

US–India trade deal collapses amid rising tariff dispute



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WASHINGTON / NEW DELHI, Aug. 8 – Hopes for a new trade agreement between the United States and India have collapsed after months of negotiations, with steep tariffs now threatening to strain relations between the two countries.

Talks began earlier this year following Prime Minister Narendra Modi’s visit to the White House, and by July, Indian officials believed a deal had been reached. They were waiting for President

Donald Trump's approval. Instead, the president imposed a 25% tariff on Indian goods, followed by another 25% penalty linked to India's purchase of Russian oil. The combined tariffs could reach 50% later this month.

US officials say the collapse came because India did not cut enough of its own import tariffs, even though it agreed to reduce many. Other countries, such as Indonesia, offered lower rates, making India's offer "insufficient" in Washington's view.

Mukesh Aghi, head of the US-India Strategic Partnership Forum, warned the situation was damaging years of progress. "We have built trust for 25 years, and now it seems to be unraveling in 25 hours," he said.

One key factor was the lack of direct talks between Modi and Trump. Indian officials say the prime minister did not want to risk a public disagreement, while US negotiators note that deals with Japan and South Korea were completed without leader-to-leader calls.

India says its purchases of Russian oil are about energy security, and it is unfairly being singled out, as other buyers like the EU and Turkey have not faced similar penalties.

Negotiations are still ongoing, and an agreement before the August 27 deadline could prevent the full tariff increase. Both sides have signalled they want to keep communication open despite the tensions.

