

# Tariff fix key to trade deal with US: Govt

## Multi-pronged strategy in the works to help exporters

**SHREYA NANDI**

New Delhi, 28 August

New Delhi remains hopeful of resuming trade deal negotiations with Washington, though resolving the issue of the United States' steep 50 per cent tariff on Indian exports will be essential before any agreement can be struck, a senior government official said on Thursday.

"We are hopeful to get back on the table soon ... whenever we strike a deal, both the tariffs (the 25 per cent reciprocal levy and the punitive 25 tariff for India's purchases of Russian oil) need to be addressed. It doesn't need to be at the same exact time; it can be done in multiple ways. But addressing both is necessary to have an effective trade deal on the day," the official said.

Another round of trade talks, scheduled for August 25, was postponed by the American side. New dates are yet to be set.

"In the overhang of this additional tariff, it was not practical to have an official-level discussion ... that overhang is there and the dates have been pushed," the official said. Both sides, however, remain engaged and are seeking to better understand each other's concerns.

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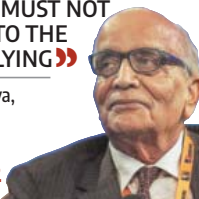
**DUBBING THE UKRAINE CONFLICT "MODI'S WAR", WHITE HOUSE TRADE ADVISOR PETER NAVARRO SAID THE ADDITIONAL 25% TARIFF ON INDIA COULD DISAPPEAR "REAL EASY" IF RUSSIAN OIL PURCHASES CEASED**

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MSIL

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**Crude oil imports from Russia to dip briefly, then rebound**

The volume of India's crude oil import from Russia is set to decline in September and October to 300,000 bpd-500,000 bpd, from an average 1.7 million bpd witnessed in 2024, as the full impact of the muted cargo booking activity observed in the later half of July and the first half of August becomes fully visible.

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# Tariff fix key to trade deal with US: Govt

In February, Prime Minister Narendra Modi and US President Donald Trump announced their intention to conclude the first phase of a bilateral trade agreement by the fall — September to October — a timeline that now appears difficult given the geopolitical complications.

## Tariff turbulence

In a major setback for India, the Trump administration imposed a 25 per cent reciprocal tariff from August 7, followed by an additional 25 per cent from August 27, citing New Delhi's purchases of Russian crude. Labour-intensive sectors including gems and jewellery, textiles, shrimps, leather and footwear have been among the hardest hit.

Exporters have warned of the impact on market access, competitiveness and employment, urging the government to take policy measures to soften the blow.

The commerce department is preparing a multi-pronged strategy to support exporters, though subsidy-style measures are not being considered. "The government is seized of the issues being faced by exporters, and positive work is going on to help them," the official said. Measures under discussion include addressing liquidity challenges caused by the tariffs, reviving "old ongoing schemes" to provide support, and accelerating the rollout of the ₹25,000 crore Export Promotion Mission — a six-year programme focusing on trade finance and easing market access.

Among the proposals are an emergency credit line guarantee scheme for small exporters, collateral-free loans, and an extension of the export realisation period to ease cash flow problems created by longer payment cycles.

Meanwhile, members of the Federation of Indian Export Organisations (FIEO), the apex exporters' body, on Thursday met Finance Minister Nirmala Sitharaman. Exporters said she assured them of early support.

"The finance minister reassured the delegation that the government stands firmly behind Indian exporters in this hour. She emphasised that the government is committed to addressing all concerns of the exporting community and will explore every possible avenue to safeguard their interests," said the Federation of Indian Export Organisations (FIEO), the apex exporters' body.

## US mounts pressure

Meanwhile, Peter Navarro, Trump's senior counsellor for trade and manufacturing, said the extra 25 per cent tariff on India could be removed "real easy" if New Delhi stopped buying Russian oil. "India can get 25 per cent off tomorrow if it stops buying Russian oil and helping to feed their war machine," Navarro told *Bloomberg* on Wednesday.

He described the Ukraine conflict as "Modi's war" and claimed the "road to peace" ran partly "through New Delhi". "India is helping feed the Russian war machine," he said.

"Everybody in America loses because of what India is doing. Consumers and businesses lose, workers lose because India's high tariffs cost us jobs, factories, income, and higher wages. And taxpayers lose, because we have to fund Modi's war," Navarro added. Asked by the host if he meant "Putin's war", Navarro replied: "I mean Modi's war, because the road to peace runs, in part, through New Delhi."