

India to leverage bilateral trade pact to tackle Trump's reciprocal tariff plans

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India is likely to deal with US President Donald Trump's reciprocal tariff plan in a calibrated way by leveraging the proposed bilateral trade agreement (BTA), sources have said.

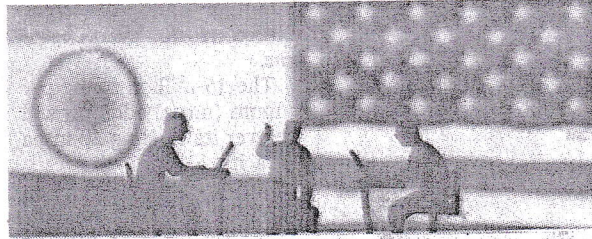
"Whether Trump imposes reciprocal tariffs immediately on Indian exports or defers them, India will try to find its way out of it by negotiating a mutually beneficial BTA," a source tracking the matter told *businessline*.

CALIBRATED RESPONSE

In an internal meeting in the Commerce Department on Wednesday ahead of the reciprocal tariff announcement by Trump, it was decided that "knee-jerk reactions" would be avoided and the way forward would be mapped in a calibrated manner, the source said.

India has indicated a number of items, including agricultural products, where it plans to prioritise tariff cuts for the US, when top officials from the two countries met last week to discuss the contours of the proposed BTA, the source added.

"This was done to indicate India's seriousness in addressing US' concerns on bilateral trade deficit and ad-



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dress it in an expedited manner," the source said.

TARIFF UNCERTAINTY

The world is waiting for Trump's 'Liberation Day' reciprocal tariffs, expected in the early hours of Thursday in India (Wednesday evening in Washington DC), as the US has not shared much information about the form they will take and the countries to be covered beyond the "high-tariffing" ones.

On Monday, Trump said in a briefing that "he had heard that India was willing to drop its tariff substantially". This strengthened expectations that he may defer reciprocal tariffs on India.

"Even if Trump imposes tariffs right away on most trade partners, including India, it may not end in a bad way for the country," the source said. Some exports may indeed take a hit if the tariffs are high, but if these are imposed on most coun-

tries, then it would result in a level-playing field.

ADVANTAGE INDIA

"India could negotiate carve-outs for itself as part of the BTA being negotiated and may even be better off than some other countries it competes with in the US market that do not get such carve-outs," the source said.

Also, the imposition of reciprocal tariffs may lead to counter-measures, disrupting world trade. "There could be opportunities for India's exporters if there is a disruption in world trade as it could step in to fill gaps in supplies," the source added.

Sectors in India that could take a hit if the US imposes reciprocal tariffs proportionate to tariffs charged by its trade partners include textiles, engineering goods, gems & jewellery, agricultural items, IT products such as phones, and pharmaceuticals.