

● **TARIFF JITTERS**

## India, US may soon agree trade package

FE BUREAU  
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**SENIOR TRADE OFFICIALS** of India and the US will meet later this month in Washington to wrap up negotiations on a “mutually-acceptable trade package”, according to an official source. The meeting comes amid an escalation of the global trade war, with the US and China having imposed additional tariff against each other on Friday.

The trade package is expected to have specific goals for boosting Indo-US trade through greater market access. Late last month, an American team, led by assistant US trade representative Mark Linscott, held talks with Indian officials here on several contentious issues, including the extra US duty on Indian steel and aluminium and the next meeting will be a follow-up of that.

Since India’s proposed additional tariff worth \$235 million on 29 US goods — including almonds and apples — are retaliatory in nature, any roll-back of the additional duty on Indian steel (25%) and aluminium (10%) by the US will lead to a withdrawal of such tit-for-tat action by New Delhi as well, said the source. Otherwise, India’s proposed additional tariffs will take effect from August 4.

For India, greater access to the American market in the food, farm, engineering goods, auto and auto parts segments holds promise in the long term (over five years), said the official.

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THE US sees good prospects for its companies in the Indian civil aviation, oil and gas, education service and agriculture segments. Any successful outcome of this meeting could later be announced by the political leadership of both the nations.

— Apart from relief on the metal duty, India wants relaxed visa regime for skilled professionals and delinking of a special tariff regime — generalised system of preference (GSP) — from market access talks, among others. For its part, the US wants greater market access to reduce its trade imbalance with India and removal of price curbs on stents and other medical equipment by New Delhi, among others.

Under the GSP programme, select developing countries are allowed to export specified

products duty-free to the US. According to trade sources, India was a major beneficiary in 2016, as it shipped out goods worth \$4.7 billion to the US under GSP, which was equal to over 11% of its exports to the world's largest economy. Exports of select items in the textiles, engineering, gems and jewellery, and chemicals sectors are allowed duty-free access to the US.

While China alone accounted for a massive \$375 billion, or 46%, of the US goods trade deficit of \$810 billion in 2017, India made up for just 2.8% and occupied the ninth spot in 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 has recently highlighted in its talks with Washington.