

# Govt readies steps ahead of likely trade deal with US

Engaging with various departments, apprising them of sector-specific dynamics

SHREYA NANDI

New Delhi, 20 February

**D**ays after Prime Minister Narendra Modi and US President Donald Trump agreed to negotiate the first phase of a bilateral trade agreement (BTA), government departments have started doing groundwork for the upcoming talks to finalise the contours of the proposed trade deal.

The commerce department has initiated preliminary discussions with various government departments and ministries to gain a deeper understanding of sector-specific dynamics, trade intricacies, and India's



“offensive interests”.

The departments have also been asked to explore what could be the ask from both sides, including the extent to which India can give tariff concessions and what it can reasonably ask from the

## FINE PRINT

- Bilateral discussions and more clarity on broad contours of trade deal likely after the US administration is in place – in terms of appointments of trade-related counterparts
- Govt begins preliminary

talks with ministries to sensitise them about PM's visit, bilateral trade agreement, and proposed reciprocal tariffs

■ Meeting with department of heavy industries took place on Wednesday; more meetings expected next week

other side, according to government officials.

For instance, a round of meetings on the automotive sector has already taken place with the department of heavy industries and meetings with other mini-

stries will take place next week. Consultations with the industry will be done by respective line ministries, based on the product, once India and the US agree on the broad contours of the trade deal, they said.

Turn to Page 6

# Avg Customs duty brought down to nearly 11%: Govt

“We are meeting ministries and are sensitizing them about the Prime Minister’s visit, BTA, (proposed) reciprocal tariffs. We are trying to understand their pain points, good points, because if we have to do a bilateral trade agreement, we will have to work on these solutions. All ministries will need to be on the same page,” one of the government officials said.

These meetings assume significance as last week, Modi and Trump agreed to begin negotiations and finalise the BTA within the next seven to eight months. It comes at a time when Trump has announced to impose reciprocal tariffs in early April to match other countries’ tariffs, taxes and non-tariff barriers. The US plans to impose additional tariffs on products such as steel, aluminium, pharmaceuticals, automobiles and semiconductors in all countries. Trump has made it clear that Washington will not spare India from reciprocal tariffs, and has repeatedly called India a high tariff nation, labelling it as a ‘big abuser of tariff’ and even a ‘tariff king’.

According to an official, India’s high tariffs are necessary to safeguard its domestic industries, given the country’s current stage of industrial development. India’s tariffs have remained high due to its challenging trade environment, overcapacities and aggressive competition from neighbouring countries. This makes it difficult for India to reduce its tariffs without compromising its domestic industries. India has tried to address Trump’s concerns by cutting basic Customs duties on a bunch of items in its February 1 Union Budget as well as on bourbon whiskey last week.

Government officials have claimed that India’s average Customs duty has been brought down to close to 11 per cent.

The commerce department is also holding talks with the revenue department to ensure that there are discrepancies in interpretation of tariff rates between New Delhi and Washington.

The official cited above said that once the appointment of the United States Trade Representative is confirmed by the Senate, there will be bilateral discussions and there will be more clarity on the broad contours of the trade deal.

“We also have multiple scenarios in our mind, but we first need to agree on a common format, architecture. Right now, the contours (of the deal) have not been agreed upon,” the official added.