



# The Weaponization Of Interdependence: American Strategic Leverage On India

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## Abstract

This study examines how the United States has leveraged economic and technological interdependence as instruments of strategic coercion against India. The concept of "weaponized interdependence" wherein states controlling key nodes in global networks extract strategic advantage to the contemporary US-India relationship. The study identifies three primary mechanisms of American leverage. First, through financial hegemony, the United States has deployed extraterritorial sanctions against Indian entities, most notably the February 2026 designation of Elevate Marine Management for transporting Iranian petroleum, demonstrating how dollar-based financial architecture enables Washington to penalize transactions with no direct American nexus. Second, through technological export controls governed by ITAR and EAR regulations, American bureaucratic processes continue to impede Indian businesses and defence collaborations, creating what Indian policymakers characterize as "strategic lock-in" rather than genuine partnership. The proposed F-35 fighter jet sale exemplified this dynamic, offering advanced technology contingent upon restrictions on source code access, weapons integration, and logistical independence—conditions India ultimately rejected.

Third, through market access leveraged via punitive tariffs, the Trump administration imposed fifty percent tariffs on Indian goods in 2025, explicitly linking trade penalties to India's continued procurement of Russian oil.

**Keywords:** weaponized interdependence, US-India relations, strategic autonomy, economic statecraft, export controls, sanctions, Tariff, market access, technical.

## Introduction

USA is India's Largest trading partner. In 2025, the bilateral trade between the India- Usa reached a record \$132.2 billion, with India having a trade surplus of \$40.82 billion. The term "weaponization of interdependence" refers to how powerful countries use their control over global networks such as the financial system, technology supply chains, and trade routes to pressure other nations. Instead of using military force, these countries leverage economic and technological connections as tools of influence and coercion. The United States and India exemplify this dynamic. Despite their official "strategic partnership," significant tensions exist. India maintains its doctrine of "strategic autonomy," refusing full alignment with American foreign policy. This was evident when India continued purchasing Russian crude oil after the Ukraine invasion, defying Western sanctions. Between 2024 and 2026, the Trump administration intensified pressure on India through three mechanisms: financial sanctions targeting

Indian shipping companies, fifty percent tariffs on Indian goods, and restrictive conditions on F-35 fighter jet sales. India responded by diversifying diplomatic partnerships, pursuing alternative defence deals with Russia, and strengthening domestic economic resilience.

### **Financial Hegemony**

**(i) Petro Dollar politics** - India is one of the prominent crude oil consumer nations in the world. Every day it's purchased around 5 million crude oils from various oil reached countries. Due to the Petro Dollars agreement that was signed between the United States and Saudi Arabia, where crude oil sales in US Dollar. Other Allies countries like, UAE, Iraq, Canada, various countries depend on the USA Dollar that make its Global Currency, that's why RBI continues to purchase and maintain massive 700 billion U.S Dollars in his forex exchange reserves. That makes the rupee drop in value in the international market. We are forcefully purchasing oil through usa Dollars

### **(ii)Control Over Global Financial system**

U.S. Dollar accounts for approximately 58% of global foreign exchange reserves as of early 2026. This status allows the U.S. the "exorbitant privilege" its influence Clearing House Interbank Payments System (CHIPS), which dill nearly \$1.9 trillion in daily transactions. While SWIFT is a Belgian cooperative, U.S. influence over it allows Washington to effectively "kick" nations like Russia and Iran out of the international financial system. The USA has dominant influence over the IMF and World Bank as the largest shareholder, holding over 16% of voting shares in the IMF and World Bank. That allows us to take major decisions, like helping Pakistan to get aid from the IMF and World Bank that hurt India's interest.

### **Technical Hegemony**

**Dependency on Infrastructure:** India is heavily dependent on U.S. systems, including Microsoft Windows, Google Android, Apple iOS, and various cloud services. If the United States cutoff of these services could significantly disrupt Indian digital payments and government systems. That is why India never fully opposed the USA on various international platforms.

**Digital Platforms & Data:** USA incredibly dominates India's digital market, including social media and web browsers like Google Chrome, WhatsApp, Facebook, Instagram, YouTube, Google map impacting online discourse and raising concerns over data regulation.

### **market access leveraged**

USA is India's number one trading partner in the world. In the financial year 2024- 25 US - India total trade deal was \$132 billion dollars. making up 11.40% of India's total commerce. This includes \$86.51 billion in exports and \$45.62 billion in imports. That means India enjoys \$40.89 of trade surplus over the US market. So that the USA is putting pressure and taking advantage of market access leveraged.

### **Tariff-Based Leverage**

The US has deployed several tariff instruments that directly pressure Indian exporters. The US initially imposed punitive tariffs of up to 50% on Indian goods, over purchased Russia oil. later negotiated down to 18% under the February 2026 interim agreement between United States and India. India agreed with us to cut off oil imports to Russia and purchase from the United States.

**GSP Benefits:** The US removed India from its Generalized System of Preferences (GSP) program in 2019, withdrawing duty-free access for many Indian exports, a benefit that has not been restored.

## India Domestic Market

The United States has applied significant pressure on India to open its market, primarily through the use of high tariffs, aiming for greater access to Indian agricultural, dairy, and industrial sectors. This pressure has been closely linked to India's continued imports of Russian oil and its economic policies. That hurts India's strategic autonomy stance.

## Research Objectives

- Analysis of financial leverage of the USA on India and how it impacts India's independence foreign policy.
- Analysis of Technological leverage of the USA on India and how it impacts Indian digital payments and government systems
- Analysis of market access leverage of the USA on India and how it impacts Indian Domestic agriculture, dairy and Domestic Market.

## Summary of Finding

In this study United States has massive leverage in the field of economic, technological and market access leverage on India. India is forcefully following the United States path to protect their interest. The United States has applied massive pressure in various fields on India that hurt India's strategic autonomy position. India faces difficulties to maintain its neutral position. India should come forward to self-reliance in the field of finance, technology and commerce. Through reciprocal traffic, sanction, Dominance on digital platform, significant influence in Imf and World Bank and Swift system. Dependency over the USA Market. The USA has The Weaponization of Interdependence and takes leverage on India.

## Conclusion

The relationship between the United States and India exemplifies a delicate balance between strategic interdependence and national autonomy. While the US possesses significant leverage through energy sanctions, trade sanction and defence partnerships often "weaponizing" these dependencies to influence Indian policy India has consistently demonstrated resilience by pursuing a strategy of strategic autonomy and diversification. Rather than capitulating to pressure, New Delhi has managed to hedge its bets: deepening ties with Washington on technology and defence to counter China, while simultaneously maintaining traditional partnerships with Russia and expanding economic relations with Europe and Asia. This multi-alignment approach allows India to absorb American pressure without being coerced into loyalty tests that compromise its sovereign decision-making.

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