

As Trump warns of stiffer tariffs, Delhi mulls support to exporters

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US President Donald Trump on Monday said that he will "substantially raise" tariffs on India for buying Russian oil and then selling it in the open market for big profits.

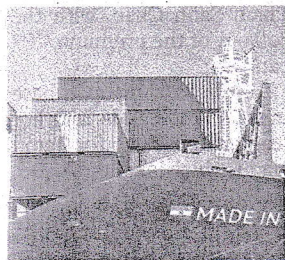
"India is not only buying massive amounts of Russian oil, they are then, for much of the oil purchased, selling it on the open market for big profits. They don't care how many people in Ukraine are being killed by the Russian war machine. Because of this, I will be substantially raising the tariff paid by India to the USA..." the US President said in a post on his social media platform *Truth Social*.

SUPPORT PLANNED

Trump's threat adds to the worries of exporters already struggling to deal with the 25 per cent US reciprocal tariffs set to kick in from August 7.

New Delhi is in talks with exporters for appropriate support for select products worst affected by the levies, according to official sources.

Among the sectors are textiles, chemicals, engineering products, leather, agriculture, steel, food processing,



marine products and electronic goods.

Last week, the US President announced a 25 per cent reciprocal tariff on India, higher than the 19-20 per cent levied on competitors like Pakistan, Bangladesh, Vietnam, the Philippines and Indonesia.

Although Trump had earlier threatened penalties on India for purchasing oil and defence equipment from Russia, his August 1 executive orders did not include such measures.

"Exporters were already preparing to tackle the 25 per cent reciprocal tariffs, given the fact that the tariff differential with many competing countries was not so much. But any additional penalty will make things very difficult. The uncertainty of it is making things worse," a garments shipper told *businessline*.

MANY OPTIONS

Exporters have suggested various support options, including an enhancement of the rates under the popular RoDTEP and the RoSCTL schemes that reimburse the exporters for the input duties paid, early reinstatement and enhancement in the rates of the interest equalisation scheme, and ensuring timely payment of all dues.

Negotiations for a bilateral trade agreement (BTA) are on between India and the US but so far talks have been turbulent as some of the demands made by Washington, especially for dairy, sensitive agricultural products and genetically modified crops, are unacceptable to India.

MUTUALLY BENEFICIAL

"India wants to finalise the BTA with the US but it has to be mutually beneficial and give India some advantages over its competitors in the US market. New Delhi can also not cross its red lines, some of which are also linked to religious sentiments," a source said.

A team of negotiators from the US is expected to be in New Delhi on August 25 for the next round of the BTA talks.