

India Needs to Hit Back at Trump but Not on Russian Oil

Jawhar Sircar, The Wire, 10 Aug 2022

Now that US President Donald Trump is getting more overbearing by the day, Prime Minister Modi has, at last, decided to stand up to him. No self-respecting nation can exist at the mercy of another and India has a track record of standing up to American hegemony and its Seventh Fleet gunboats and paying the price for them. Remember former Prime Minister Indira ticking off Nixon-Kissinger or even Vajpayee going ahead with his–Pokhran II nuclear demolition?

Trump's mood swings, whimsical weaponisation of tariffs and incessant rants against India have now crossed the red line – especially the last additional 25% tariff directed mainly at India's purchase of Russian oil. Trading partners are not miserable subjects and if China, that has much more to lose than India, could look Trump straight in the eye — and see him back off — so can India.

But, it is wise to choose one's own moment to strike and the most appropriate issue on which to do so, instead of reacting to deliberate provocations — as the foreign office appears to have done through its statement on August 4. Every carefully-drafted word of India's statement — that we are not the only one trading with Russia — is true. But diplomacy is not just about blurting out the truth like some witness in a court with their hand on the holy book. Nor does lecturing western nations on how unfair they are or have been help — as they are yet to shake off genetic promptings of colonial or racial behaviour and entitlement. Yelling at the European Union for quadrupling trade with 'untouchable' Russia would not shame them to stop, nor would the US say 'sorry' and withdraw its threats against India. The angst that comes out in the August 4 statement is much too bureaucratic a litany, with so little trace of diplomatic craftsmanship. It is, at best, a ready guide to passionate supporters of the regime to flood the social media with patriotic rage and jam it with vitriol against Trump, who was viewed, till recently, by the same indoctrinated lot as India's and Modi's best friend.

In fact, the Union external affairs ministry's righteous indignation is reminiscent of Nehru's lectures from the pulpit of non-alignment. But India was the tallest leader of the newly-liberated and non-aligned nations in Nehru's time. The current Jaishankar version of India's vexation and hurt impresses no one as the recent international mood proves indubitably that most believe that India is neither here nor there and is given to punching well above its weight.

It appears that the highly over-hyped extravaganza in India during a very-routine G 20 presidency has not only made the regime-enthusiasts delirious with joy (while it cut no ice abroad), but has actually self-hypnotised the leadership into believing that God had actually bestowed on India the mantle of leading the 'global south'.

Jaishankar's regular broadsides against the West during his visit to their capitals borders on the cantankerous, but the targeted 'global south' gave no claps. Instead, they annoyed his western hosts so much that not a single nation stood by India during and after Operation Sindoor, which, we claimed, was the ultimate war on terror. India's repeated denials of the reported loss of its prized Rafale and other aircrafts to Chinese missiles used by Pakistan hogged the international narrative to the extent that it didn't matter who won or lost and we looked like Pinocchio whose nose just kept elongating with every passing week. Impressions and beliefs matter much more than facts — and this should have been understood by someone who has himself risen on this beanstalk.

There is no evidence that we have recovered even a mile of our lost ground after this disastrous international isolation, though, in all fairness, one must admit that Prime Minister Modi is thankfully mending fences with Maldives. He is even taking positive steps towards China, in spite of its occupation of Indian territory. It's unclear why the Supreme Court would rebuke one for raising a hard fact about the loss of Indian territory to China and what it means by the term 'true Indians'. But such public humiliation and homilies are surely beyond its remit. It is odd for the court to ask whether one has undertaken long treks to the freezing Ladakh to check the actual position personally.

The moot point is whether India should make the single issue of importing crude oil from Russia the tipping point in our relations with the West. And why are we dragging in so many European nations that are already at the receiving end of Trumpian outbursts and his unrefined hectoring? This issue is something that we need to tackle bilaterally with the big blonde man and these Eurozone nations would, in fact, have relished our telling President Trump where he gets off.

Instead, by lumping them with a person who they view with utter distaste — and defy, as UK and France have just done, on Palestine — we seem to be pushing them over to Trump. True, these nations are part of NATO and 'support' the sanctions against Russia, but as our own statement reveals, they are quite happy in violating the system and revelling in political and economic adultery with Russia. Will the US lower our tariffs just because we told the whole world that "the United States ...continues to import from Russia uranium hexafluoride for its nuclear industry"?

Instead of expending inconsequential words on others, it may be more appropriate for us to protect most of the critical sectors in the Indo-US bilateral trade basket. Besides, as data from 2022-23 shows, importing crude oil from Russia benefitted [mainly two private refineries in Gujarat](#) (unless matters have drastically changed thereafter) and India may think twice before making this issue the last straw on the camel's back.

