

# PrepAlpine

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# DAILY CURRENT AFFAIRS DATED 16.02.2026

## GS Paper II: International Relations

### 1. India–United States Interim Trade Agreement: Issues and Ambiguities

#### a. Introduction

India and the United States have concluded an interim bilateral trade agreement after a period of tariff disputes and strategic friction. The agreement is presented as a temporary stabilisation measure and a stepping stone toward a broader trade deal.

While it aims to reduce uncertainty and strengthen economic engagement, the agreement raises concerns related to agricultural protection, tariff symmetry, regulatory autonomy, energy sovereignty, and strategic independence.

#### b. Background of Trade Tensions

Trade relations became strained when the United States imposed elevated tariffs on Indian goods. These actions were reportedly linked to broader strategic concerns, including India's energy purchases from Russia.

Before the dispute:

- The United States maintained relatively low average tariffs on Indian exports.
- India enjoyed a trade surplus in bilateral commerce.

The interim agreement seeks to restore predictability and prevent further escalation in trade friction.

However, the new arrangement differs from the earlier trade structure.

#### c. Core Elements of the Interim Agreement

The agreement includes several commitments from both sides.

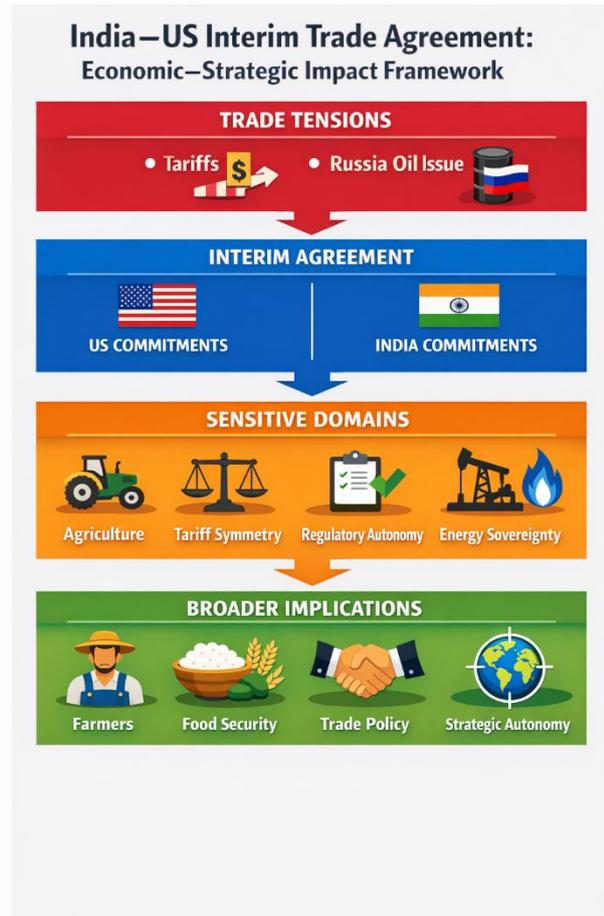
##### i. United States Commitments

- Reduction of certain elevated tariff rates on Indian goods.
- Restoration of limited market access in selected sectors.

However, tariffs remain higher than pre-dispute levels.

##### ii. Indian Commitments

- Reduction or elimination of tariffs on selected industrial and agricultural goods.
- Addressing certain non-tariff barriers, particularly in agriculture.
- Plans for large purchases of U.S. energy products, aircraft, technology goods, and coking coal.



The agreement is also linked to broader expectations regarding India's energy sourcing decisions. Although presented as mutually beneficial, areas of ambiguity remain.

#### **d. Agricultural Protection and Rural Concerns**

Agriculture is central to India's socio-economic structure, with nearly half of the workforce dependent on it.

##### **i. Traditional Protection**

India has historically protected sensitive sectors such as:

- Cereals
- Dairy
- Pulses

This protection is provided through tariffs, import restrictions, and regulatory standards.

##### **ii. Genetically Modified (GM) Products**

The United States has frequently raised concerns about India's restrictions on genetically modified agricultural imports.

If regulatory standards are diluted:

- Indian farmers may face competition from highly subsidised U.S. agribusiness.
- Domestic price stability may weaken.
- Rural incomes may be affected.

The lack of explicit clarity on continued tariff protection creates uncertainty for farmers.

Thus, agricultural policy becomes a key area of sensitivity.

#### **e. Non-Tariff Barriers and Regulatory Autonomy**

Non-tariff barriers include health standards, quality controls, and biosafety measures.

While these measures can protect public health and food safety, they are sometimes criticised as disguised trade restrictions.

##### **Issues of Concern**

- Extent of regulatory adjustment remains unclear.
- Relaxation of standards may weaken domestic policy control.
- Regulatory sovereignty could be constrained.

The debate therefore extends beyond tariffs to questions of policy independence.

