

US-India 'fast-track' talks on tariff cuts, parleys begin in Delhi

PRE-EMPTIVE? In talks with Asst US TR Brendan Lynch, Additional Commerce Secretary Agarwal looks to early commitments in industrial, farm sectors to avoid reciprocal tariffs

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India and the US have decided to speed up trade and tariff-cut talks ahead of US President Donald Trump's April 2 reciprocal tariff deadline through a fast-track mechanism aimed at delivering early results in areas of key market access interest.

Top officials from both countries formally began the India-US fast-track mechanism meeting in Delhi on Wednesday, hoping for some quick results this week.

SWIFT ACCORD

"It was decided by both sides that a fast-track mechanism was needed for quick results on tariff cuts in some areas to convince Trump to hold back reciprocal levies against India on April 2," a source told *businessline*.

The talks, led by Assistant US Trade Representative Brendan Lynch and Additional Commerce Secretary Rajesh Agarwal, will focus on fast-tracking key outcomes.

Some sectors where the US has specifically sought substantial tariff cuts in-

TRADE TANGLE

- Talks aim for quick results this week
- US is insisting on tariff cuts in auto, alcohol & agriculture
- Careful of sensitivities in agriculture, Delhi may shield many farm, dairy items from cuts
- US President Trump keeps up reciprocal tariffs pressure, says not too many exceptions coming



clude cars, motorcycles, alcohol, including whiskey, and a range of agricultural products.

"The Commerce Department has held extensive talks with other Ministries and the industry to draw up a list of items where tariff cuts can be expedited. Also, there are items that are sensitive and cannot be touched. There is a list of items for which India wants access to the US market," the source said.

AGRI DILEMMA

Tariff cuts for the US may cover many industrial goods ranging from chemicals and textiles to engineering products and motorcycles. On cars, India may re-

portedly agree to a phased tariff reduction plan.

However, in agriculture, which is an economically and politically sensitive sector, India will have a tightrope to walk.

"Delhi may agree on tariff cuts for certain items such as almonds, walnuts, pistachios, quinoa, apples and oatmeal as the US is insistent on farm product inclusion. But products like wheat, maize and dairy may be kept out," the source said.

On Tuesday, Trump kept up pressure on countries he had threatened with reciprocal tariffs by remarking that while there would be some exceptions, there wouldn't be too many.

This came just a day after he said that he may give a "lot of countries" a break and charge them relatively less reciprocal tariffs.

It had raised hopes that this flexibility may help countries like India, with which the US is negotiating a BTA. Trump has dubbed April 2 as the "liberation day" for the US when he will impose reciprocal tariffs on "high-tariffing" countries, including India, to match their tariffs.

India's simple average tariffs at 17 per cent are way higher than the US' 3.3 per cent, per WTO figures. On agricultural goods, India's average applied tariffs are a steep 39 per cent while the US duties are 5 per cent. The US is India's largest trading and export partner.

In FY24, India exported goods worth \$77.51 billion to the US and its imports totalled \$42.19 billion.

Last month, Prime Minister Narendra Modi and Trump agreed to deliver the first tranche of a mutually beneficial BTA by the fall of 2025. The BTA seeks to more than double bilateral trade to \$500 billion annually.