

# Trump signals no reciprocal tariff reprieve for India

Analysts say possible measures by US could cost India \$7 bn a yr

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United States (US) President Donald Trump, in his address to Congress on Tuesday, signaled that there would be no reprieve for India from the reciprocal tariffs set to take effect on April 2.

Through reciprocal tariffs, the US aims to match other countries' tariffs, taxes, and non-tariff barriers.

"On average, the European Union, China, Brazil, India, Mexico and Canada, and countless other nations charge us tremendously higher tariffs than we charge them. It's very unfair. India charges us auto tariffs higher than 100 per cent...

On April 2, reciprocal tariffs kick in and whatever they tariff us other countries, we will tariff them. Whatever they tax us, we will tax them," Trump said addressing a joint session of the Congress.

This is not the first time Trump has called India a high-tariff nation. In the past, he has made it clear that Washington would not exempt India from reciprocal tariffs.

This development makes things complex for India-US relations, especially since last month. In February, Prime Minister Narendra Modi and Trump had announced their intention to sign a mutually beneficial trade agreement (BTA) within the next seven to eight months.

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**DONALD TRUMP**, US PRESIDENT

▶ **TRIUMPHANT TRUMP GIVES FIRST SPEECH TO CONGRESS**

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**US EYES ZERO TARIFF ON CARS IN TRADE DEAL, BUT INDIA UNLIKELY TO BUDGE**

The US wants India to eliminate tariffs on car imports under a proposed trade deal, but New Delhi is reluctant to immediately bring down such duties even as it considers further cuts, sources said.

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# Trump: Reciprocity to apply to non-monetary tariffs as well

Trump's latest salvo comes at time when Union Commerce & Industry Minister Piyush Goyal is currently in Washington to seek clarity on the shift in the US government's trade policy. He is set to meet key officials of the Trump administration, including United States Trade Representative (USTR) Jamieson Greer and US Secretary of Commerce Howard Lutnick.

Ajay Sahai, director-general and chief executive officer of Federation of Indian Export Organisations, said this could probably be a signal to conclude the trade agreement between India and the US quickly.

"When two countries are talking about Mission 500 (target \$500 billion trade), then achieving that won't be possible if India is subjected to high tariffs. Besides, what's the point of going ahead with a preferential trade arrangement if the US decides to impose a higher tariff on India? This looks like a negotiating strategy as of now," Sahai said.

According to Citi Research analysts, Indian exporters are

likely to face uncertainty due to reciprocal tariffs, with potential losses estimated at around \$7 billion per year. Sectors, such as metals, chemicals, and jewellery, are at the highest risk, followed by pharmaceuticals, automobiles, and food items.

US President Trump also stated that reciprocity would apply to non-monetary tariffs as well.

"If they do non-monetary tariffs to keep us out of their market, then we will do non-monetary barriers to keep them out of our market. There's a lot of that too. They don't even allow us in their market. We will take in trillions and trillions of dollars to create jobs like we have never seen before," Trump said.

According to data compiled by Nomura, among Asian countries, the US faces the maximum non-tariff measures (NTMs) from China, followed by India. For instance, the US faces 30 NTMs in the form of anti-dumping duty from India and 51 from China, including anti-dumping, countervailing, as well as sanitary and phytosanitary measures.