A much-anticipated trade agreement between the United States and India—touted early on as one of former President Donald Trump's signature achievements in his second White House term—remains elusive, as political sensitivities and competing priorities threaten to derail negotiations.

Though talks between Washington and New Delhi have been underway since February, and progress has been made on areas like agriculture, energy, and non-tariff barriers, sources close to the negotiations say sealing the first phase of a deal has proven more complex than the Trump administration anticipated. With the White House pushing to finalize a deal by July 8, pressure is building on both sides.

Negotiators have reportedly reached a consensus on several technical issues, yet the broader demands being placed on India—to substantially lower trade barriers without equivalent U.S. concessions—have complicated efforts. Prime Minister Narendra Modi's government is facing mounting domestic resistance, with critics portraying the deal as a one-sided arrangement driven more by U.S. coercion than mutual benefit.

"Nothing riles Indians more than the idea that their government was bullied by a foreign leader," said Syed Akbaruddin, India's former ambassador to the United Nations. "What could have been a win-win deal is now at risk of being painted as capitulation."

While U.S. officials, including Vice President JD Vance and Commerce Secretary Howard Lutnick, have projected optimism, the administration's high-pressure tactics and efforts to tie the trade deal to unrelated regional issues—such as peace talks between India and Pakistan—have only fueled mistrust in New Delhi.

President Trump's repeated assertions that he helped mediate between the South Asian rivals have drawn public backlash in India, where any suggestion of foreign interference in relations with Pakistan is politically toxic. Modi reportedly reaffirmed India's position in a recent call with Trump, stating there is "complete political consensus" against third-party mediation.

"Trump's comments have injected mistrust and public skepticism of U.S. support to India," Akbaruddin added. "The more he repeats that claim, the more any trade

agreement smells like coercion, not cooperation."

Experts say the administration's trade strategy—relying heavily on tariffs to pressure allies into opening markets—has met stiff resistance across the globe, not just in India. Similar tensions have derailed talks with countries like Japan, the European Union, and South Korea.

For India, which imposes some of the highest average tariff rates among major economies—estimated around 17 percent—trade protections are often seen as vital for safeguarding millions of small-scale farmers. With memories still fresh from nationwide farmer protests that led to the repeal of controversial agricultural reforms in 2021, Modi's government is treading carefully.

"India is protective of its farmers," said Sharon Bomer Lauritsen, a former U.S. trade official now with AgriTrade. "They're going to resist anything that threatens their livelihoods."

While previous efforts to finalize a U.S.-India trade deal during Trump's first term collapsed over similar issues, current negotiations are considered a priority by both governments. Still, observers note that without more flexibility from the U.S., especially around market access and tariffs, India is unlikely to make politically costly compromises.

A potential breakthrough could come in the form of a phased agreement, with the initial stage focusing on niche products such as tree nuts, alfalfa, ethanol, and specialty fruits—goods not widely produced in India. But a more ambitious agreement addressing U.S. dairy exports and genetically modified crops remains out of reach, sources say.

"They've been pretty clear all along that dairy was going to be a heavy lift," said one person familiar with the talks.

Despite the impasse, administration officials remain upbeat. "Productive discussions with India continue," a White House official said, speaking on condition of anonymity. "We look forward to announcing an historic U.S.-India trade agreement in short order."

Yet some worry that political realities may trump economic logic. Mukesh Aghi, president of the U.S.-India Strategic Partnership Forum, warned that the optics of any agreement could backfire on India's leadership.

"Whatever the current government does, it will be seen as capitulating to President Trump's demand," Aghi said. "So they are in a no-win situation."

As the July 8 deadline looms, many close to the process believe any deal announced by then will likely serve as a preliminary framework—marking the beginning, not the culmination, of a longer negotiation.

"India is the fourth-largest economy in the world now, and a critical strategic partner in the Indo-Pacific," said Mark Linscott, a former U.S. trade negotiator. "The stakes are high, and both sides know it. This agreement, if it happens, could set the tone for U.S.-India relations for years to come."