

## INDIA, CP-TPP AND THE INDO-PACIFIC TRADE AGENDA IN A TRUMPIAN ERA

by

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Since the Trump administration's "[Liberation Day](#)" on April 2, 2025, the world has witnessed the unravelling of the global trade order like never before as Donald Trump imposed reciprocal tariffs against all economies to varying degrees. While the seeds of it were sown during his first term, Trump has taken his protectionist agenda to unprecedented levels in this term. India has been among the worst-treated, as it faced [50 percent tariffs](#) until February 6, 2026, when a 25 percent punitive tariff against India was [removed](#) for buying Russian oil that the Trump administration alleged funded Putin's war against Ukraine. Officials in New Delhi found the treatment unfair, citing similar practices by other economies, especially China, though a few crucial sectors, such as electronics and pharmaceuticals, were exempt from tariffs. India has continued to procure Russian oil in somewhat reduced quantities despite all the limitations caused by the U.S. actions. Ironically, Indian refiners have recently received a [temporary waiver](#) from the U.S. to buy more oil, as the U.S.-Israel war against Iran has disrupted the energy markets with inflationary risks.

### The Tariff Ambiguity

Further, in the recent weeks, there have been many developments in quick succession, adding to the uncertainty. Just as India and the U.S. reached an understanding on an interim trade deal at [18 percent tariffs](#) on India, the U.S. Supreme Court [invalidated](#) Trump's unilateral tariff imposition against all countries under the International Emergency Economic Powers Act (IEEPA). Trump did not back down and in response imposed [10 percent tariffs](#) against all nations with the intention to raise to 15 percent sometime soon. These new tariffs under [Section 122 of the Trade Act of 1974](#) stay for five months from the day of implementation. During this period, the White House intends to conduct numerous

trade investigations under Section 301, among other regulations, to take the effective tariffs to the level before the U.S. Supreme Court ruling on IEEPA.

So, the course of trade-related action for the rest of the year remains volatile, especially the future of bilateral trade and investment deals with various economies at specific negotiated tariff rates. Further, beyond bilateral trade equations with China and traditional allies, Trump's relatively muted engagement in the Indo-Pacific has not gone unnoticed, especially when the 2025 [Quad Summit](#) scheduled to be in India did not happen, and 2026 dates are not out yet. This is significant considering that Trump was at the forefront in reactivating the Quad during his first term. India and the U.S. have, meanwhile, renewed their [10-year defense partnership](#), and all the other conventional bilateral engagements continue, but the unease in the relationship is palpable owing to trade tensions. Trump is also repeatedly taking [credit](#) for the pause of "Operation Sindoor" much to India's irritation and this has only added to the situation.

To face the trade headwinds, diversifying trade linkages has been one of the key pursuits of the Modi government, notwithstanding the fact that trade relations between India and the U.S. may improve at some point in future. Like India, other countries are also looking to diversify trade relationships and reduce dependency on both the U.S. and China. The Modi government has successfully negotiated eight [free trade agreements](#) (FTA) since 2021, including with the United Arab Emirates, the United Kingdom, Australia, New Zealand, European Free Trade Association, Mauritius, Oman and the latest being the biggest of all with the European Union on January 27, 2026.

New Delhi is in the process of negotiating several others. In continuation of that, the Modi government should also try to look towards the East to strengthen its Act East Policy and add membership of the Pacific trade bloc, the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CP-TPP), to the agenda.

### Learning from Abe leadership

The [CP-TPP](#) was formed in 2018 with Australia, Brunei, Chile, Canada, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore and Vietnam as 11 founding members; the United Kingdom (UK) was the twelfth addition in 2023. Its membership gives access to a trade bloc representing [15 percent](#) of global GDP. Other economies like [China, Taiwan, Costa Rica](#), South Korea, Indonesia, the United Arab Emirates, and the Philippines, among others, have begun the process of joining the CP-TPP.

