

India steps up pace on US bilateral deal offer

New Delhi working on ways to reduce average applied tariff

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India is accelerating efforts to finalise its offer to seal a bilateral trade agreement (BTA) with the United States (US), balancing its sensitivities while addressing Washington's key demands, sources familiar with the matter said. This follows a series of developments in the past couple of days including US President Donald Trump's claim that India had agreed to tariff cuts and US Secretary of Commerce Howard Lutnick's statement that negotiating a trade deal at a product level could take years.

India's latest stand to firm up an offer quickly to strike a bilateral trade pact comes soon after Commerce and Industry Minister Piyush Goyal's Washington visit.

Following talks with senior US officials in Washington, Goyal is set to meet with exporters and industry leaders later this week, signalling the urgency and importance of the trade negotiations. The government has also called on industry representatives to provide input on proposed tariff reductions.

The intensified talks come as the US plans to implement reciprocal tariffs starting April 2, 2025, in response to other countries' tariffs and trade barriers. India had hoped for an exemption from these measures, but Trump has repeatedly stated that India, with its high tariff structure, will not be granted special treatment.

In a joint announcement last month, Prime Minister Narendra Modi and Trump declared their intention to complete the first phase of BTA in seven to eight months. The deal aims to increase market access, reduce both tariff and non-tariff barriers, and enhance supply chain integration between the two countries.

Since then, various ministries and government departments have been in back to back dis-



PREPARING THE GROUNDWORK

- The weighted average effective tariff on US exports to India is 9.5% as compared to the 3% tariff on India's exports to the US, according to a Nomura report
- Goyal is expected to meet exporters and

industry officials later this week to discuss India-US trade

- Government has asked the industry to share their inputs regarding proposed tariff cuts on items

cussions to prepare for the negotiations, with India focusing on reducing the average applied tariff on US imports. Currently, India's weighted average tariff on US exports stands at 9.5 per cent, compared to the 3 per cent tariff on Indian exports to the US, according to a Nomura report.

The pressure on India to reduce tariffs, particularly on cars and agricultural products, is growing.

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Public sector oil and gas firms weigh term pacts

Notwithstanding a recent uptick in the purchase of crude oil and natural gas from the US, officials from public-sector energy firms said any formal talks for long-term contracts remain some time away.



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Auto component firms see a new opportunity to increase their exports manifold – if India signs a bilateral agreement with the US, even after tweaking tariffs in this sector.



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India's weighted average tariff on US exports at 9.5%

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According to a White House factsheet, the US applies a 5 per cent average tariff on agricultural goods, while India's average tariff on these items is as high as 39 per cent. Lutnick, while speaking virtually at a media event last week, also said that the US expects India to open up its market, particularly in agriculture—an area India has considered a sensitive red line.

A report by the Delhi-based Global Trade Research Initiative advised India to resist a comprehensive trade deal, citing the need for long-

term economic resilience over short-term concessions.

“First, India must avoid a comprehensive trade agreement with the US, as no other country is negotiating one under Trump's presidency. Instead, India should offer a "Zero-for-Zero" deal covering 90 per cent of industrial goods while excluding sensitive sectors like automobiles. This proposal should be presented before April 2,” the report said.

If the US rejects the offer and imposes reciprocal tariffs, India should respond only if necessary, as trade data suggests that accurately calculated reciprocal tariffs will not hurt most industry sectors, the report said.well.