

Mending Fences: Stabilizing India-U.S. Relations, December 2025

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My name is Jeff M. Smith. I am the Director of the Asian Studies Center at The Heritage Foundation. The views I express in this testimony are my own and should not be construed as representing any official position of The Heritage Foundation.

Background

Since the turn of the century, American foreign policy has been littered with too many costly wars and strategic misadventures. However, one enduring success stands out among the failures: the development of the India-U.S. strategic partnership.

Today, India's geopolitical importance is hard to overstate. It is the largest country in the world by population, a top five global economy, and a top five defense spender. It is one of only a handful of countries with nuclear weapons, aircraft carriers, intercontinental ballistic missiles, nuclear-powered submarines, and substantial space capabilities. It is a true global "swing state," with the size and influence to shape geopolitical outcomes.

At the turn of the century, following decades of Cold War estrangement, India and the U.S. had no defense relationship and negligible diplomatic and economic ties. Over the past 20 years—through the grueling work of trust and relationship-building across political, economic, and military domains—India has gone from a disaffected democracy to one of America's top defense and strategic partners.

Since signing a 10-year defense partnership framework and a civil nuclear deal with the U.S. in 2005, India has imported roughly \$30 billion in U.S. military hardware. The pace of strategic and defense cooperation accelerated after India was named a "Major Defense Partner" of the United States in 2016. Since then, the two sides signed several "foundational" military agreements covering everything from logistics support to encrypted communications and intelligence-sharing.

India is now a top-ten trading partner of the U.S., with over \$212 billion in annual trade in 2024. Indian companies have invested over \$40 billion in the U.S., supporting over 420,000 jobs. That's partly why the India caucus has long been the largest country-specific caucus in the U.S. Congress. More recently, the U.S. became a major supplier of oil and liquefied natural gas (LNG) to India. Bilateral energy trade is now hovering at around \$15 billion per year with ambitious plans to push it to \$25 billion annually in the years ahead.

The full scope of India-U.S. collaboration is dizzying and too expansive to document in detail here. It spans frontier technologies like AI, quantum, and semiconductors. There are U.S.–India health care partnerships, trade-policy forums, counterterrorism working groups, humanitarian aid contact groups, maritime-security dialogues, intelligence-sharing arrangements, defense-technology initiatives, and space-cooperation mechanisms. India and the U.S. are working together on pharmaceutical supply chains, cybersecurity, and providing sustainable infrastructure abroad.

As a foreign security partner, India-U.S. ties have been a low-cost and high-benefit success. The two countries are now doing joint patrols of the Indian Ocean and South China Sea, training for mountain warfare in the Himalayas, and tracking Chinese submarines together. U.S. and Indian warships are refueling each other at sea and the U.S. military has been given access to key Indian military installations, including near key chokepoints like the Strait of Malacca.

The China Factor

In addition to the numerous factors binding India and the U.S., they also share similar threat perceptions. Both have found themselves under attack from, and engaged in conflicts with, violent Islamist terrorist groups. More importantly, both countries see China is their principal adversary.

For India, the China threat is even more existential than it is for the U.S. The two countries share a long disputed border over which they fought a war in 1962 and which has been the site of deadly hostilities in just the past five years. The intensification of that border dispute has eliminated trust in an already contentious relationship and accelerated the rivalry between the two Asian giants.

Of all China's neighbors, India has offered the stiffest resistance to China's more aggressive foreign policy under General Secretary Xi Jinping. Notably, India was the first country to vocally oppose Xi's signature Belt and Road Initiative in the mid-2010s. In 2017 India militarily intervened when Chinese forces began extending a road into disputed territory in Bhutan, halting work on a road that would have placed the People's Liberation Army on strategic heights overlooking Indian territory. Indian forces remained forward-deployed until a mutual disengagement agreement was reached, though China continues to build new infrastructure and claim new territory in other parts of Bhutan.

