

As Trump gets tough, India may re-think mini trade deal

HARD LINE. If US insists on India nixing all tariffs, Delhi may take time to clinch a full BTA

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US President Donald Trump is bearing down on Indian negotiators, currently in Washington for talks on a bilateral trade deal, continuing to insist that India must dismantle all its import tariffs on American goods.

While he pushed India to bring down all import tariffs, the only concession Trump indicated was lowering the reciprocal tariffs of 26 per cent on Indian goods, set to be imposed on August 1, to perhaps below 20 per cent.

He was giving the specifics of the US' proposed trade deal with Indonesia to reporters on Tuesday while drawing parallels with India.

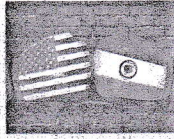
MUST BE BALANCED

The total absence of any parity in such postures will be hard for India to accept. Highly-placed sources told *businessline* that any deal that the Americans have to offer has to be balanced.

"If the US maintains such a hard posture for an interim deal, India may just not go

WHAT US WANTS

- Steep reduction in import tariffs across sectors
- Conditional market access for sensitive agri, dairy products
- Exceptions in India's GM policy to allow US soyabean and corn
- Lowering of tariffs on cars in line with UK deal
- Include rules on digital trade, government procurement in deal



WHAT INDIA WANTS

- Lower import barriers for garments, electronics, shrimp
- Withdrawal of US reciprocal duties of 26%, including 10% baseline tariffs already imposed
- Rollback of sweeping tariffs of 50% on steel and aluminium; 25% on auto sector
- Easing of issuance of work visas
- A possible resumption of discussions on a bilateral social security deal

for a mini-deal on August 1 and instead take more time to negotiate a full-fledged BTA where both sides make concessions. A one-sided deal cannot have political acceptance," a source tracking the matter told *businessline*.

OPENING ACCESS

Trump said India is working on a trade deal similar to the one recently signed between

the US and Indonesia. That deal allows US goods to enter Indonesia tariff-free, while Indonesian exports to the US face a 19 per cent tariff.

Trump reiterated his claim that the US was going to have free access into the Indian market. "You have to understand, we had no access to any of these countries. Our people couldn't go in, and now we're getting ac-

cess because of what we're doing with the tariffs," he said.

New Delhi is anxious about the US' steep demands across sectors, which include automobiles and sensitive dairy and agriculture items, especially GM products. Other agenda items include digital trade and government procurement.

LITTLE FOR INDIA

But it is not willing to give additional market access to India in areas of its interest, such as electronics, textiles & garments, carpets, leather, shrimp and pharmaceuticals. Washington has also not yet agreed to roll back the entire 26 per cent reciprocal tariffs for India or withdraw the 50 per cent tariffs on steel and aluminium and 25 per cent on the auto sector.

On Tuesday, India's chief negotiator Rajesh Agarwal had said that India was waiting to see how the full spectrum of the US tariff rollout and various trade deals being negotiated by Washington play out before it draws up a back-up plan for the industry.