

India may retaliate if no deal with US on metals levy

WAIT MODE. No action likely while bilateral trade talks are on

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India is keeping the option of retaliatory action against the US open at the World Trade Organisation (WTO) should the ongoing bilateral trade agreement (BTA) discussions fail to yield a favourable resolution on America's sectoral tariffs on steel and aluminium imports.

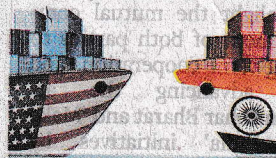
However, New Delhi is unlikely to initiate any action while the negotiations are on, according to a source familiar with the matter.

"It is not right to impose retaliatory tariffs right now on the US while the BTA talks are on and all issues are on the table, including the sector-specific tariffs. But India wants the option of retaliation open as it does not know what the outcome of the talks would be," a source tracking the matter told *businessline*.

When 25 per cent tariffs on steel and 10 per cent on aluminium were imposed in 2018 during President Donald Trump's first stint, a year later India levied reciprocal tariffs on 28 products exported by the US, including apples, walnuts and lentils. Most of these duties were

TRADE TUSSLE

- India has complained to WTO against the US tariffs, saying these were safeguard measures wrongly applied
- Per Delhi's submission to the WTO, the safeguard measure would affect \$7.6 b of India's exports to US
- India also complained against the 25% US duties on automobiles/parts, but not threatened any retaliation
- US maintains that the tariffs on steel and aluminium, and automobiles imposed on national security grounds



rolled back in 2023 when the Biden regime partly lifted the duty restrictions on India through quotas.

Now, India and the US are hard at work to reach an interim trade deal by July 9, when the 90-day pause on reciprocal tariffs ends.

New Delhi is not just focussed on getting the 26 per cent reciprocal tariffs, including the 10 per cent baseline levies, reversed, it wants the sectoral tariffs on steel and aluminium, as also on automobiles addressed, the source said. The full deal timeline is Fall 2025.

COMPLAINT AT WTO

Last month, India complained to the WTO against

the tariffs, arguing that these were safeguard measures wrongly applied.

Per India's submission (based on 25 per cent duties) to the WTO, the safeguard measure would affect \$7.6 billion of exports from India to the US, on which the duty collected would be \$1.91 billion.

New Delhi proposed to suspend concessions on US goods of an equivalent amount of duty. India also complained to the WTO against the 25 per cent US duty on automobiles and auto parts, but has not yet threatened retaliation.

The US has maintained that the tariffs were imposed on national security grounds.