During the Galwan crisis of 2020—which saw a series of flashpoints erupt along multiple points of the disputed China-India border in Ladakh—Chinese forces gained first mover advantage. However, India reinforced its positions and later flanked Chinese forces along the banks of Pangong Lake, forcing an eventual ceasefire agreement and limited disengagement following a deadly clash.

Beyond the military arena, India responded to the Galwan clash with uncommon resolve, banning TikTok and dozens of Chinese apps virtually overnight, expelling China companies from its telecom sector, freezing military and diplomatic ties, and cracking down on Chinese firms operating in India.

Over the past decade, the two countries' rivalry has spilled beyond the border, as China's reach has expanded into South Asia and the Indian Ocean, challenging India's dominant position in its traditional backyard, and prompting an intensifying strategic tug-of-war in battleground states such as the Maldives, Nepal, Bhutan, and Sri Lanka, and Bangladesh. The emergence of Chinese submarines, warships, and research vessels regularly operating in the Indian Ocean over the past decade has added another layer of friction. Finally, China's intimate military, diplomatic, intelligence, even nuclear cooperation with India's arch-rival Pakistan remains a substantial source of contention between the two countries.

Trump One and High Expectations

Approaching President Trump's second inauguration, expectations for India-U.S. relations were running high. Cooperation was particularly robust during the first Trump administration, which found an increasingly willing partner in the Narendra Modi-led government in New Delhi. In 2017, the two countries teamed up with Japan and Australia to revive the Quad grouping, four highly capable Indo-Pacific democracies alarmed by China's trajectory.

In 2018, the Trump administration started a new "2+2" foreign and defense ministers dialogue with India and eased regulatory burdens for U.S. high-tech defense and aerospace exports. The Trump administration also joined India in its opposition to China's BRI program, upgraded counterterrorism cooperation, and established a permanent link between the Indian military and CENTCOM.

The first Trump administration also made radical changes to America's Pakistan policy. It suspended nearly all U.S. security aid to Islamabad and supported Pakistan's "grey-listing" at the Financial Action Task Force, an international watchdog designed to combat terrorist financing. It also placed Pakistan on the State Department's Special Watch List for religious freedom violations.

After a terrorist attack in Kashmir in 2019, the Indian government responded with strikes on Pakistani terrorist training camps and thanked the Trump administration "for the firm support that India received." And when the China-India border erupted in crisis in 2020, the Trump administration rushed support to India in the form of intelligence-sharing, cold-weather gear, and advanced drones.

A Turbulent 2025

The high expectations set by the first Trump administration were bolstered by a strong start to the second Trump administration. In February, Prime Minister Modi was one of the first foreign leaders to visit the White House. Early indications suggested negotiators from the two sides were rapidly making progress toward a trade deal and India might be one of the first foreign countries to get a deal done under President Trump's second term.

Three things then happened to derail this positive momentum.

First, President Trump rejected the trade deal offered by New Delhi as insufficient and in early April imposed 25% "liberation day" tariffs on India.

Second, in late April, gunmen from a Pakistani-based terrorist group slipped into a mountain retreat for honeymooners in Kashmir and began shooting young Indian couples dead in broad daylight. The barbaric attack sparked a military response from India in early May. In Operation Sindoor, the Indian military struck terrorist training camps inside Pakistan, eventually sparking exchanges of artillery, missiles, and drones with the Pakistani military.

After initially determining to stay out of the conflict, the Trump administration involved itself after the Pakistani government made frantic calls to Washington complaining that an Indian strike came within several miles of a nuclear command building. Secretary Rubio reportedly worked the phones until both sides agreed to a ceasefire.

President Trump's public messaging about the ceasefire suggested he forced the two sides to the negotiating table under threat of trade sanctions. This put Prime Minister Modi in a difficult political situation, raising questions about why the Trump administration was treating India and Pakistan as equals. Modi's opponents – at home and in Pakistan – sought to portray him as weak and subject to coercion by the United States.

