

Tariff deadline looms but no sign yet of US-India interim trade deal

Amiti Sen
New Delhi

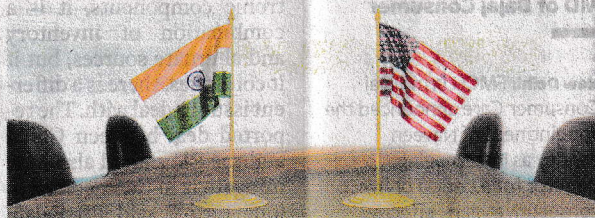
With just a fortnight to go for the 90-day pause period for the US reciprocal tariffs to end, New Delhi and Washington DC are yet to firm up the contours of an interim bilateral trade deal. Negotiations are still on to finalise the elements to be included, sources said.

"The two sides are negotiating to finalise an interim trade pact by the July 9 deadline, but there is still no agreement on what it would include. The challenge is to find a package that would convince both that they are taking something back," a source closely tracking the deal told *businessline*.

FULL TARIFF THREAT

If an interim deal is not finalised by the deadline, full 26 per cent reciprocal tariffs may be imposed on Indian exports from July 9, as announced by US President Donald Trump.

"The list of items on the table is large. One needs to see if it can be pruned to acceptable limits within the next two weeks. If needed, the US should also consider pushing the July 9 deadline," an industry source said.



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The US wants increased market access for a whole spectrum of goods, including food and agricultural products, which is a politically and economically sensitive area for India and may be a red line, the source pointed out.

Washington also wants concessions on other items, such as government procurement, intellectual property rights, customs and digital trade, including data flows.

For India, the foremost demand is to get a roll-back on the entire 26 per cent reciprocal tariff, including the 10 per cent baseline tariff already imposed.

It also wants a withdrawal of the 50 per cent tariff imposed on steel and aluminium products, which is hurting India's exports, and also of the sweeping 25 per cent tariffs on autos and parts. "Apart from dismantling the punitive tariffs, India

also wants a reduction in MFN (normal) tariffs for greater market access for labour intensive items, such as textiles and leather. One doesn't know how much of it will get included in the interim deal," the industry source said.

INTERIM DEAL

The interim deal will be a part of the larger bilateral trade agreement that is to be finalised by the Fall of 2025, the first source explained.

"Everything is on the table in the ongoing negotiations. But that does not mean everything can be part of the interim deal. We hope in the next few days we will gain clarity on its scope," the source added.

India's competing countries, including Vietnam, the Philippines, Indonesia and Bangladesh, have all been slapped with tariffs higher than India, and are also negotiating for a roll-back.