

Trump Announces Trade Deal With India to Reduce Tariffs

The agreement was short on details, but President Trump said India had promised to stop buying Russian oil and would buy more U.S. farm goods and other products.



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President Trump said on Monday that the United States had reached a trade agreement with India that would reduce some of the punishing tariffs the United States had placed on Indian imports.

The deal, as Mr. Trump described it on social media, would roll back some of his tariffs in return for India dropping its tariffs on some American goods and ceasing purchases of Russian oil.

The agreement included few details beyond the United States lowering its tariff on India's export to 18 percent. Mr. Trump had raised tariffs on Indian products to 50 percent following troubled bilateral negotiations last year.

The arrangement appeared likely to defuse some of the tensions between the United States and India. The tariffs have hurt India's attractiveness as a manufacturing hub, particularly for companies that have tried to move factories out of China. Analysts said the deal would reverse that dynamic and help to pull India back into a strategic alliance with the United States.

In a post on social media, Prime Minister Narendra Modi of India wrote that he was "delighted" by the tariff reduction but was similarly sparse on details, including whether his country would stop buying Russian oil as Mr. Trump had claimed.

"When two large economies and the world's largest democracies work together, it benefits our people and unlocks immense opportunities for mutually beneficial cooperation," he wrote. "President Trump's leadership is vital for global peace, stability, and prosperity."

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In his post, Mr. Trump said he would reduce American tariffs on India, and that India would "likewise move forward to reduce their Tariffs and Non Tariff Barriers against the United States, to ZERO." He said that he and Mr. Modi had discussed ending the war in Ukraine, and that India had agreed to buy oil from the United States and "potentially" from Venezuela instead of Russia.

Mr. Modi would "'BUY AMERICAN,' at a much higher level," Mr. Trump claimed, including "\$500 BILLION DOLLARS of U.S. Energy, Technology, Agricultural, Coal, and many other products."

Eswar Prasad, a professor of trade policy at Cornell University, said the deal would put India “back in pole position as a major economic and geopolitical ally,” especially if it was finalized before a recent agreement between India and the European Union. He said it was “remarkable” that Mr. Modi appeared willing to drop restrictions on U.S. agricultural exports, despite how politically sensitive the sector is in India.

“This deal would bring India and the U.S. back into economic and geopolitical alignment, although U.S. immigration policies and remaining tariffs will certainly remain as thorny issues between the two countries,” he said.



Ana Swanson

Times reporter covering the Trump tariffs

“I have been reporting on economics, trade and international relations for over a decade, from both China and the U.S. I aim to underpin my work with data and numbers, as well as give voice to the personal stories of people I encounter in my reporting.”

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The White House did not immediately provide any other details of the arrangement. A White House spokesman said the administration expected to release related documents soon. The initial agreements that the Trump administration has announced over the past year have often been framework agreements that leave many details to be hashed out. Some, like the deals with South Korea and the European Union, have run into issues in recent weeks.

Just last week, India announced a long-awaited trade deal with the European Union, as both governments looked to diversify their markets. India also signed a free-trade agreement with Britain last year, as well as deals with Oman and

New Zealand.

But the lack of a deal with the Trump administration had been a sore spot for India, which counts the United States as its largest trading partner. The countries carried out a difficult negotiation last year, as Mr. Trump imposed steep tariffs on the country's exports, then raised them further, leaving India facing among the highest tariff rates of any nation.

Mr. Trump has long complained about India's barriers to trade, including tariffs that make American cars and motorcycles too expensive for the Indian market. In his first term, Mr. Trump spent years trying to negotiate a trade deal with India, but it never came to fruition.

At the beginning of his second term, the friendly relationship between Mr. Trump and Mr. Modi raised hopes for an early trade deal. A delegation from New Delhi visited Washington just two weeks after Mr. Trump's re-election, in part to talk about trade.

But as he did for other countries, Mr. Trump imposed steep tariffs on Indian exports. He announced in July that Indian goods would face a 25 percent tariff, then doubled that rate in August, saying that India should stop buying Russian oil.

Through months of trade talks, the two sides continued to spar over issues like agricultural access — and Mr. Modi's refusal to back up Mr. Trump's claims that he had "solved" the military conflict between India and Pakistan, a dispute that dates back more than 75 years.

Some Indian industries have been eager for a more open trading relationship with the United States, including makers of pharmaceuticals, auto parts and chemicals. But other sectors, notably agriculture, pushed to maintain relatively

high tariffs and other regulations that block imports of foreign farm goods. The Indian government has been reluctant to remove those barriers, saying that they are necessary to protect small-scale farmers, who often live in poverty, from being put out of business.

Indian officials were also troubled by Mr. Trump's plan to put other national security-related tariffs on pharmaceuticals, and felt stung by the administration's promises to crack down on student visas. The country has become the biggest source of foreign students to American universities, overtaking China.

The India tariff posed significant challenges for U.S. businesses importing from India, some of whom had turned to the market as a safe haven after U.S. officials urged them to move factories out of China.

While an 18 percent tariff is far lower than in recent months, critics of Mr. Trump's tariff policy said it still represented a significant tax increase on small businesses and American consumers that buy Indian products compared with recent years.

Dan Anthony, the executive director of We Pay the Tariffs, a coalition of more than 800 small businesses that oppose the levies, called the arrangement "a permanent tax hike" that would impose "a 600 percent tax increase on American businesses compared to 2024."

"Before President Trump's tariff policies, American importers paid an average of about 2.5 percent on goods from India. This 'deal' locks in a rate six times higher than what we were paying a year ago," he said.

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