By contrast, Pakistani Field Marshal Asim Munir publicly suggested nominating President Trump for the Nobel Peace Prize and in June, Munir was invited to enjoy a private lunch with President Trump at the White House. It was the first time a Pakistani army chief (that was not also the head of state) was afforded such an honor. In August, Munir returned to the U.S. to celebrate the retirement of the CENTCOM commander.

Third, in August the Trump administration announced that it was imposing an additional 25% tariff on imports from India to penalize Indian purchases of Russian oil during the Ukraine conflict. At a time the relationship was already under duress, Indian officials complained the decision further strained the relationship and was particularly baffling because China received no such tariffs despite purchasing more Russian oil than India does. Relatedly, some of the Trump administration's recent dealmaking with China has prompted some questions among Indian experts as to whether Washington and New Delhi are still on the same page vis-à-vis China.

More broadly, this succession of events put pro-American voices in New Delhi on the defensive and has given America's critics ammunition to question the reliability and durability of the India-U.S. partnership. In late August/early September, Prime Minister Modi traveled to China for the first time in seven years to attend a meeting of the Shanghai Cooperation Organization. In December 2025, Russian President Vladimir Putin paid a two day visit to New Delhi.

Blame To Go Around

The year 2025 was challenging for India-U.S. relations. For India, the Trump administration touched several sensitive nerves—Pakistan, Russia, and tariffs—all at once.

For the U.S., the friction is the product of two irritants coalescing at once: recent frustration with Indian purchases of Russian oil, and longstanding discontent with Indian trade and investment barriers. Frustration with those two policies spilled over into punitive action at precisely the time President Trump made a questionable pivot toward Pakistan.

India feels it was blindsided by an administration it had viewed as a natural ally. However, New Delhi is far from blameless. The Trump administration is right to lean on India to open its economy. New Delhi has long employed high, and in some cases downright egregious, tariff and non-tariff barriers. Irritation over Indian trade practices has simmered under the surface of the relationship for decades but has frequently been subordinate to the ever-growing strategic and defense partnership. For the first time in recent memory, a U.S. administration is willing to subsume other strategic interests with India to advance its trade agenda.

Opening the Indian economy will require alienating some domestic constituencies but ultimately New Delhi will have to put a compelling trade and investment package on the table. The irony is the two sides were extremely close to reaching a deal at the end of the first Trump administration and

nearly got one done in spring 2025. Rumors suggest there is a new trade deal on the table now, awaiting approval from the U.S. president.

The Trump administration is also correct that there was some Indian “profiteering” involved in the oil trade with Russia. Indian entities were purchasing discounted Russian oil for resale at a higher price on the global market. It’s not unreasonable to ask India to do more to end a war that it says it opposes. And there are signs that India has indeed already begun to move away from Russian oil imports. But *how* those requests are made matters.

Russia’s relative value to India has shrunk considerably since the end of the Cold War. Russia is now weaker geopolitically, while India is now far stronger, with far a larger roster of powerful partners. Most important, Russia is not the hedge against China it once was: in fact, it has come full circle and emerged as China’s strongest international partnership.

There are nevertheless limits to how far India will go in altering its broader relationship with Russia. The Indian military has moved swiftly toward more diversified defense suppliers in recent years, especially to include the U.S., but a large proportion of its legacy military hardware is still Russian origin and for that reason alone it believes it cannot afford to alienate Moscow. And there is still an influential contingent in New Delhi that argues India must maintain strong ties to Russia to balance against American unpredictability, and their argument was strengthened by the events of this year.

Looking Ahead

For a modest investment, the U.S. has built real strategic convergence with the demographic giant of the 21st century, soon to be the third-largest economy and military in the world. India is the only country with the size, weight, population, geographic position, market, and political will to serve as a real counterweight to China. The U.S. coalition looks a lot different with India in it than it does with India outside it.

The U.S. government must continue to invest time, energy, and attention to strengthening this partnership and navigating differences where necessary. If it is successful, the U.S. gains a capable, independent, sovereign power that constrains China, supports American industry and energy, and brings stability to a region where the U.S. cannot and should not attempt to do everything alone.

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