

Govt confident of clinching early-phase US deal by July 9

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THE GOVERNMENT IS "confident" that the early tranche of the bilateral trade agreement (BTA) with the United States will be signed by the July 9 deadline, even as last-minute negotiations are underway to iron out certain critical differences in areas like agriculture, a top official told *FE*.

The government has, however, drawn a red line regarding the US' tough posturing on gaining agricultural market access. "We may have to make some compromises as in any bilateral deal, but not at the cost of our small and marginal farmers," the official said, requesting anonymity. The official added that the trade talks with the US have been cordial and are progressing satisfactorily.

The US had announced

DEAL IN THE MAKING

■ India and the US announced a bilateral trade agreement (BTA) during PM Narendra Modi's visit to the US in February

■ Through BTA, India and the US aim to more than double their bilateral trade to \$500 billion by 2030

■ The terms of reference for the BTA were finalised in April

■ Negotiators working to finalise the first tranche of BTA before the pause on the US' reciprocal tariffs ends



additional tariffs of 26% on India on April 2, as part of a near-universal reciprocal tariff policy, but these have later been put on hold till July 9. Indian exports to the US, however, attract additional base-line tariff of 10% under the Trump 2.0 administration. The reciprocal tariffs may be implemented after July 9 by

the US for all its trade partners with whom it fails to reach any trade agreement or understanding.

The US has been asking for duty cuts by India for products such as soyabean, corn, apple, tree nuts (pistachios and almonds), and dairy items.

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HOWEVER, INDIA TRADITIONALLY resisted giving market access in these areas to free trade agreement partners to protect marginal farmers.

The average land holding of small and marginal farmers in India is less than 2.7 acres, while the average farm size in the US is 466 acres (2024). The US has been one of the largest producers of soyabean, maize and wheat in the world. In India, close to 46% of the population is engaged in agriculture and allied activities. In comparison, in the US, less than 2% of the population is directly employed in agriculture, as per the American Farm Bureau Federation.

The US is also seeking access for its genetically modified (GM) products, which is also a bone of contention, as India has not yet allowed GM products in food items. In 2021, India had allowed the import of 1.2 million tonne of GM soyabean meal for chicken feed on an exceptional basis due to high domestic feed prices.

Earlier this month, a Niti Aayog working paper, titled "Promoting India-US agricultural trade under the new US trade regime", suggested that India should allow soyabean oil imports from the US to reduce trade imbalance. This decision to allow the import of soyabean oil from the US would not hurt domestic production, as the country imports substantial quantities of cooking oils.

As India imports about 58% of its cooking oils (mostly palm, soyabean, sunflower), the Niti Aayog paper has suggested that the government explore possibilities of importing GM soyabean seed and process it for oil extraction in coastal regions. Soyabean oil can then be supplied to the domestic market.