

India seeks to retain tariff edge over Asian peers in US trade deal

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In its trade deal with the United States (US), India is likely to insist on retaining a tariff advantage over its Asian peers, seeking to preserve the gains in relative market access it secured before the American Supreme Court struck down the country-specific tariffs imposed by the Donald Trump administration.

Before the ruling, India had negotiated an 18 per cent tariff with Washington — a rate lower than that for Indonesia (19 per cent), Bangladesh (19 per cent), Pakistan (19 per cent), Vietnam (20 per cent), and China (34 per cent).

“Our deal with the US was designed in a way that we had a comparative advantage over our competitors. We will insist that it not be disturbed when the deal is finalised,” a government official said.

A team headed by India’s chief trade negotiator for the US, Darpan Jain, had to postpone the visit to Washington DC on February 22 to finalise the legal text for the negotiated interim trade deal

amid the uncertainty surrounding the tariff situation following the Supreme Court judgment. However, US Commerce Secretary Howard Lutnick last week met India’s Commerce and Industry Minister Piyush Goyal in New Delhi during a personal visit and held “highly productive” discussions.

A day later, Goyal said India was closely watching the evolving situation following the court verdict, and would continue to engage with Washington for the best possible opportunities in the interim trade deal.

Starting February 24, Trump imposed a blanket 10 per cent rate on all countries for 150 days under Section 122 of the Trade Act, vowing to raise it to the permissible ceiling of 15 per cent. He also ordered new investigations under other laws that could allow him to reimpose tariffs agreed under trade deals.

Treasury Secretary Scott Bessent on Wednesday said the Trump administration was likely to raise the 10 per cent additional global tariff to 15 per cent sometime this week. Turn to Page 9 ►

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“That is under Section 122 for 150 days. During that time, we will see studies on tariffs under Section 301 and Section 232. It’s my belief that the old rates will be back in five months,” he added.

US Trade Representative Jamieson Greer last week said he had been in constant contact with trading partners to help them understand how the “replacement tools” aligned with the trade deals

the US had made.

“Section 301 allows the USTR to investigate unfair trade practices country-by-country. We have identified many such practices. These include the use of forced labour in supply chains, industrial excess capacity, discrimination against our digital tech companies, and subsidies for rice and seafood, among other issues,” he added.