

India refuses to give in to US demand on farm in trade talks

FINAL PUSH. If two sides are unable to reach deal by July 9, exporters may face 26% tariffs

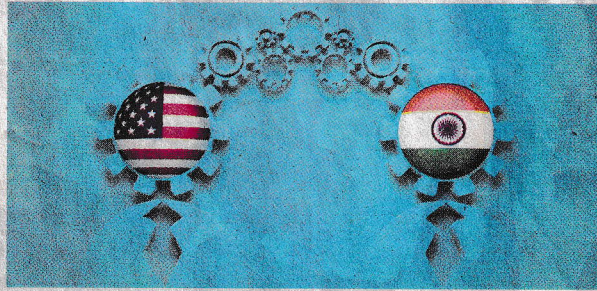
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India has refused to give in to the US demand for market access in sensitive agriculture sectors, including dairy and GM crops, in the on-going trade negotiations in Washington DC where the two sides are trying to strike an interim deal by the deadline of July 9, sources have said.

"New Delhi has hardened its position on agriculture as it is a redline and it is not possible to meet many demands from the US. If a deal is not struck by July 9, India may face the full brunt of 26 per cent reciprocal tariffs on its exports to the US," a source tracking the matter told *businessline*.

TRUMP TARIFF

However, efforts are still on to reach a pact, and the Indian negotiating team will stay back in Washington DC for the next few days to see if



EFFORTS ON. India's negotiating team will stay back in Washington DC for the next few days to see if a deal could emerge by the D-Day

a deal could still emerge by the D-Day, the source added.

On April 2, US President Donald Trump announced reciprocal tariffs on most countries with which US had a trade deficit and paused them for a 90-day period that expires on July 9. The tariff rates differed for different countries mostly depending on the deficit levels.

Trump declared a 26 per cent reciprocal tariff on Indian goods, of which a baseline tariff of 10 per cent was already imposed in April.

It was being hoped that if an interim trade deal, to be later absorbed into a full-fledged comprehensive bilateral trade agreement (by the designated timeline of Fall 2025), could be carved out by July 9, it could benefit both sides. "India wanted that the interim deal should not only result in roll back of the entire 26 per cent reciprocal tariff but the US should also withdraw the sector-specific duties on steel & aluminium and automobiles. If the two sides fail to clinch a deal by

July 9, none of that is going to happen," an industry source said.

SENSITIVE ITEMS

While India has in the past offered some duty cuts to other trade partners in items such as fruits, nuts and meat, there are many sensitive items, including dairy products, that the government cannot open up. "Genetically modified crops grown in the US, such as soya and corn, that America is keen to sell to India, is yet another redline that cannot be crossed," the industry source. Neither can India provide market access in foodgrain sensitive to India's food security such as rice and wheat, the source added.

"One hopes that the US understands India's position in agriculture and a deal is reached by July 9. If that turns out to be difficult, one could wish for a postponement of the reciprocal tariff imposition date," the source said.