

India's hopes up as US hints at flexibility over tariff levy

GUARD UP. Delhi must have a strategy with Trump not showing his hand, say experts

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India may hope for a reprieve from the US' reciprocal tariffs on April 2, at least partially, if trade and tariff negotiations go well with the visiting team of American officials led by Assistant US Trade Representative Brendan Lynch.

US President Donald Trump saying recently that he may give a "lot of countries" a break and charge them relatively less reciprocal tariffs augurs well for the talks but much depends on how they play out, sources said.

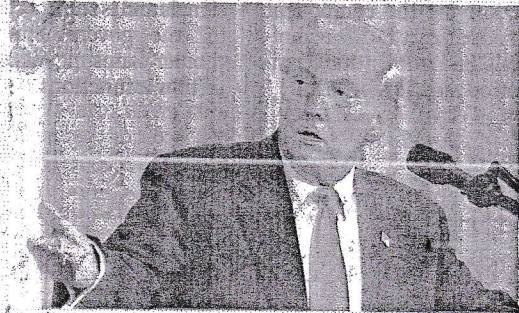
"I may give a lot of countries breaks but it's reciprocal. But we might be even nicer than that.... We may take less than what they're charging because they've charged us so much, I don't think they could take it," Trump said at a White House briefing on Monday.

TARIFF THREAT

In the same breath, he said the tariffs would be substantial, and more will be known about that on April 2.

ON KNIFE'S EDGE

- US President Trump says reciprocal tariffs on many countries may be lower than what they charge the US
- The tariff flexibility may augur well for talks with the USTR team now in India
- India hopes talks on bilateral trade pact with visiting US team will help it avoid April 2 tariffs



US President Donald Trump

Some experts warn that India should not let its guard down but should be ready with its strategy as Trump has not shown his hand fully.

BILATERAL DEAL HOPE

"India has been hopeful of avoiding the April 2 reciprocal tariffs as the US had agreed last month to negotiate a bilateral trade agreement. Productive negotiations with the US team this week may yield positive results on the reciprocal tariff front, now that there are signs of some flexibility," a source tracking the matter told *businessline*.

After taking over as US

President earlier this year, Trump said he would impose reciprocal tariffs on "high tariffing countries", including India, on April 2 matching their import tariffs.

HIGH AVERAGE TARIFF

If matched, the reciprocal tariffs could be significant for India. The US' simple average tariff on imports is 3.3 per cent while India's is over five times higher at 17 per cent, per WTO figures. Average applied tariffs on agricultural goods by India are much higher at 39 per cent; US duties are 5 per cent.

While Trump indicated he may actually not end up slap-

ping matching tariffs and give a break to a lot of countries, it must not be taken at face value, cautioned Biswajit Dhar, Distinguished Professor, Council for Social Development.

"Trump is never going to show his hand. He will try to extract the best deal. We have to be extremely careful as to on what terms we would negotiate. Our trump card is our large market and we must play it now," he said.

In FY24, India exported goods worth \$77.51 billion to the US and its imports were worth \$42.19 billion, leaving the US with a deficit of \$35 billion.