

Harley's India-US deal gains mostly on paper

● Thailand imports already duty-free, limiting scope for price cuts

AKBAR MERCHANT
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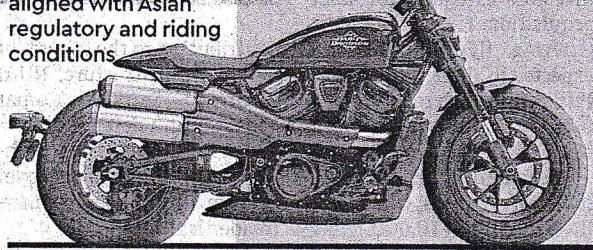
HARLEY-DAVIDSON MAY BE the most visible beneficiary of the India-US trade agreement that allows zero-duty imports of American motorcycles in the 800 cc to 1,600 cc range, but the pact is unlikely to translate into lower prices or a meaningful increase in volumes in the Indian market, according to industry analysts. The limited impact stems from the fact that Harley's current India portfolio is already insulated from import duties through Thailand, which remains the company's primary export base for the region.

At present, the three large-capacity Harley-Davidson motorcycles sold in India — the Nightster, Sportster S and Pan America — are fully imported from Thailand and attract zero basic customs duty under the India-Thailand free trade agreement. Ex-showroom prices for these models range from around ₹14.5 lakh to nearly ₹28 lakh, depending on the variant. With the duty benefit already embedded, analysts said the India-US trade deal does not create additional headroom for price reductions unless Harley shifts sourcing to the US.

Analysts noted that Thailand will continue to make economic sense as Harley-Davidson's India sourcing base even after the India-US trade deal takes effect. Thailand serves as

LITTLE BENEFIT

- Thailand serves as Harley's Asia manufacturing and export hub
- This allows Harley to price motorcycles at levels that are aspirational but still commercially viable in India
- It offers lower production costs, shorter logistics cycles
- US-built models would struggle to achieve even with zero duty
- Between Apr & Dec, it sold a total of 97 units across 3 high-capacity city models
- Products are better aligned with Asian regulatory and riding conditions



Harley's Asia manufacturing and export hub, offering lower production costs, shorter logistics cycles and products better aligned with Asian regulatory and riding conditions. This allows Harley to price motorcycles at levels that are aspirational but still commercially viable in India. — something US-built models would struggle to achieve even with zero duty.

"Even with zero duty from the US, the market impact will remain marginal because the segment itself is extremely small and affordability remains a constraint," Ravi Bhatia, president of JATO Dynamics India, told *FE*. He added that motorcycles above 800 cc account for well under 1% of India's two-wheeler market, limiting the commercial significance of tariff changes on fully imported premium models.

Sales data reflects this con-

straint. Between April and December 2023, Harley-Davidson sold a total of 97 units across the three high-capacity models in India, marginally higher than the 96 units sold in the corresponding period a year earlier. This compares with annual domestic two-wheeler sales of more than 20 million units, dominated by commuter motorcycles and scooters below 450 cc.

Hemal N Thakkar, senior practice leader and director at Crisil Intelligence, said zero-duty imports of US-built Harley motorcycles in the 800 cc to 1,600 cc range are unlikely to materially alter demand trends. "From day one, zero duty will not move the needle on volumes because the addressable market is very limited," he said, adding that the competitive impact on domestic manufacturers would remain muted.