

India notifies higher tariffs on U.S. imports

The notification, however, says these higher tariffs would come into effect from August 4, leaving room for further discussions between the U.S. and India before the new rates are implemented.

Wednesday's action follows the government's notification to the World Trade Organization last week that it was imposing tariffs, amounting to \$240 million, in retaliation for the U.S. duty on steel and aluminium.

The notification does not mention a tariff hike on 800 cc (or more) motorcycles, which would affect Harley Davidson imports, already a sore point.

"The Commerce Minister has said that he will be having more talks with the U.S. on the trade issues, and so the later date [for the implementation of the tariffs] is to give time so that they can be amended following the talks," a Finance Ministry official said, on the condition of anonymity.

"But the notification also shows that we are serious about the issue," the official said.

India's move comes close on the heels of escalating trade tensions, with the U.S. and China both imposing hefty tariffs on each other, and even the European Union joining the fray.

The row began in March, when U.S. President Donald Trump signed an order imposing a 25% tariff on steel imports and a 10% tariff on aluminium imports, causing concern among its trading partners and members of the WTO. Recently, International Monetary Fund chief economist Maurice Obstfeld also highlighted the detrimental effects of such a trade environment saying that "the prospect of trade restrictions and counter-restrictions threatens to undermine confidence and derail growth prematurely."

"The U.S. has more sustaining power. It's a large economy," Dharmakirti Joshi, chief economist at Crisil, told *The Hindu*.

"But what it does mean is that the costs at both the ends would go up, for Indian consumers as well as for U.S. consumers. Imposing tariffs basically means either you look for other sources, or you import at higher prices. That's the general direction this is going, and now it has intensified. Of late it was rhetoric, but now these are actions."

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