

India breathes easy as US trade court blocks Trump tariffs

WAIT AND WATCH. Verdict gives New Delhi more time to navigate trade negotiations

Amiti Sen
New Delhi

A US trade court on Wednesday blocked US President Donald Trump's reciprocal tariffs, easing pressure on India to arrive at an interim trade pact immediately. But the negotiations will continue on the India-US bilateral trade agreement (BTA) as a good deal will benefit both countries, said officials.

OVERSTEPPED POWERS

As per the US Court of International Trade, Trump "overstepped his authority" by invoking emergency authority to impose sweeping tariffs on numerous countries. The President's use of tariffs as leverage was not allowed by law, it said.

The ruling blocks most of Trump tariffs, including the reciprocal and baseline levies, but leaves out industry-specific tariffs, such as those on automobiles, steel and aluminium, that were imposed using a different statute.

The Trump administration has multiple options to get around the ruling, includ-

ing using other sections of trade laws, Kevin Hassett, Director, National Economic Council, said in an interview.

The Trump administration immediately filed an appeal with the US Court of Appeals for the Federal Circuit.

India had been racing to clinch an interim deal by July 8, the deadline for a 90-day tariff freeze, to sidestep negative fallout from Trump's 26 per cent reciprocal tariffs.

The verdict has, however, lightened the load on India because the Trump administration will now be engaged in a legal battle over tariffs, said experts. While India's Commerce Department is closely scrutinising the ver-

dict, experts advise that the country should "take it slow" and let the situation evolve.

"India must carefully observe the situation in the US and slow the negotiating process. If tomorrow, the Court of Appeals concurs with yesterday's decision, then the negotiations will have no legal validity," said Biswajit Dhar, Distinguished Professor, Council for Social Development. This could strengthen India's negotiating position and help it get a better deal, he said.

The government remained circumspect about commenting on what the verdict means. "India never interferes in other countries'

TRADE TUG-OF-WAR

- US court blocks most Trump tariffs, citing 'over-reach'
- Sector-specific tariffs on steel, aluminium not covered by the verdict
- India to continue BTA negotiations with the US
- US trade officials to visit India on June 4-5
- Trump govt moves the US Court of Appeals



Rajesh Agarwal,
Additional Secretary,
Ministry of Commerce

internal matters... We want to maintain good economic relations with all the developed countries. We are committed to ensuring opportunities for our youth, farmers and professionals," said Commerce Minister Piyush Goyal when asked about the US federal court verdict. The Minister was speaking on the sidelines of a CII event.

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"We are going to scrutinise the ruling to see what exactly it entails and what the arguments are against the reciprocal duties. The appeal process also has to be followed closely," an official tracking the matter said.

On the ruling, India's chief negotiator with the US, Rajesh Agarwal, Additional Secretary, Ministry of Commerce, said the overall discussion on tariffs and trade deficit was a "narrative of the US". "It is about the challenges that they are facing as a big market. That I think should not come in the way of our trade partnership with the US that we are trying to stitch together," he said.