

MOVE TO SHIELD \$66 BN OF EXPORTS FROM RECIPROCAL TARIFFS

Govt open to tariff cut on 55% of US imports

● Trade deal may see lower levy on \$23 bn imports

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THE GOVERNMENT 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 sources said, the biggest cut in years, aimed at fending off reciprocal tariffs.

The country wants to mitigate the impact of US President Donald Trump's reciprocal worldwide tariffs set to take effect from April 2, a threat that has disrupted markets and sent

MIDDLE PATH

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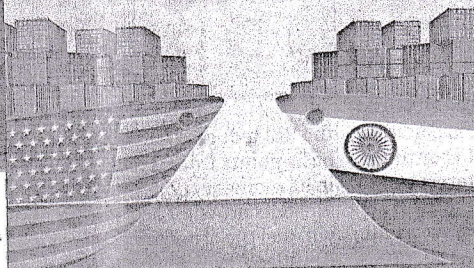
■ Assistant US trade representative for South and Central Asia Brendan Lynch is in India for trade talks

The United States has a trade deficit of

\$45.6 billion
with India

■ India is also considering wider tariff reform to lower barriers uniformly

■ The US President has continued to call India a 'tariff abuser' and 'tariff king'



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policymakers scrambling, even among Western allies.

In an internal analysis, New Delhi estimated such reciprocal tariffs would hit 87% 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% of US goods it imports that are now subject to

tariffs ranging from 5-30%, said the sources, seeking anonymity as they were not authorised to speak to the media.

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Govt open to duty cut on 55% of US imports

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 commerce ministry, the prime minister's office and a government spokesperson did not reply to mails seeking comments.

Overall, the US trade-weighted average tariff has been about 2.2%, data from the World Trade Organisation shows, compared with India's 12%. 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 was set to 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. 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.

New Delhi estimated increases of 6-10% in tariffs on items such as pearls, mineral fuels, machinery, boilers and electrical equipments, which make up half its exports to the United States, due to reciprocal tax, both sources said.

The second official said the \$11 billion worth of pharmaceutical and automotive exports may see the most disruptive impact due to reciprocal tariff, given their dependence on the