

Diverging Paths under Pressure: India and South Korea's Contrasting Responses to US Tariffs

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After commencing his second term in January 2025, President Donald Trump reaffirmed his commitment to imposing tariffs, contending that the United States had long tolerated structural trade imbalances by maintaining comparatively low tariffs against high foreign barriers. On April 2, 2025, which President Trump declared “[Liberation Day](#),” or the “day of economic independence,” he displayed a large board listing countries and their respective tariff rates. Both India and South Korea appeared near the top of the list, positioned side by side in the sixth and seventh rows. India and South Korea were [assigned](#) rates of 26% and 25%, respectively.

Although the tariffs were announced on the same day, the two countries adopted different strategies in responding to them. This article examines the divergence in approaches between

South Korea and India and provides policy recommendations for each.

How Did India and South Korea Respond to US Tariffs, and What Progress Has Been Made?

India: On April 22, officials from both countries [signed](#) a terms of reference for the first phase of a proposed bilateral trade agreement. However, on August 6, the White House announced it would double India's rate to 50%, tying the move to India's [continued](#) purchases of Russian oil. India then took a stronger approach, halting the negotiations, denouncing the decision, and [vowing](#) that "India will not bow down." India eventually resumed the negotiation, and there have been reports of a prospective deal framework that could bring US tariffs on Indian goods down [toward](#) 15-16%. However, as of early November, nothing has materialized.

South Korea: After April 2, Korea began negotiating with the US, [holding](#) more than 12 high-level meetings up to July 30, just two days before the tariffs were set to take effect, when a preliminary agreement was reached. The main outcome was South Korea's pledge to invest a total of \$350 billion in the US, including \$150 billion project called "MASGA" (Make American Shipbuilding Great Again), which is [dedicated](#) to rebuilding the American shipbuilding industry.

However, no joint statement regarding the new trade deal was made after the presidential summit on August 26, as the two sides [failed](#) to reconcile key details. Talks subsequently stalled for several months due to disagreements over how the \$350 billion would be disbursed. The US preferred a lump-sum payment, while South Korea insisted on a phased approach, [claiming](#) that a lump-sum payment could destabilize its economy. As the EU and Japan [wrapped up trade deals](#) that lowered tariffs on automobiles from 25% to 15%, South Korea was left out. The unchanged 25% rate was [damaging](#) to its auto industry, given that the US is its largest export market.

Finally, on October 29, during the APEC Summit in South Korea, the two countries reached an agreement. The deal reduced US tariffs on South Korean automobiles and parts from 25% to 15% and granted preferential or zero-tariff access for South Korean products, including pharmaceuticals, ship components, and generic drugs. Korea and the US also agreed on safety measures that cap annual investment outflows at roughly [\\$20 billion for ten years](#), reaching the agreed sum of \$200 billion and require projects to meet commercial viability standards under joint oversight by an investment committee.

Divergent Approaches: Explaining India's Assertiveness and South Korea's Restraint

If there is one commonality in how India and Korea dealt with tariffs, it is that neither country retaliated against the US. However, there was a difference in how the two countries approached the tariffs. India took a much more assertive stance, at times openly criticizing the US, while Korea adopted a more conciliatory approach, seeking to reduce tariffs through negotiations.

India's stronger stance stems from its foreign policy, which promotes multipolarity, rejects a US-dominated unipolar system, and seeks to prevent any single power, whether the United States or China, from achieving global hegemony. This approach is rooted in India's multi-aligned hedging strategy, which emphasizes strategic flexibility rather than alignment with any single dominant power. Accordingly, India has been deepening defense and technological cooperation with the United States, maintaining long-standing energy and military ties with Russia, and sustaining economic interdependence with China despite ongoing geopolitical conflicts. It also participates in US-led frameworks, such as the Quad, while engaging in China- and Russia-led frameworks, including BRICS and the SCO. This broad network of diversified partnerships enables India to pursue its national interests, providing it with the flexibility and confidence to resist US pressure and

negotiate on its own terms.

India's assertive posture is also reinforced by economic realities that make it difficult for the country to fully comply with US pressure to cut imports of Russian oil. Russian oil now [accounts](#) for 35–40% of India's total crude oil imports, forming a significant foundation for its energy security. These imports [remain](#) 2–6% cheaper than Brent crude, the international benchmark, making them an essential means of containing inflation and stabilizing India's domestic energy market. Completely forgoing Russian oil would therefore impose significant economic costs on India's growth and energy stability, as well as strain its strong relationship with Moscow.

South Korea's restrained response to US tariffs can largely be attributed to its reliance on American security guarantees. South Korea has been a US ally for over seven decades. After the Korean War, the two countries signed the Mutual Defense Treaty, which established the US commitment to defend South Korea in the event of external aggression. Since then, the alliance has become the cornerstone of South Korea's national security and foreign policy, shaping nearly every aspect of its defense and diplomatic strategy.

This long-standing alliance has deepened further since North Korea's first nuclear test in 2006, which heightened South Korea's reliance on US extended deterrence. Faced with North Korea's advancing missile and nuclear capabilities, South Korea has come to view its security partnership with the United States as indispensable. Consequently, this security dependence constrains South Korea's ability to act freely in other areas, including trade policy, as it cannot risk jeopardizing the alliance that underpins its national defense.

The logic behind this restraint [aligns](#) with Glenn Snyder's concept of the "security dilemma in alliance politics." According to Snyder, allies often face a trade-off between

preserving dependence for security and asserting autonomy in pursuit of national interests. In South Korea's case, challenging the US too directly over tariffs would risk signaling disunity within the alliance, an outcome South Korea wishes to avoid amid ongoing threats from North Korea. Thus, while India can afford a more independent posture thanks to its non-aligned tradition, South Korea's reliance on the United States inherently limits its capacity to adopt a stronger or more autonomous stance in moments of policy friction.

Policy Recommendations for India and South Korea

Although the trade agreement between the United States and South Korea has been formally concluded, Korea should avoid any sense of complacency, as this deal may not mark the end of Trump's pursuit of "fair trade". Therefore, South Korea must intensify its competitiveness in emerging industries, such as artificial intelligence, small modular reactors (SMRs), quantum computing, electric vehicles, and advanced defense technologies, while simultaneously broadening its trade portfolio to include partners like India, ASEAN members, and the Middle East. Regarding the pledged cash investment of \$200 billion (capped at \$20 billion annually), the government's [assurances](#) of manageability warrant scrutiny: with Korea's total foreign exchange reserves [amounting](#) to roughly \$410 billion, this commitment demands a carefully calibrated strategy to mitigate potential adverse impacts on its economic stability.

For the Indian economy, it is advisable to reach a trade deal with the United States, since enduring a 50% tariff from its largest trade surplus partner poses risks to India's exports. Reaching such a deal, however, may not be overly difficult. Geopolitically, both the US and India share a broader objective of countering China's rise in the Indo-Pacific and South Asia, making cooperation between them strategically indispensable. At the same time, India's "Make in India" and

“Atmanirbhar Bharat” (self-reliant India) [initiatives](#) should evolve beyond political slogans into concrete, measurable policies, particularly by [advancing](#) high-tech manufacturing, semiconductor production, and critical minerals processing. Such an approach would not only help India mitigate economic pressures from US tariffs but also position it as a more self-reliant and influential player in the Indo-Pacific region.