#### **f. Tariff Asymmetry and Trade Balance**

A key issue is whether concessions are reciprocal.

##### **i. Pre-Dispute Situation**

- U.S. tariffs on Indian goods were relatively low.
- India maintained a trade surplus.

##### **ii. Current Arrangement**

- U.S. tariffs remain higher than earlier levels.

- India has undertaken broader market-opening commitments.

If tariff reductions are uneven, India's competitive advantage in certain sectors may reduce over time.

Thus, the question of tariff symmetry is central to evaluating fairness.

### **g. Impact on Labour-Intensive Sectors**

Improved market access may benefit sectors such as:

- Textiles
- Garments
- Labour-intensive manufacturing

However, the gains depend on comparative advantages.

If competing countries receive similar or better tariff concessions, India's relative competitiveness may not significantly improve.

Therefore, benefits must be assessed in comparative global terms.

### **h. Energy Sovereignty and Strategic Autonomy**

Energy imports are a sensitive dimension of the agreement.

India has diversified crude oil sourcing to ensure affordability and energy security, including purchases from Russia.

#### **Key Questions**

- Can trade agreements indirectly influence energy sourcing decisions?
- Does this affect India's doctrine of strategic autonomy?

Energy security is a core national interest. Any perception of external pressure on sovereign choices has implications beyond trade.

This dimension links trade policy with foreign policy autonomy.

### **i. Broader Economic and Strategic Implications**

#### **i. Implications for Farmers**

- Increased exposure to subsidised foreign agriculture.
- Possible strain on the Minimum Support Price (MSP) system.
- Indirect pressure on procurement and price stability.

#### **ii. Implications for Food Security**

India's food security system depends on:

- Domestic procurement.
- Buffer stocks.
- Public Distribution System (PDS).

Large-scale imports in sensitive sectors could disrupt this architecture.

#### **iii. Implications for Trade Policy**

India has traditionally followed a cautious and calibrated liberalisation strategy.

The interim agreement signals deeper integration with the U.S., but whether this is temporary or structural remains uncertain.

#### **iv. Implications for Strategic Autonomy**

India's foreign policy emphasises multi-alignment and independent decision-making. If trade arrangements affect decisions in energy or agriculture, concerns about autonomy may intensify.

Thus, the agreement has consequences beyond economics.

#### **j. Arguments in Favour of the Agreement**

Supporters highlight several potential advantages:

- Strengthens strategic partnership between two major democracies.
- Reduces trade uncertainty and enhances investor confidence.
- Improves access to the U.S. market.
- Encourages technology transfer and capital flows.
- Reinforces cooperation in defence and supply chain resilience.

From a geopolitical perspective, economic integration may deepen strategic alignment.

#### **k. Way Forward: Balancing Integration with Protection**

For a sustainable final agreement:

- Sensitive agricultural sectors should remain adequately protected.
- Biosafety and food standards must be science-based and not diluted arbitrarily.
- Tariff concessions should be reciprocal and balanced.
- Energy sourcing decisions must remain guided by national interest.
- Transparent stakeholder consultations should be institutionalised.

A comprehensive trade agreement must expand export opportunities without undermining domestic development priorities.

#### **Conclusion**

The interim trade agreement marks an important phase in India–U.S. economic relations. It reflects a preference for negotiation over confrontation.

However, ambiguities in agricultural protection, tariff symmetry, regulatory autonomy, and energy sovereignty require careful scrutiny.

Trade policy is not only about expanding markets. It is equally about protecting livelihoods, ensuring food security, and preserving sovereign decision-making.

A balanced and transparent final agreement must reconcile deeper economic integration with developmental resilience, ensuring that international cooperation strengthens rather than constrains India's long-term strategic interests.

## Reader's Note — About This Current Affairs Compilation

Dear Aspirant,

This document is part of the PrepAlpine Current Affairs Series — designed to bring clarity, structure, and precision to your daily UPSC learning.

While every effort has been made to balance depth with brevity, please keep the following in mind:

### 1. Orientation & Purpose

This compilation is curated primarily from the UPSC Mains perspective — with emphasis on conceptual clarity, analytical depth, and interlinkages across GS papers.

However, the PrepAlpine team is simultaneously developing a dedicated Prelims-focused Current Affairs Series, designed for:

- factual coverage
- data recall
- Prelims-style MCQs
- objective pattern analysis

This Prelims Edition will be released separately as a standalone publication.

### 2. Content Length

Some sections may feel shorter or longer depending on topic relevance and news density. To fit your personal preference, you may freely resize or summarize sections using any LLM tool (ChatGPT, Gemini, Claude, etc.) at your convenience.

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The formatting combines:

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- lists
- tables
- visual cues

—all optimised for retention.

If you prefer a specific style (lists → paras, paras → tables, etc.), feel free to convert using any free LLM.

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