

BREAKING THE ICE: THE HINDU EDITORIAL ON INDIA-U.S. TRADE TIES

Relevant for: International Relations | Topic: India - USA

On her maiden visit to Asia, U.S. Trade Representative Katherine Tai held bilateral meetings with Commerce and Industry Minister Piyush Goyal and [relaunched the U.S.-India Trade Policy Forum](#) (TPF). A lot has transpired in the Indo-U.S. economic partnership in the four years since the TPF was last convened — from machinations towards a free-trade agreement to the failure to even reach a mini-trade deal towards the latter half of the Donald Trump administration days. Instead of progress, there were setbacks, including raised import tariffs and the withdrawal of benefits to Indian exporters under the U.S.'s Generalized System of Preferences (GSP) which triggered retaliatory trade barbs. That marquee American businesses (Harley-Davidson and Ford) have left India has not helped optics, even if their motivations may not have been solely linked to difficult trade norms. With the Joe Biden administration shutting the door on new trade pacts and being cold to restoring the GSP status, India must be ruing the hard stances that scuttled the chances of sealing a deal in the Trump era. Ms. Tai's visit offers a fresh reset chance. GSP restoration, she has said, could be considered, while nudging India to set targets for tariff reductions and easing market access across sectors. The TPF statement also outlines the sectors and goods and services that need quick attention.

Whatever misgivings may have existed at the beginning of the Biden administration, Ms. Tai's visit, that follows trips by key U.S. Secretaries, indicates U.S. interest in engaging with India in significant spheres. That it looks at India as a key partner in rebuilding critical supply chains in a post-pandemic world seeking to cut its dependence on China, is clear from its desire for integration in areas such as health, medical devices and pharma. India's pharma exports account for 40% of the U.S.'s generic drugs supply and Ms. Tai has assuaged its concerns about delays in U.S. regulatory inspections of pharma units. Her plain-speaking that Indo-U.S. trade never really lives up to its potential and references to India's unpredictable regulatory shifts, tariff- and non-tariff barriers as her priorities, suggests these talks have begun from a place more grounded in realism. This should serve as a wake-up call for the Government about its trade posture and spur a more open approach towards a market that will remain the most critical, irrespective of the trade deals it is seeking with other nations. While America's stance on India's proposal on IPR waivers for the COVID-19 vaccine and medicines will be watched at the upcoming WTO ministerial, India must seize this fresh initiative with the U.S. to cement its place in the new supply chains being envisaged. For starters, it must pro-actively steer away from the protectionism that is leading the globalised world adrift.

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U.S. President Biden should not buckle to pressure from irate anti-vaccine campaigners

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