One had to fight the Indian establishment between 2022-24 to extract even minimal information on the enigmatic transactions with Russia, which, the commoners were told were all for the greater good of Mother India. As an MP in the Rajya Sabha at the time, many of us rained questions on the matter of Russian oil, the Union ministers for petroleum and external affairs — both my former colleagues, who have become much too prickly.

We were worried that India was facing a stormy international reaction for its so-called neutral stand on Russia's war with Ukraine in 2022, just because the main benefit actually went mainly to two private oil refiners more than to the public sector oil companies and the people of India. Instead of coming out upfront, the government went strangely defensive and deflective and with considerable difficulty, one managed to gather detailed information on imports of Russian crude and exports of petroleum products from India in the financial year 2022-23.

As mentioned, the two giant oil refineries in Gujarat, namely, Reliance and Nayara, a Russian-owned private sector company, reaped over 80% of the benefits of cheaper Russian crude oil — a fact that the petroleum minister did not deny, despite five letters to him.

Our oil Public Sector Undertakings had to continue purchasing at high rates from other countries for several months of 2022-23 as they had to abide by long term contracts. Over 20 letters to the petroleum minister and his deflecting replies, which kept getting more rude with every letter, are all on record. On December 11 2023, I charged him in writing, saying that he was giving misleading data. The exact words were "While you claimed (on 25th November '23) that the value of exports of petro-products in 2021-22 was around USD 44.4 billion, the figure with me from other official sources is USD 67.47 billion."

The reaction of the minister continued to be exasperating and uncivil and the matter finally came up for a mention in parliament. He pleaded with the Hon'ble Chairman of the Rajya Sabha to save him from what he termed as "epistolary assaults". The chairman intervened and sought for the full set of our correspondence on the imports of Russian oil and exports of petro-products during this period, which corresponded with Russia's invasion of Ukraine. On

December 12, 2023, I sent the entire lot of correspondence to the chairman — pointing also to the minister's use of unparliamentary words and obfuscating techniques.

One assumes that the chairman of the Rajya Sabha has seen my letters that quoted authentic data from the commerce ministry's statistical wing. These stated that India exported roughly the same amount 98/99 million tonnes of petro-products in both 2021-22 (mainly before the Ukraine war) and in 2022-23, when the war was at its peak. It confirmed that in 2022-23 Indian exporters received \$97.4 billion against \$67.4 billion in the previous year, for exporting almost the same quantity. The additional profit of \$30 billion dollars came to approximately ₹2.5 lakh crores.

Since Indian public sector refiners are debarred from exporting petro-products (except tiny amounts to some neighbours), the credit for this additional foreign exchange earnings must go to Reliance and Nayara. The petroleum minister, however, refused to comment or confirm this, despite repeated letters. Now, someone says that India had taken President Biden's clearance — but this was not stated then.

Then one raised the embarrassing report of western agencies charging India with fishing in troubled waters and "Laundromating" sanctions-hit Russian oil. This would mean "whitewashing" or making illicit gains and, though the minister refused to comment, these letters are the property of the Rajya Sabha, that could have demanded clarifications. It did not. If this is what happened with cheaper Russian crude oil in one year, one can only surmise what happened thereafter — though no clear government position statement is available .

If it's only a couple of private companies that stand to gain most from controversial Russian oil imports — and we do not see much benefit through reduced cost of petrol and diesel — is this the most appropriate issue on which to contest Trump? We may be walking into quicksand or be tarred again.

Trump's tariffs are on merchandise, that constitute 56% of India's exports to the US, but the other (almost) half of our exports, ie, services, are not likely to be targeted as the USA would be adversely affected. If the USA understands only its own pain, then we may consider slapping an export duty on Indian generic drugs, that US badly needs and favours, and have market dominance that others will take time to build. This would raise healthcare costs in the USA and hit Trump.

The commerce ministry has surely worked out several contingency plans for different merchandise exports and India may not be that badly affected in many of the top 30 product categories (known as Harmonised System-2 or HS-2) it exports to the US, that account for over almost half of

India's total exports to the US. Let us play it cool and since Trump is favouring Pakistan and Bangladesh with lower tariffs on 'ready made garments', we may devise some ingenious support to this sector within WTO discipline, to ameliorate a part of the disadvantage. The same goes for other badly hit sectors, like marine products. Otherwise, if these areas of merchandise exports are devastated by US tariffs they, in turn, will adversely impact the entire supply and production chains and take away jobs, in thousands and lakhs.

But Trump is not mad enough to push India towards China and is likely to reduce or abolish the additional 25% tariff if India negotiates a deal on Russian oil. But we have to firmly demonstrate that our sovereign decisions regarding relationship with Russia, Iran and others are totally non-negotiable. Arms purchases are also a big handle we have with the USA and so is Quad. Let us choose our weapons and the boxing rings with more caution.