

COMMERCE MINISTRY TO HOLD MEETINGS NEXT WEEK

Ministries to be sensitised to US tariffs and trade deal

FE BUREAU
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THE COMMERCE MINISTRY will hold meetings with three-to-four ministries next week to sensitise them to various aspects of the proposed trade agreement with the US and President Donald Trump's reciprocal tariff announcements, officials said on Thursday.

Negotiations on the nature of the India-US bilateral trade agreement (BTA), announced during Prime Minister Narendra Modi's recent visit to Washington, are expected to start soon.

"Any agreement that the ministry of commerce will do will involve other ministries too. The consultation with the industry and other stakeholders on the aspects of the BTA, reciprocal tariffs and other announcements on product-specific tariffs will be done by the administrative ministries," a senior official said.

The commerce ministry will also seek inputs from these ministries on the stand to be taken during BTA negotiations on products covered by them. "Ministries remain in touch with their industry. The commerce ministry's role comes when we get stuck on complex issues and wherever things need an overall trade perspective. It is the ministries' guid-

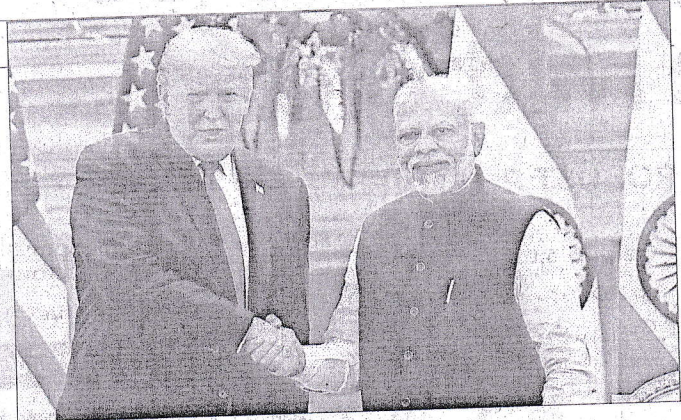
BILATERAL TREATY

India-US tariff rates

82% of India's imports from the US had tariff of 0-10%, 15% imports had tariffs of 10-20%, and just 3% of imports were taxed at more than 20%

■ India faces 15-35% tariffs on labour-intensive exports such as textiles, garments and footwear

■ India and the US aim to increase their bilateral trade to \$500 billion by 2030 from around \$200 billion at present



India and the US announced a bilateral trade agreement, to be finalised this year, during Prime Minister Narendra Modi's visit to Washington earlier this month

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ance we work upon," the official said.

The ministry is, meanwhile, waiting for the trade-related appointments in the US to be completed so that discussions can be started on the nature of the BTA and reciprocal tariffs that Washington has in mind.

India and the US have decided to conclude the first tranche of the trade agreement by fall of this year and work towards increasing bilateral trade to \$500 billion by 2030 from around \$200 billion at present.

The official said the first tranche of the BTA could be limited

in scope to begin with and can be expanded later. While working on a plan to match the tariffs and non-tariff barriers imposed by its trading partners on American companies, the US has announced an increase in import duties on steel, aluminium, auto, pharma, and semiconductors.

The "Fair and Reciprocal Plan" also seeks to deal with non-tariff barriers like local taxes, wage depression and currency manipulation. The official said India has no non-tariff issues like currency manipulation or depressed wages

with the US and the tariffs are reasonable. Around 80-90% of the imports from the US are taxed at below 10%, the official said.

"India and the US are quite complementary in terms of basket of traded goods. The natural way forward for complementary economies is the bilateral trade agreement," he added.

Commerce and industry minister Piyush Goyal has said earlier this week that the two countries can offer concessions and duty reductions to each other as their economies complement each other.