

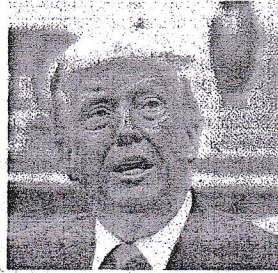
Ministries in a huddle as Trump sticks to Apr 2 reciprocal tariff levy

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Leaving no doubt about his intention to penalise India, US President Donald Trump has said that reciprocal tariffs will be imposed on the country on April 2 if New Delhi does not lower its tariffs substantially by then.

Key Ministries, including External Affairs, Commerce, Finance and Agriculture, are huddled in meetings with stakeholders to decide on tariff cuts but time is running out, with Trump insisting on sticking to the April 2 timeline.

"I have a very good relationship with India, but the only problem I have with India is they're one of the highest-tariffing nations in the world. I believe they're probably going to be lowering those tariffs substantially but on April 2, we will be charging them the same tariffs they charge us," Trump said in an interview to Breitbart News Network.



US President Donald Trump

Trump has time and again called India a high-tariff country and talked about imposing reciprocal tariffs on such countries on April 2. But this is the first time he directly mentioned that India would face tariffs on that date if it did not lower its duties.

BTA TO TAKE TIME

Going strictly by what Trump said, the US will go ahead with the reciprocal duties without waiting for India to lower tariffs under the proposed India-US bilateral trade pact, the first tranche of which is to be delivered this fall, a source tracking the

matter told *businessline*.

"While India is trying to identify items where tariffs can be lowered under the BTA and is aware that the US is interested in sectors such as automobiles, wines/spirits and agriculture, it takes time to take all stakeholders into confidence and arrive at a decision," the source said.

HIGH TARIFFS

India's import tariffs are much higher than those of the US, and it may not be possible to bring them down to the US level for all sectors, as India is a developing nation with farmers and small enterprises to protect.

The US' simple average tariff on imports is 3.3 per cent while India's is over five times higher at 17 per cent, according to WTO figures. The US' trade-weighted average tariff is 2.2 per cent, while India's is 12 per cent.

The average applied tariffs on agricultural goods by India is much higher at 39 per cent, while the US duties are at 5 per cent.