

TALKS ON WITH INDIA FOR NEW TRADE DEALS, SAY US OFFICIALS

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WASHINGTON: The Donald Trump administration is in the initial stages of negotiating “new and better trade deals” with India, addressing an irritant in bilateral relations that has gone against growing convergence and closeness in defence and strategic matters.

“A number of administration officials just recently came back from India. They expressed their willingness to negotiate new and better trade deals, and those conversations are at the beginning stages,” White House spokesperson Sarah Sanders told a news briefing on Monday.

Earlier on the same day, Alice Wells, head of the state department’s South and Central Asia bureau, said the two sides had a “frank and open” discussion on trade at the first 2+2 dialogue in New Delhi, and both sides had acknowledged “fair and reciprocal trade” is in their interest.

Wells told reporters during a conference call the US is working with India to address challenges related to market access, including tariff and non-tariff barriers.

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“What I heard out of the 2+2 is a commitment by our leadership to the importance of resolving this and coming out (with) a fair agreement that meets the needs

of the US and India, the private sector as well as the people,” she said.

At a rally on Friday, President Donald Trump said India wants to discuss a trade deal. “Frankly, I’ll tell you, India called us the other day. They said they would like to start doing a trade deal, first time. They wouldn’t talk about it with previous administrations,” he said, without revealing who called and when.

Despite growing bilateral trade—up from \$20 billion in 2000 to \$126 billion in 2017—differences on trade-related issues such as intellectual property rights protection, market access and non-tariff barriers have persisted, and been exacerbated by President Donald Trump’s focus on fair and reciprocal trade. The US has a trade deficit of \$27.3 billion with India.

This is in marked contrast to robust progress on strategic issues. In August, India became the third Asian country, after Japan and South Korea, to get Strategic Trade Authorisation-1 (STA-1) status from the US, paving the way for hi-tech product sales, including in the defence sectors.

During the 2+2 talks, India and the US signed the landmark Communications Compatibility and Security Agreement (COM-CASA) that will allow India’s armed forces to obtain critical defence technologies and gain access to the communications network of the US military.

Apart from tariffs on steel and aluminium, Trump has railed against perceived high duties on US exports to India such as Harley-Davidson motorcycles. He has raged about subsidies the US pays to India.

“You know, like India, like China...we say ‘Oh they are growing’. So I say I want to put us in that category too, we are growing...they call themselves developing nations...we are a developing nation too,” he told supporters at a political rally.

The conversation with the Trump administration picked up speed after a recent visit by commerce minister Suresh Prabhu, who stressed the importance of discussing all pending trade issues.

There has been movement on key issues. In medical devices, India is veering around to the US view of capping trade margins for some products, instead of outright price controls. In early 2017, India had capped prices of products such as stents, affecting large US multinationals.

In dairy, there is unlikely to be much progress because the US dairy industry uses bone-meal in cattle feed and American milk and milk products are classified as “non-vegetarian”.

In the case of IT products, India has insisted that US products meet Indian standards as laid down in the Compulsory Registration Scheme for such products. The US argument is that its products already meet much more stringent US standards and India’s insistence introduces more bureaucracy and complexity into the matter.