

India-US talks on interim trade deal in final phase

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WITH INDIA TOUGHENING its stand on opening up its agriculture sector in a way sought by the US, the talks between the two countries on an interim trade agreement have entered a sensitive stage.

To get an agreement, the Indian team of negotiators who are currently in Washington, are expected to extend their stay beyond Monday, a senior official said.

The talks in Washington were to end on Friday last week but were extended by three more days till Monday to finalise the interim trade deal that will help India avoid the full blow of reciprocal tariffs.

In an interview to FE on Sunday, finance minister Nirmala Sitharaman had said that agriculture and dairy were among very big red lines where a high degree of caution has been exercised.

"There is no way we could do anything that would weaken our agriculture, our farmers' position."

"If talks fail, then 26% tariffs on Indian imports are imminent," another official said. Whatever path the negotiations on the interim deal take, both sides will continue to discuss the first tranche of the Bilateral Trade Agreement (BTA) and conclude it by the autumn deadline.

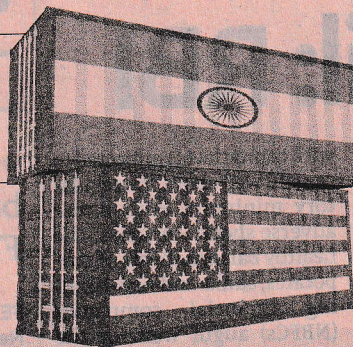
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signed has it offered concessions in dairy trade. In staples like wheat and maize also, India is not in a position to offer concessions. A limited scope to open up markets exists in ethanol, almonds, apples, raisins, avocados, olive oil, spirits and wines.

The US is also seeking markets for its genetically modified food products. India, on its part, has not allowed cultivation and sale of any food crops domestically despite pressure from multinationals involved in their promotion.

Apart from agriculture, the US is seeking greater opening up of the Indian markets for its services and digital companies. India's interest is in getting lower duties on its labour intensive items of exports like textiles and leather.

India also has an interest in keeping the US market open for emerging areas of exports like electronics and smartphones, auto and auto

parts and engineering goods.

US President Donald Trump had announced reciprocal tariffs on all the trade partners of America on April 2.

For India, the rate of reciprocal tariffs was kept at 26%. Then on April 9, Trump delayed the full implementation of these import duties for 90 days. The pause is ending on July 9 so the negotiations from both sides are involved in a last minute push to narrow down its differences.

Despite the pause, Indian exports to the US are still paying 10% additional duties.

Apart from reciprocal tariffs, Indian exports of steel and aluminium are facing 50% additional duties. On automobiles and parts, the additional duties of 25% have been imposed by Trump.

The Indian team, currently in Washington, is being led by special secretary Rajesh Agrawal. The US team in the negotiations is led by assis-

tant United States Trade Representative (USTR) Brenden Lynch.

The Indian team's latest visit comes just two weeks after the US team's visit, led by Lynch, to India.

In the meetings that lasted from June 4-10, both sides discussed market access in goods and services trade, sanitary and phytosanitary measures, technical barriers to trade, customs and trade facilitation, digital trade and legal framework.

Apart from negotiators, the engagements at the ministerial level are being held frequently. Commerce and industry minister Piyush Goyal led a delegation to the US from May 17-22, and held meetings with his counterparts — the secretary of commerce, Howard Lutnick, and USTR Jamieson Greer.

In between the physical meetings, both India and the US are constantly engaged through virtual means.