

Trade talks pause as India waits for new US tariff framework, says official

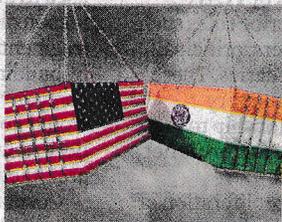
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India will wait for the US to create a new global tariff architecture following the US Supreme Court verdict invalidating reciprocal tariffs before signing a trade deal with the country as any pact has to be necessarily based on the comparative tariff structure, a senior official has said.

A deal with the US will also take care of the Section 301 investigations that Washington is carrying out against India, the official added.

COURT RULING

According to the official, the agreement with the US was earlier expected to be signed in March, but the court's decision striking down tariffs imposed under the International Emergency Economic Powers Act (IEEPA) changed the situation. "When the deal was being prepared, the Supreme Court judgment



India wants the trade deal with the US to also take care of the Section 301 investigations

had not come. Now with the judgment, those tariffs *per se* will not exist," the official said.

At present, the US has tariffs of around 10 per cent in place under provisions related to balance-of-payments emergencies (under Section 122), which are applicable for about five months on all countries.

"Any deal that we finalise and sign has to be against the tariff structure or comparative advantage," the official explained. In August 2025, the US imposed a total of 50 per cent additional tariffs on most Indian exports, which

have been replaced with the 10 per cent global tariff.

Washington is now working to recreate a global tariff architecture, and India believes it would be more appropriate to sign the agreement once that framework is clearer, the official pointed out. "The deal has already been broadly finalised and decided. The teams will start negotiating to iron out the final details. But the actual signing might be done when the new architecture of tariffs globally is in place," the official said.

SECTION 301

On the US move to initiate fresh trade investigations against several economies, including India, under Section 301, the official said New Delhi had only recently received the notices and was examining them. "These investigations take time. My view is whenever a deal is finalised and signed, this will take care of these Section 301 issues also," the official

said. The timing is important because trade agreements are negotiated as part of a broader competitive landscape, the official noted.

Countries assess their tariff advantages and disadvantages not only relative to the partner country but also *vis-à-vis* other competing exporters. "There is no stand-off," the official said, adding that India remains ready to proceed whenever the US side is prepared.

The official also referred to developments involving other countries that have stepped back from trade arrangements with Washington after the court ruling.

According to the official, there are two categories of countries in this situation. One group announced framework deals and signed legal agreements. Those countries may now need to recalibrate their arrangements because the agreements were based on the earlier tariff structure, which has since been invalidated.