

India risks US tariff of 25% as deadline nears

REUTERS

New Delhi, 29 July

India is preparing to face higher US tariffs likely between 20 per cent and 25 per cent on some of its exports as a temporary measure, as it holds off on fresh trade concessions ahead of Washington's August 1 deadline, government sources said.

Instead, India plans to resume broader trade negotiations when a US delegation visits in mid-August, with the goal of finalising a comprehensive bilateral agreement by September or October, one of the officials told *Reuters*.

"Talks are progressing well, and a delegation is expected in Delhi by mid-August, one of the government officials said, adding that US President Donald Trump could issue a tariff letter imposing duties of 20 or 25 per cent in a "worst-case scenario". "However, we assume it would be a temporary measure, considering the five rounds of trade talks that have taken place. A deal will soon be worked out."

Trump said on Monday

that most partners that do not negotiate separate trade deals would soon face tariffs of 15 per cent to 20 per cent on their exports to the US, well above the broad 10 per cent tariff he imposed in April. His administration will notify some 200 countries soon of their new "world tariff" rate.

US Trade Representative Jamieson Greer told *CNBC* on Monday that talks with India required more negotiations as Trump was more interested in good deals than quick deals.

Trade minister Piyush Goyal told *Reuters* last week India is making "fantastic" progress in US trade talks.

Officials said India has offered tariff cuts on a wide range of goods and is working to ease non-tariff barriers. However, agriculture and dairy remain no-go areas, with India unwilling to allow imports of genetically modified soybean or corn, or to open its dairy sector.

Total bilateral goods trade reached \$129 billion in 2024, with India posting a trade surplus of nearly \$46 billion.