

## PROPOSED BTA TALKS

# India hopeful US will address tariff concerns

SHREYA NANDI

New Delhi, 17 February

India is hopeful that the US will “take care” of its concerns regarding additional import levies on steel and aluminium, and the proposed reciprocal tariffs during the bilateral trade agreement (BTA) discussions that are expected to begin in the next few weeks.

New Delhi is also trying to decipher what will be the shape of the US’s proposed reciprocal tariff law before drawing conclusions regarding its consistency with respect to global trade norms under the World Trade Organisation (WTO), a senior government official said on Monday.

“The US and India have agreed to move in the direction of mutually beneficial and fair BTA that takes care of everything, whatever they announce. We will have a mutually beneficial trade agreement. Everything will be addressed through this forum — their negotiators and ours will mutually discuss these issues,” the government official told reporters.

Commerce department officials are also trying to gauge if there’s an “opportunity” for India amid tariff-related uncertainties and a threat of a larger global war due to the protectionist trade policies being rolled out by the Trump administration. The department will soon hold consultations with the industry and also do a cost-benefit analysis of the evolving scenario.

This comes against the backdrop of the restart of the trade war between the US and China, and a potential tariff conflict with its neighbouring Mexico and Canada. The European Commission has also raised concerns over the US’s reciprocal trade policy and has vowed to retaliate against steel and aluminium tariffs that will begin in March.

## KEY HIGHLIGHTS

- Govt trying to decipher shape of the US’s proposed reciprocal tariff law with respect to global trade norms under WTO
- Commerce ministry trying to gauge if there’s an ‘opportunity’ for India
- No clarity on scope, extent of the trade agreement
- BTA is not akin to a FTA

PM Narendra Modi and the US President on February 13 agreed to begin negotiations and finalise the first tranche of a mutually beneficial, multi-sector BTA within the next seven-to-eight months.

According to the joint statement, both countries will hold talks for increasing market access, reducing tariff and non-tariff barriers, and deepening supply chain integration. The proposed trade deal will be in line with the aim to double the bilateral trade to \$500 billion by 2030.

Currently, there is no clarity on the scope and extent of the trade agreement.

India is waiting for the appointment of the US Trade Representative. Once the American negotiating team is in place, over the next few weeks, both countries will decide on the nature of the proposed trade agreement. “The US has agreed to negotiate with us a mutually beneficial bilateral trade agreement, which will go for reduction of tariffs on both sides so that our trade can grow,” the official said.

The two countries have also agreed to collaborate to enhance bilateral trade by increasing US exports of industrial goods to India and Indian exports of labour-intensive manufactured products across sectors.