

# India seeks consultations with the US at WTO over auto tariffs

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India has sought consultations with the US at the World Trade Organisation (WTO) on tariff increase of 25 per cent on imports of passenger vehicles (PVs) and light trucks and on certain automobile parts, stating that these were safeguard measures that should have been notified by the US to the multilateral trade body.

This comes on the heels of India reserving its rights at the WTO to retaliate against US tariffs on steel and aluminium.

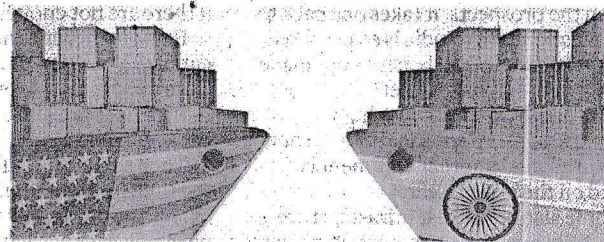
India may raise the issue of tariffs on both steel and

aluminium and automobiles, seeking a rollback, in the ongoing bilateral trade agreement (BTA) negotiations with the US, sources said.

## COMPENSATION

India pointed out that on March 26, 2025, the US announced a tariff increase of 25 per cent *ad valorem* on its imports of PVs and light trucks, and on certain automobile parts from India.

"India considers that the measure, in its design and effect, constitutes safeguard measure within the meaning of Article XIX of GATT 1994 and the Agreement on Safeguards (AoS), as it is intended to protect the US domestic industry from



**AT STAKE.** India's exports of auto components to the US are significant and estimated at \$6.8 billion (FY24) GETTY IMAGES

increased imports," it said.

While India's export of cars and trucks to the US is low, that of its auto components to the country is significant and is estimated at around \$6.8 billion in FY24.

The US failed to notify the WTO Committee on Safeguards under Article 12.1(c)

of the AoS on taking a decision to apply the safeguard measure. "As an affected member with significant export interest to the United States in the products concerned, India requests consultations with the country to exchange views on the measure," India submitted.

India wants to discuss compensation as Article 8.1 outlines the obligation of a member to compensate a trading partner for the application of a safeguard measure. This requirement applies when a safeguard measure is imposed and causes, or threatens to cause, significant damage to the trading partner's exports.

## SAFEGUARD MEASURES

India had also sought consultations with the US when it had applied 25 per cent import duties on steel and aluminium products on March 12. The US had argued that the sector-specific duties were applied on national security grounds, but India

maintained that these were essentially safeguard duties. When wrongfully applied, the affected WTO member can seek to retaliate.

"The safeguard measures would affect \$7.6 billion imports into the US of the relevant products originating in India, on which the duty collection would be \$1.91 billion," India noted.

"Now that the US is set to double steel and aluminium tariffs to 50 from 25 per cent, the duty collection on India's exports of the items would have increased proportionately. It has to be seen if India gives a fresh submission on right for suspended concessions of a higher amount," a source noted.