

18% US tariff to kick in after joint statement in 4-5 days

Goyal says first tranche of 'formal' pact by mid-March

SHREYA NANDI

New Delhi, 5 February

India and the United States (US) plan to issue a joint statement in the next four to five days finalising the first tranche of their trade agreement, Commerce and Industry Minister Piyush Goyal said on Thursday. This will be followed by a White House Executive Order cutting tariffs on Indian exports to the US to 18 per cent from 50 per cent now, Goyal added.

The joint statement will be followed by the signing of the first tranche of a "formal", "legal" trade agreement by mid-March, Goyal told reporters.

After a phone call with Prime Minister Narendra Modi, US President Donald Trump on Monday announced that the much-awaited trade deal with India had been agreed upon and that tariffs would be slashed to 18 per cent.

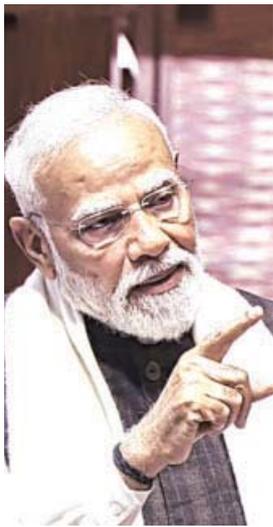
The agreement came more than five months after Washington imposed 50 per cent tariffs on several Indian exports, including a 25 per cent punitive duty linked to India's purchases of Russian oil.

Discussions between the two countries on the first phase of the deal will be crystallised through the joint statement, which will lay out the mutual understanding reached and outline the key elements of the agreement.

"Based on the joint statement, a formal agreement will be drafted, which may take a month or month and a half to finalise. We aim to sign the formal agreement by mid-March," Goyal said.

India will reduce tariffs on products agreed under the trade deal only after the formal agreement is signed. The legal agreement will authorise the Indian government to implement tariff elimination and reduction.

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EU, US deals to open up big opportunities for youth: PM

Prime Minister Narendra Modi on Thursday said India's recent trade deals with the European Union (EU) and the United States would open immense opportunities for the country's youth and for its small and medium enterprises.



“WE HOPE TO DO THINGS FAST BECAUSE THERE ARE FURTHER CONCESSIONS THAT WE WILL GET AFTER THE LEGAL AGREEMENT”

Piyush Goyal
Commerce and Industry Minister

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Mkt not opened for major crops: Shivraj

Allaying fears that farmers' interests will be compromised post the India-US trade deal, Agriculture Minister Shivraj Singh Chouhan on Thursday said no market had been opened for any major crop as part of the pact.

■ India, GCC ink terms of reference for FTA talks

RIL buys 2 mn barrels of oil from Venezuela

REUTERS

New Delhi/Singapore, 5 February

Reliance Industries Ltd (RIL) has bought 2 million barrels of Venezuelan oil from trader Vitol, trade sources said on Thursday, the first purchase by the company from the South American nation in nearly a year.

Trading houses Vitol and Trafigura were granted US licences to market and sell millions of barrels of Venezuelan oil following the US military operation last month to capture President Nicolas Maduro, and a subsequent supply agreement with interim President Delcy Rodriguez.

RIL, which operates the world's biggest refining complex, has bought Venezuelan crude for April delivery at a discount of \$6.5-\$7 per barrel to ICE Brent, the trade sources said. RIL did not respond to a *Reuters* email seeking comment. In an email, Vitol said it had no comment to offer.

■ Venezuela longstanding energy partner: MEA P10 ►

18% US tariff to follow joint statement due in 4-5 days: Goyal

India's tariffs, which are based on most-favoured nation (MFN) rates under global trade rules, can be tweaked only after a trade agreement has been formally signed.

"We hope to do things fast because there are further concessions that we will get after the legal agreement," Goyal added.

Once signed, the agreement with the US will be India's ninth trade deal in the past five years. Negotiations for the India-US trade agreement were launched in March last year.

\$500 billion purchase

Trump had also said that India had committed to "buy American" at a much higher level, including purchases of over \$500 billion worth of US energy, technology, agricultural products, coal, and other goods.

India intends to buy \$500 billion worth of goods from the US over the next five years, which will include sectors such as oil and gas, aircraft and aircraft parts, precious metals and diamonds, and technology products including high-end chips and server products. It will include \$20 billion worth of tech products that go into setting up data centres.

"When we estimated what we will need from the US, we came to a figure of at least \$500 billion. Our aircraft demand alone —

orders placed on Boeing... are nearly \$70-80 billion. If you add engines or other spare parts, it will cross \$100 billion.

Data centres have been given huge concessions in the Budget. If we get \$100-150 billion of investment in data centres, we will need equipment for them," Goyal told reporters.

According to commerce department estimates, India's current global purchases of these items exceed \$300 billion annually and are expected to rise to \$2 trillion over the next five years. Procuring \$500 billion worth of these items from the US would result in diversification and build resilience in India's supply chains.

Explaining New Delhi's intent to scale up imports from the US, Goyal had told Parliament on Wednesday that India's push to become a developed nation would require capacity expansion in sectors such as energy, aviation, data centres, and nuclear power.

Since the US is a global leader in these areas, India would explore trade opportunities that boost both imports and exports, he had told Parliament.

The US is India's largest export destination. In FY25, India exported goods worth \$86.5 billion to the US, while imports from the US stood at \$45.6 billion.