

Trade negotiations with US have reached a 'plateau': FM

Says further concessions for either side 'very difficult'

KRITY AMBEY

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Negotiations for an India-US trade deal have reached a "plateau", beyond which further concessions from either side would be "very difficult", Union Finance Minister Nirmala Sitharaman said on Monday.

"It has been a very hard and rigorously negotiated agreement. The agreement's negotiations are still ongoing, although we would like to believe that both sides have reached a plateau beyond which giving or taking might be very, very difficult," Sithara-



man said at the Munich Security Conference in New Delhi. "But maybe if there is room to operate from, both sides would do it," she added.

She said addressing the US trade deficit with India was a

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Nirmala Sitharaman, Finance Minister

“predominant” feature of the trade deal, and Washington wanted to “get as much as they can” from the deal to also compensate for what it sees as a loss suffered previously because of the deficit. Turn to Page 16 ►

GST Council may shun mid-year rate changes

“When GST was adopted, a lot of restrictions were put on input tax credit. Many of these are now being removed because the doubts that people had about revenue loss and misuse are unfounded. We are trying to align the GST structure to what it should be conceptually,” the official added.

Abhishek Jain, Indirect Tax Head & Partner at KPMG, said the industry is keenly awaiting the announcements, already being called GST 3.0. “The one everyone is watching is the refund of input services under the inverted duty structure. Allowing that would help in

credit monetisation and improve liquidity for businesses whose rates were cut, such as FMCG, food, pharma, etc. Industry also looks forward to refunds on capital goods, even if spread over a period of time,” he added. Jain said another demand is faster processing of refunds. “While enabling provisions exist, stricter timelines for processing refunds, at least to the extent of a provisional amount, would be a great step for all refunds. Together, these measures would go a long way in improving ease of doing business and delivering on the GST’s original promise.”

Trade talks with US have reached a ‘plateau’: FM

The US had a trade deficit of around \$34 billion with India in FY26. The trade imbalance, Sitharaman said, can be addressed through negotiations, but “now the imbalance is being sought to be addressed by other means”. “Tariff was an instrument of negotiations,” she added.

From passing a law authorising US President Donald Trump to impose tariffs of up to

100 per cent on India for its energy purchases from Russia to initiating two investigations under Section 301 of the US Trade Act of 1974, the US has put several mechanisms into play to impose tariffs on India and gain leverage in trade talks.

Trump is yet to announce a final decision on the punitive tariff, including its rate and coverage. The Office of the US Trade Representative (USTR)

has imposed a 10 per cent additional duty on Indian goods after concluding one of the Section 301 investigations, alleging the presence of forced labour in supply chains. The other probe, alleging excess structural capacity, remains underway.

Meanwhile, Union Commerce Minister Piyush Goyal is on a week-long visit to the US that concludes on Tuesday. Goyal met USTR Jamieson Greer last week, following which Greer said both sides had identified the remaining sticking points in the deal, but an outcome was not imminent.

Last week, Prime Minister Narendra Modi also spoke to Trump over the phone to review bilateral cooperation in trade, defence, energy, critical technologies and other areas.

However, there appears to have been a slight shift in the discourse around the trade deal over the past week. Until last week, the prevailing view was that the terms had largely been agreed, with New Delhi waiting for Washington to devise a mechanism that would give Indian exports a tariff advantage over competitors and shield them from future uncertainty.

Indian industry is of the view that Washington has put multiple tools into motion to weaponise tariffs, which is likely why New Delhi has

become more vocal about its stance on the trade deal. “Ensuring safeguard of national interests and tariff certainty remains India’s primary focus under the trade deal,” Federation of Indian Export Organisations (FIEO) Director General and Chief Executive Officer Ajay Sahai said.

Tariff uncertainty and the risk of fresh duties remain concerns under the trade pact, according to experts. “The US has imposed new tariffs on the European Union, Japan and South Korea after signing trade deals. India should sign only if the deal provides a lasting tariff advantage and credible protection against arbitrary tariff increases,” Global Trade Research Initiative Founder Ajay Srivastava said.

He questioned whether the US has sought concessions beyond the framework announced in February. “Accepting them without secure benefits would leave India worse off. India should be in no hurry. Without clear and lasting gains, it is better off without the deal,” he added.

Sitharaman further said that, in the current geopolitical environment of tariff uncertainties, bilateralism had become more relevant than multilateralism, especially considering how trade rules under the World Trade Organization (WTO) had weakened.

India is looking to cement trade and investment partnerships with newer partners. New Delhi is engaged in negotiations for trade deals as well as Bilateral Investment Treaties (BITs) with several economies.

Sitharaman said India is likely to conclude BIT negotiations with Canada and two more partners by December or early 2027. The Union Cabinet is also expected to approve a new template for BITs soon.

The BIT negotiations are being held keeping in mind the elements of the new template, the minister said. India is also in talks with Russia for a BIT, she said. “Now the balance is somewhat tilted in favour of bilateralism than multilateralism,” Sitharaman said. “Countries will have to choose newer partners for their trade and strengthen ties through an agreement. Therefore, newer partnerships are being searched for and they are being tied bilaterally. Multilateralism is not going to

go away, yet it has weakened because institutions that were to guide, monitor and regulate multilateralism have weakened over the decade.” “In the current reality, you are tailoring the agreements to (not just) keep national interests alive but also survive in a very challenging global environment where no WTO laws are left to be respected,” Sitharaman said.

At the same time, the West Asia crisis and disruption in the Strait of Hormuz remain a concern, as this could affect the movement of fertilisers, which may in turn pose a risk to food security, Sitharaman said. While fertiliser prices have shot through the roof, India would continue its fertiliser subsidy to ensure food security in the country, the minister said.

Amid disruption in the Strait of Hormuz, the Strait of Malacca in Southeast Asia remains an alternative. Any disruption there may lead to “doom”, Sitharaman said.

Govt may tap Taiwan, Singapore institutes

“Most companies today have been sending their workers for training with their partner companies either in Taiwan, Japan or Malaysia. While that

will continue, we want to have large student batches trained and ready for deployment,” the official said.

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