

# India, US to hold more talks for trade package

FE BUREAU  
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**SENIOR OFFICIALS FROM** India and the US met in Washington last week and agreed to hold further deliberations on a mutually-acceptable trade package, which will take some more time to materialise, a source told *FE*.

The meeting was held amid escalation of the global trade war, with the US and China having already imposed additional tariff on each other.

India has proposed an additional tariff worth \$235 million on 29 US goods, including almonds and apples, in retaliation to the additional duty on Indian steel (25%) and aluminium (10%) by the US. In the absence of a solution soon, India could implement its proposed retaliatory tariffs from August 4.

While India wants exemption from the additional duty that the Trump administration has imposed on steel and aluminium, the US is seeking to use a special tariff regime — generalised system of preference (GSP) — it offers to India and some others to extract greater market access from New Delhi.

The trade package is also aimed at fixing specific goals for improving the Indo-US trade through greater market access and removing irritants. The latest meeting was a follow-up of a similar huddle late last month in New Delhi, which



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was attended by an American team, led by assistant US trade representative Mark Linscott. “Both the sides have decided to continue exchanging notes on all the relevant issues and work out a solution,” said the source.

For India, a greater access to the American market for its food, farm, engineering goods and auto and auto parts segments hold promise in the long term (over five years), said the official. The US sees good prospects for its companies in Indian civil aviation, oil and gas, education service and agriculture segments. Any successful outcome of this meeting could later be announced by the leaders of both the nations.

India also wants delinking

of the GSP from market access talks. For its part, the US wants greater market access to reduce the trade imbalance with India and remove price curbs on stents and other medical equipment.

Under the GSP programme, select developing countries are allowed duty-free export of specified products to the US. According to sources, India was a major beneficiary in 2016, as it shipped out goods worth \$4.7 billion to the US under the GSP, which were equal to more than 11% of its exports to the world’s largest economy. Exports of select items in the textiles, engineering, gems and jewellery and chemical sectors are allowed duty-free access to the US.

India made up for just 2.8% of US goods trade deficit and occupied the 9th spot on the list of nations with which the Trump administration seeks to pursue a trade balance agenda. However, India is the only major country whose goods trade surplus with the US narrowed in 2017 — a fact New Delhi recently highlighted in its talks with Washington.