

US wants India to eliminate tariffs upfront

USTR Greer indicates negotiations with India may spill beyond the Aug 1 deadline

ASIT RANJAN MISHRA

New Delhi, 28 July

The United States (US) is pushing India to commit to an immediate elimination of Customs duties on most products as soon as the bilateral trade deal being negotiated by the two countries takes effect, posing another hurdle in concluding an agreement before August 1, when new US tariffs will kick in.

“The US has sought from India an aggressive timeline for duty elimination. It wants zero duty on most of its products as soon as the deal comes into force, except for a few tariff lines that can be phased out in a year or two,” a government official said, requesting anonymity.

Under the so-called “tariff staging”, countries gradually reduce or eliminate import duties on sensitive goods over a specified period of time while removing tariffs on non-sensitive items immediately when the agreement comes into force. For example, in the recently concluded UK trade deal, India committed to phase out tariffs on 90 per cent of goods over a period of 10 years, with 64 per cent of goods to be tariff-free as soon as the FTA becomes operational.

Turn to Page 6 ▶



“WE CONTINUE TO SPEAK TO INDIA. THEY HAVE EXPRESSED STRONG INTEREST IN OPENING PORTIONS OF THEIR MARKET. BUT I THINK WE NEED SOME MORE TALKS ON THAT END TO SEE HOW AMBITIOUS THEY WANT TO BE”

Jamieson Greer, US Trade Representative

GLOBAL ROUNDUP

8 ▶

- US-EU trade deal set to raise costs for companies, consumers
- US, China hold new talks on tariff truce extension
- Tariff threat: Trump shortens Putin's 50-day deadline

US wants India to eliminate tariffs upfront

After the EU and the US sealed a deal on Sunday, the focus has now shifted to whether India and the US could complete negotiations for the interim trade deal before August 1.

In an interview with *CNBC* on Monday, the US Trade Representative Jamieson Greer on Monday appeared to indicate that negotiations with India may spill over beyond the imminent deadline.

"The thing to understand with India is their trade policy for a very long time has been premised on strongly protecting their domestic market. That's how they do business there. And the President is in a mode of wanting deals that substantially open other markets, that they open everything or near everything," Greer said.

"So we continue to speak to our Indian counterparts. We have always had very constructive discussions with them. They have expressed

strong interest in opening portions of their market. We, of course, are willing to continue talking to them. But I think that we need some more negotiations on that end with our Indian friends to see how ambitious they want to be," Greer added.

If an agreement is forged, the US-India pact could follow the same pattern as other recent deals announced by the US, with around 15 per cent tariffs on Indian exports to the US in return for tariff cuts, investment pledges, and regulatory access for American firms, reckoned Ajay Srivastava, founder of Delhi-based trade think tank Global Trade Research Initiative.

"A deal with the US, India's largest trading partner, would be a major economic and strategic step for New Delhi. But India must be careful not to give in to unbalanced or excessive U.S. demands," Srivastava underlined.