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Trump Signals Up to 25% Tariffs for India Without Trade Deal

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President Donald Trump has warned that India could face tariffs as high as 25% if a trade agreement with the United States is not finalized by the upcoming August 1 deadline. Speaking to reporters on Tuesday, Trump called India a “good friend” but emphasized that the current trade imbalance would no longer be tolerated under his leadership.

“Yeah, I think so,” Trump said when asked whether India would face higher tariffs without a deal. He added, *“India has been a good friend, but India has charged basically more tariffs than almost any other country. But now I’m in charge, and you just can’t do that.”*

The comment follows months of back-and-forth negotiations between Washington and New Delhi. While both sides have made progress, a final agreement has proven elusive, with U.S. trade officials alternating between cautious optimism and skepticism. The White House has reportedly included India on a list of countries facing potential tariff hikes if no deal is reached by the start of August.

U.S. Trade Representative Jamieson Greer said earlier this week, *“We continue to speak with our Indian counterparts. We’ve always had very constructive discussions with them.”* However, he also acknowledged that India’s long-standing protectionist policies remain a hurdle. *“Delhi’s trade framework has for decades prioritized shielding its domestic industries, particularly agriculture,”* Greer added.

India’s agriculture and dairy sectors remain key sticking points in negotiations. Washington has repeatedly called for broader access to India’s tightly regulated farming industry, viewing it as a largely untapped market. In contrast, India continues to defend its domestic policies, citing national food security and the livelihoods of millions of smallholder farmers.

In an interview with CNBC, Indian Commerce Minister Piyush Goyal stated, *“Agriculture is a sensitive sector for India. We will ensure our farmers’ interests are well protected.”* Despite the impasse, Goyal has maintained that progress is being made. Speaking to Reuters, he described the talks as making “fantastic progress” and expressed hope for a “very consequential partnership.”

While India has already lowered tariffs on select American goods including Bourbon whiskey and motorcycles the U.S. still runs a sizable \$45 billion trade deficit with New Delhi. Trump, who has long championed fairer trade terms for the United States, has made clear that closing this gap remains a top priority.

Previously, in April, Trump announced tariff hikes of up to 27% on certain Indian goods, although those measures were paused to allow for further negotiations. India has so far avoided a formal notice of increased tariffs, which several other trading partners have already received.

Despite setbacks, both nations continue to signal intent to expand their economic relationship. In 2024, bilateral trade between the two countries reached \$190 billion, making the U.S. one of India's largest trading partners. Trump and Indian Prime Minister Narendra Modi have jointly set an ambitious target to more than double that figure to \$500 billion.