

# India may cut duty on 55% of its US imports

REUTERS

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India is open to cutting tariffs on more than half of US imports, worth \$23 billion, in the first phase of a trade deal the two nations are negotiating, two government sources said. This could be the biggest cut in years, aimed at fending off reciprocal tariffs.

US President Donald Trump's reciprocal worldwide tariffs are set to take effect from April 2, a threat that has disrupted markets and sent policymakers scrambling, even among the US' Western allies.

In an internal analysis, the government estimated such reciprocal tariffs would hit 87 per cent of its total exports to the United States worth \$66 billion, two government sources with knowledge of the matter told *Reuters*.

Under the deal, India is open to reducing tariffs on 55 per cent of US

goods it imports that are now subject to tariffs ranging from 5 per cent to 30 per cent, said both sources, who sought anonymity as they were not authorised to speak to the media.

In this category of goods, India is ready to "substantially" lower tariffs or even scrap some entirely, on imported goods worth more than \$23 billion from the United States, one of the sources said.

The trade ministry, the PM's office and a government spokesperson did not reply to mail seeking comments.

Overall the US trade-weighted average tariff has been about 2.2 per cent, data from the World Trade Organization shows, compared with India's 12 per cent. The United States has a trade deficit of \$45.6 billion with India. During Prime Minister Narendra Modi's US visit in February,



the two nations agreed to start talks towards clinching an early trade deal and resolving their standoff on tariffs.

New Delhi wants to strike a deal before the reciprocal tariffs are announced and Assistant US Trade Representative for South and Central

Asia Brendan Lynch will lead a delegation of officials from United States for trade talks from Tuesday.

The Indian government officials warned that cutting tariffs on more than half of US imports hinges on securing relief from reciprocal tax.

## TRADE TALKS

■ India open to cut tariffs on **\$23 bn** of US imports

■ Govt is ready to even scrap some tariffs entirely

■ It estimates a hit to **\$66 bn** of exports from US tariffs

■ Offer of tariff cuts hinges on relief from Trump's tariffs

■ The US has trade deficit of **\$45.6 bn** with India

The tariff cut decision was not final, with other options under discussion such as sectoral adjustments of tariffs and product-by-product negotiations rather than a wide cut, said one of the officials.

India is also considering wider tariff reform to lower barriers uniformly, but such discussions are in early stages and might not figure immediately in talks with the United States, said one of the officials. Even though Modi was among the first leaders to congratulate Trump on his election victory in November, the US president has continued to call India a "tariff abuser" and "tariff king", vowing not to spare no nation from tariffs.

India estimated increases of 6 per cent to 10 per cent in tariffs on items such as pearls, mineral fuels, machinery, and electrical equipments, which make up half its exports to the US, due to reciprocal tax, both sources said.