's most significant long-term security challenge, and historically India has viewed its relationship with Russia as a means of maintaining a continental balance in Asia. The growing closeness between Russia and China has therefore caused unease in India, reinforcing its interest in sustaining strong ties with Russia in the hope of preserving Moscow's strategic independence and retaining some influence over its regional posture toward Beijing.<sup>11</sup>

### **Russia's Objectives and Outcomes**

During this visit, Russia was seeking to expand sales of crude oil as well as major defence platforms, including missile systems and fighter aircraft, building on a relationship in which Russia has long been a key arms supplier and, since the start of the Ukraine war in 2022, a major source of oil for India despite Western sanctions. The visit was accompanied by a senior delegation that included the defence minister and representatives from industry, emphasising Russia's intent to preserve its strategic and commercial footprint in India even as Indian crude imports from Russia decline amid tighter sanctions. Overall, the trip reflected Moscow's effort to reaffirm the substance of its partnership with India and advance incremental cooperation, particularly in defence and energy, despite shifting geopolitical and economic constraints.<sup>12</sup> Putin also sought to expand economic ties and balance the trade relationship by encouraging greater Indian exports to Russia and diversifying bilateral cooperation beyond energy.<sup>13</sup>

Overall, the summit gave Russia process and signalling wins more than immediate commercial breakthroughs. India and Russia adopted a Programme for economic cooperation through 2030, reiterated the \$100 billion bilateral trade target for 2030, and agreed to keep developing trade settlement and payment arrangements using national currencies<sup>14</sup>, all of which institutionalise Russia's long-term economic engagement with India.

However, the publicly announced deliverables were largely roadmap-based, and Russia's near-term material gains were constrained by India's more cautious oil-buying environment under US pressure and sanctions risk, with reporting noting reduced Indian purchases in recent months.<sup>15</sup> Nevertheless, the summit reinforced the structural basis of Russia's partnership with India across multiple strategic domains and underscored Moscow's continued relevance despite external challenges.

## NOTES

<sup>1</sup> "Putin's 2025 India visit: context, signals, and strategic implications", India's World, accessed 21 January 2026, <https://indiasworld.in/putins-2025-india-visit-context-signals-and-strategic-implications/>.

<sup>2</sup> Dr. Hayati Unlu, "Putin's visit to India: Implications for the global balance of power", accessed 21 January 2026, <https://www.aa.com.tr/en/opinion/opinion-putins-visit-to-india-implications-for-the-global-balance-of-power/3765169>.

<sup>3</sup> Alisha Rahaman Sarkar, "From bear hugs to oil: What were the key outcomes of Modi-Putin talks in Delhi?", The Independent, accessed 21 January 2026, <https://www.independent.co.uk/asia/india/modi-putin-delhi-oil-supply-defence-deal-b2879247.html>.

<sup>4</sup> Murali Krishnan, "Putin's India visit tests New Delhi's balancing act with US", accessed 21 January 2026, <https://www.dw.com/en/india-russia-putin-modi-united-states-trump-defense-economy-oil-sanctions/a-74999260>.

<sup>5</sup> "Putin challenges US pressure on India over Russian oil during state visit", Al Jazeera, accessed 21 January 2026, <https://www.aljazeera.com/news/2025/12/4/putin-challenges-us-pressure-on-india-over-russian-oil-during-state-visit>.

<sup>6</sup> Alisha Rahaman Sarkar, "From bear hugs to oil: What were the key outcomes of Modi-Putin talks in Delhi?", The Independent.

<sup>7</sup> Jagannath Panda, "After the Handshake: What Putin's India Visit Signals to a Fractured World", accessed 21 January 2026, <https://www.ispionline.it/en/publication/after-the-handshake-what-putins-india-visit-signals-to-a-fractured-world-225237>.

<sup>8</sup> Ibid.

<sup>9</sup> Andres Schipani and Polina Ivanova, "Vladimir Putin and Narendra Modi vow deeper co-operation", *The Financial Times*, accessed 21 January 2026, <https://www.ft.com/content/664dd863-5390-4fe5-a4a9-d7bf80ef3c35>.

<sup>10</sup> Matt Ford, Karl Sexton, and Shakeel Sobhan, "Putin says energy ties with India remain 'unaffected'", DW, accessed 21 January 2026, <https://www.dw.com/en/putin-says-energy-ties-with-india-remain-unaffected/live-75008648>.

<sup>11</sup> Hannah Ellis-Petersen and Pjotr Sauer, "Putin and Modi to meet amid politically treacherous times for Russia and India", *The Guardian*, accessed 21 January 2026, <https://www.theguardian.com/world/2025/dec/04/putin-and-modi-to-meet-amid-politically-treacherous-times-for-russia-and-india>.

<sup>12</sup> Nidhi Verma and Shivam Patel, "Russia's Putin seeks to boost energy, defence exports with India visit", Reuters, accessed 21 January 2026, <https://www.reuters.com/business/aerospace-defense/russias-putin-seeks-boost-energy-defence-exports-with-india-visit-2025-12-02/>.

<sup>13</sup> Shivam Patel and YP Rajesh, "Putin, Modi agree to expand and widen India-Russia trade, strengthen friendship", Reuters, accessed 21 January 2026, <https://www.reuters.com/business/aerospace-defense/russias-putin-hold-summit-talks-with-indias-modi-delhi-2025-12-05/>.

<sup>14</sup> "Joint Statement following the 23rd India - Russia Annual Summit", Prime Minister's Office, accessed 21 January 2026, <https://www.pib.gov.in/PressReleasePage.aspx?PRID=2199494&lang=2&reg=3&utm>.

<sup>15</sup> Andres Schipani and Polina Ivanova, "Vladimir Putin and Narendra Modi vow deeper co-operation", *The Financial Times*.