

India may not be the main target of Trump's tariff threats to BRICS

Amiti Sen
New Delhi

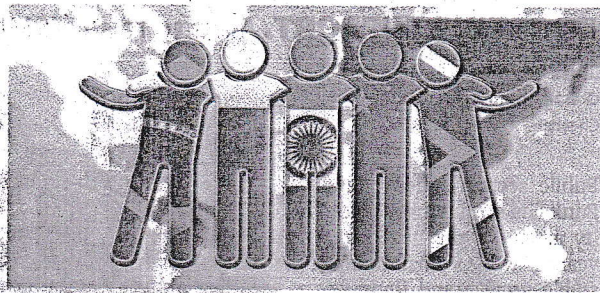
India is unlikely to be in the immediate firing line of US President Donald Trump, who has threatened tariffs against BRICS countries if they continue to promote de-dollarisation, sources have said. New Delhi is less at risk as it has adopted local currency trade only in a limited way compared to other members such as Russia, Brazil and China, who are big votaries of reducing reliance on the US dollar.

"If Trump wants to target BRICS countries for their de-dollarisation push, the big promoters such as China, Russia and Brazil are likely to be targeted first. India's local currency trade has been limited so far, so the possibility of being hit by tariffs for it is low," a source tracking the matter told *businessline*.

RUPEE TRADE

However, India is likely to keep pursuing its interests in promoting rupee trade with some of its trade partners to help internationalise the Indian currency and is ready to face challenges if there were any, the source said.

"The US government has been holding discussions



KEY NATIONS Russia, China and Brazil are bigger votaries of de-dollarisation but New Delhi will continue to pursue local currency trade, say sources

with BRICS nations individually on the matter of de-dollarisation and any action that Trump may take is likely to be against individual members," the source said.

Soon after taking charge on January 20, Trump told reporters that he would take action against the BRICS grouping, which includes Brazil, Russia, India, China and South Africa as its core members, if they continue to pursue their de-dollarisation efforts.

"As a BRICS nation, they'll face a 100 per cent tariff if they so much as even think about doing what they thought, and therefore they will give it up immediately," he said.

While the BRICS nations have recognised that a common currency would take a

long time to fructify, one of the focus areas of discussion at the BRICS Summit in Kazan in October 2024 was to foster intra-BRICS trade, especially with initiatives like the BRICS Grain Exchange and cross-border payment systems in local currencies.

THE PRIMARY FORCE

While Russia and China have been aggressively pushing for de-dollarisation and are seen as the primary forces behind the planned BRICS currency, Brazilian President Luiz Inacio Lula da Silva, too, has been highly critical of the dollar system and has described it as an unjust tool of US dominance that undermines the Global South.

"India's adoption of local currency trade is more to

promote the Indian rupee as an international currency and de-risk Indian trade by reducing dependence on one currency than to de-dollarise," the source said.

In the case of India, more than half of its total imports from across countries are invoiced in the US dollar, which is by far the dominant currency for international trade.

External Affairs Minister S Jaishankar and former RBI Governor Shaktikanta Das, too, had clarified recently that India was not advocating de-dollarisation but was merely securing its interests.

India has started local currency direct trading with certain countries, such as the UAE, and has a rupee payment mechanism in place with Russia.

Banks from as many as 22 countries have opened special rupee vostro accounts in Indian banks, the MEA had informed the Lok Sabha in a written reply in July 2023.

The countries included Belarus, Botswana, Fiji, Germany, Guyana, Israel, Kenya, Malaysia, Mauritius, Myanmar, New Zealand, Oman, Russia, Seychelles, Singapore, Sri Lanka, Tanzania, Uganda, Bangladesh, Maldives, Kazakhstan and the United Kingdom.