

India considers fast-track trade deal with Mexico to beat tariffs

MAKING PROGRESS. We are very close to finalising a framework deal with the US, says Commerce Secretary

Amiti Sen
New Delhi

India is considering a limited preferential trade agreement (PTA) with Mexico to address the country's new import tariffs, instead of negotiating a full-fledged free trade agreement (FTA), as the latter could take a long time for completion, said Commerce Secretary Rajesh Agrawal.

"The only fast way forward is to try and get into a PTA because a FTA will take a lot of time. So, we are trying to see what can be a good way forward. The technical teams are discussing," said Agrawal at a briefing on Monday.

INDIAN EXPORTS

Mexico's new import tariffs, to be imposed on about 1,455 tariff lines from January 2026, are set to hit over \$2 billion worth of annual exports from India, per government estimates. The sectors



ANOTHER SETBACK. Mexico's new import tariffs, to be imposed on about 1,455 tariff lines from January 2026, are set to hit over \$2 billion worth of annual exports from India GETTY IMAGES/ISTOCKPHOTO

that could be severely affected include automobiles, two-wheelers, auto components and many others.

The Commerce Secretary said there may not be a recourse at the WTO as the tariffs have been increased on MFN (most favoured nation) basis, and are applied

on all trade partners, except countries with which Mexico has free trade pacts.

However, it appeared that it was not India but China that was a target of the tariffs; so a PTA between India and Mexico could sort out the problem.

"There primary target is

not the Indian supplier. If our supply chains are not a target, then we can create a PTA and try to get concessions that are required for Indian supply chains, and also similarly offer them concessions where they have export interest without hurting our sensitivities," said

Agrawal. On the India-US trade negotiations, Agrawal said the two countries were very close to finalising the framework for the proposal pact, but he did not want to put a timeline to it.

He said the visit of the new US Deputy Trade Representative Rick Switzer last week was mostly a familiarisation trip, where both sides took stock of bilateral trade relations and reviewed the progress of the trade negotiations.

CANADA CEPA

This week, India and Canada, too, are set to hold virtual discussions to the proposed Comprehensive Economic Partnership Agreement (CEPA).

The FTA talks were discontinued in September 2023 due to political tensions over the killing of a Sikh separatist leader in Canada, but the matter has been largely resolved. Trade talks are set to begin again.