

# India may settle for 10-15% tariff in trade deal with US

This may put New Delhi in a more favourable position than Indonesia, Vietnam

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India may have to settle for tariffs of up to 15 per cent on its shipments under the interim trade deal with the US, currently under discussion, a government official said requesting anonymity. This will still put it in a better position than competing developing countries, such as Indonesia (19 per cent) and Vietnam (20 per cent), which have agreed to higher tariffs in deals with Washington.

“The US made it clear to us that even in trade deals, the 10 per cent base tariff will remain, though we were hoping to get relief on that. Now, we are seeking a 10 per cent tariff on our labour-intensive exports, such as apparel, leather, footwear, and gems & jewellery, and up to 15 per cent tariff on non-labour-intensive items,” the official said, adding: “Ours will be a much more nuanced and balanced deal than the one finalised by the US with Indonesia.”

US President Donald Trump on Tuesday said a trade deal with India would be on the “same line” as that with Indonesia, which will face a 19 per cent tariff.

India is insisting that the deal

## ‘Balanced’ deal in the making

- India seeking 10% tariff on labour-intensive goods and 15% on non-labour intensive ones
- Insists trade deal should be aligned to US judicial battle
- Market access in dairy, genetically modified (GM) crops remain contentious and unresolved
- India hopes GM crop discussions could be postponed for larger trade deal
- Trump's threat on Russian oil purchase and Brics not part of trade deal negotiations



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### India should negotiate deal on its term: EAC-PM chief

India should negotiate a trade agreement with the US on its own terms, keeping in view the national interest, Economic Advisory Council to the Prime Minister (EAC-PM) Chairman S Mahendra Dev has said. “The ultimate decision depends on the mutual interests of both countries,” he said.

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■ Trump to issue letters to 150 nations with 10-15% tariff

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should be subject to the outcome of the judicial battle in the US over the legality of the reciprocal tariff. “If the US Supreme Court declares the reciprocal tariff illegal and the US

tariffs revert to the earlier MFN (most-favoured nation or non-discriminatory tariff) levels, then it should be applicable to India as well,” he added.

While maintaining that negotiations for the India-US interim trade deal are heading in the right direction, the official said the contentious issues of market access in dairy and genetically-modified (GM) crops still remain unresolved.

“The US is insisting on both. We are hoping the GM crop issue could be deferred to be discussed later under the full-fledged bilateral trade agreement. Given the upcoming elections, it is also difficult for India to yield on the dairy sector,” he added.

A team of officials from New Delhi is currently in Washington to negotiate an interim trade agreement ahead of the August 1 deadline.

The official said Trump's threat to impose a 100 per cent tariff on buyers of Russian oil is not being discussed as part of the trade deal. “The Ministry of External Affairs is dealing with it separately,” he added.

On Trump's threat to impose an additional 10 per cent tariff on Brics countries, the official said he believes it is only posturing. “The US fear that Brics will work towards de-dollarisation is unfounded. India has been opposing any such move within Brics,” he added.