The CP-TPP membership would not just be about looking for new trade markets for India but also an opportunity to contribute to shaping a coherent geo-economic outlook for the Indo-Pacific, specifically on the trade front, during these testing times. To face the trade hegemony of China in Asia, no multilateral grouping in the Indo-Pacific can be complete without the presence of either the U.S. or India, as the former is the pre-eminent player of the Pacific and the latter the Indian Ocean. None of the large multilateral trade blocs in the region at the moment has India or the U.S. as a member. While the U.S. has not been interested in any serious efforts since it backed out from joining the CP-TPP during the first Trump term, India can certainly approach the grouping towards a larger Indo-Pacific trade agenda.

India joining the CP-TPP would contribute to reduced dependency of both India and other CP-TPP members on both the U.S. and China. The Modi administration can take a cue from the leadership of one of the earliest Indo-Pacific champions, the late former Japanese Prime Minister [Shinzo Abe](#), when he went ahead and led the formation of the CP-TPP after the U.S. backed out. As a soon-to-be third-largest world economy, it is imperative for India to show similar leadership to leverage the CP-TPP to the advantage of a larger Indo-Pacific trade architecture. India can try to do everything with the CP-TPP that it could not with the Regional Comprehensive Economic Partnership (RCEP). The RCEP process was largely led and influenced by China. Likely “[adverse effects that Chinese interests could have caused](#)” was cited by India as one of the reasons why it pulled out from

signing the RCEP at the last moment in 2019. China is not yet part of the CP-TPP, and it is likely that it will not be anytime soon—owing to a trust deficit between China and CP-TPP members due to recent geopolitical tensions and Beijing’s trading practices, though many CP-TPP members are also part of the RCEP.

India has a few things going for it. It can leverage close partnerships with other members of the CP-TPP, especially Quad members Japan and Australia, to influence the grouping to seek its membership. India has, in the recent past, entered into free trade agreements with [Australia, NZ and the UK](#), and is in the process of [reviewing](#) the existing ones with Japan and the Association of Southeast Asian Nations (ASEAN), which includes CP-TPP members Vietnam, Malaysia and Brunei, and is in pursuit of new FTAs with other members like [Peru and Chile](#). After the recent diplomatic tensions, Canada and India have revived [FTA talks](#) under the new Canadian Prime Minister Mark Carney. As India is already engaged in strong trade relations with most of the CP-TPP members bilaterally, India can certainly take forward the process to join the CP-TPP on a positive note.

### India Working on its Competitiveness

However, India is not as competitive and productive as several members of the CP-TPP in many tradable sectors. But India’s recent successes in forging trade deals should give some confidence in going ahead, though those deals are not as comprehensive as some of these advanced economies would like. It must finalize its [model Bilateral Investment Treaty](#) (BIT) that was announced as soon as possible, as the lack of it causes hindrance in realizing the full potential of any trade and investment deal. BITs are key to reaching the full potential of foreign direct investments, even more so when entering into trade agreements.

India should trust its process. Applying and becoming a member of the CP-TPP is likely to take some years, which is a good enough time for India to build competitiveness in sectors where it feels it may be lagging. In this regard, it can replicate its success



of production-linked incentives in as many likely areas as possible. Moreover, India should bet on its own size. At some stage, the compounding size of its domestic market itself may provide an additional marginal productivity push to the firms producing locally for export competitiveness.

Accordingly, India has also been investing extensively in domestic connectivity and shipping to reduce logistics costs and ensure better integration into global trade networks. India has improved its rankings in [the logistics performance index](#) of the World Bank significantly, especially in areas of International Shipments and Turn Around Time. This can be expected to improve further as the Modi government has directed [substantial funding allocations](#) towards domestic shipbuilding and several new ports, including the most ambitious [Vadhavan Port](#) near Mumbai as part of the India-Middle East-Europe Economic Corridor, and has recently passed five [legislations](#) to modernize maritime governance. Moreover, the government has implemented other key [reforms, including the rationalization of the](#) Goods and Services Tax (GST) and the notification

of modern labor codes. Alongside these, it continues to pursue deregulation in [domestic industries](#) and implement [power sector reforms](#), especially in the distribution segment, to help reduce electricity costs for industry.

In sum, India should try to join the CP-TPP to not only diversify trade away from the U.S. but also balance the trade hegemony of China in Asia by leading the most composite and coherent Indo-Pacific trade agenda. India must be ready to assume leadership towards this objective due to its necessities and the measures it is taking domestically to support such action.

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