

## India, U.S. set to mend trade ties

The ongoing negotiations between India and the U.S. on multiple trade tussles are progressing smoothly and a deal could be announced when an Indian delegation visits America in mid-July.

The deal is likely to involve bringing down the duty on high-end Harley-Davidson motorcycles to zero, addressing an issue that President Donald Trump continues to raise publicly and privately about trade relations with India.

India imports only a few dozen fully assembled motorcycles in the high capacity category that attracts highest duties.

A U.S. delegation led by assistant U.S. Trade Representative Mark Linscott was in New Delhi recently.

An Indian delegation led by Santosh Sarangi, Joint Secretary in the Ministry of Commerce, will be in Washington later this month, and an agreement on several contentious issues is likely, according to sources familiar with the developments.

As part of a package deal, America is likely to maintain the Generalised System Preferences (GSP) for India, which allows many exporters to enjoy lower tariffs on specific exports to the U.S. India is likely to change the price restrictions imposed on medical devices imported from America to trade margin rationalisation, a more acceptable global practice being demanded by American manufactures.

The USTR has launched a process to terminate the GSP status for India, partly in response to complaints from U.S. manufacturers of medical devices.

Senior Indian diplomat Puneet Kundal participated in a hearing at the USTR recently on India's GSP status, and the Indian Embassy is processing clarifications to further questions currently.

### **Fresh energy**

Even partial resolution of the pending trade issues could infuse fresh new energy in bilateral ties, which have taken a hit by the abrupt postponement by the U.S., of the 2+2 dialogue between the Defence and Foreign Ministers of both countries that had been scheduled for this week.

"Both countries are aware of what is at stake. A resolution of trade issues is well within reach," said Mukesh Aghi, President of the U.S.-India Strategic Partnership Forum (USISPF).

The U.S. had invoked Section 232 (b) of the U.S. Trade Expansion Act of 1962 to impose 25% duties on steel and aluminium from India. India had taken the issue to the World Trade Organisation (WTO). The U.S. is also challenging India at the WTO for its export subsidy programmes.

Other market access issues are also on the table. American companies are also protesting data localisation requirements that India has announced.

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***Mukesh Aghi***

**President, USISPF**

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