

# India-US early trade deal still distant after 7 days of talks

**ELUSIVE CONSENSUS.** Some progress made for a balanced pact; negotiations to continue

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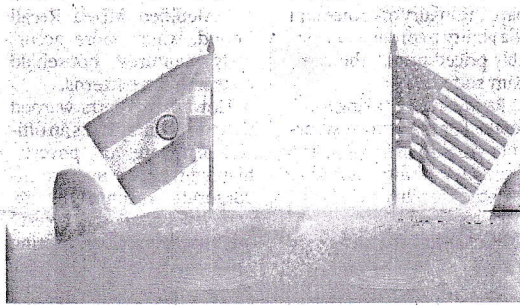
Trade officials from the US and India were not able to close on an early trade deal after seven days of talks in New Delhi although "some progress" was made towards a balanced agreement, sources said.

"Differences continued over tariff-cut demands by the US, especially for farm products, and the need to protect Indian sensitivities," a source said.

However, the officials set the stage for more deliberations on the India-US bilateral trade agreement (BTA), with the July 9 deadline in focus, to help India avoid the US' reciprocal tariffs and sector-specific levies.

"The June 4-10 negotiations held with the US side were productive and helped in making progress towards crafting a mutually beneficial and balanced agreement, including through achievement of early wins," another source said, although not specifying when the early gains will be delivered.

Both sides agreed to con-



**ON TARGET.** The first tranche of the bilateral trade agreement is to be delivered by Fall of 2025 GETTY IMAGES/STOCKPHOTO

tinue negotiations to achieve an expeditious conclusion of the initial tranche of the BTA, the source added.

## INDIA'S OFFER

India is ready to bring down tariffs for many US products and the list may include items like automobiles, alcoholic beverages, certain fruits and nuts, and chemicals, the first source said.

"But it has sensitivities in areas such as agriculture, intellectual property, MSME products and digital trade, which need to be weighed in," the source said.

US President Donald Trump and his trade team

are especially keen that India offers tariff cuts and greater market access for most farm products, even if with certain caveats such as quotas.

The BTA talks must result in shrinking of the over \$40 billion-annual US trade deficit with India and for that New Delhi has to bring down its "very high tariffs", Washington has been arguing.

India, however, is not ready to bring down tariffs on items like rice and wheat as these are important for the country's food security. Nor does it want to reduce tariffs on sensitive dairy items.

"Once tariffs are cut in

such agreements, it becomes nearly impossible to raise them again — even if prices crash, global trade is disrupted or local farmers face sudden losses," cautioned Ajay Srivastava of GTRI.

The clock is ticking for India as it may face the full blow of the 25 per cent reciprocal duties on July 9 if it is not able to arrive at an early trade deal with the US by then. The first tranche of the BTA is to be delivered by Fall of 2025.

## TRUMP TARIFF

On April 2, Trump imposed reciprocal tariffs on most of America's trading partners holding trade surplus. He then paused the reciprocal tariffs for 90 days, with the exception of a 10 per cent baseline levy to allow countries to work out trade deals.

"India not only wants the entire 26 per cent reciprocal tariffs rolled back but is also insisting on the withdrawal of 25 per cent sector-specific tariffs on steel, aluminium and auto. It also wants reduction of MFN (most favoured nation) tariffs on labour intensive products," the first source said.