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India U.S. trade deal

Why in news?

India and the US failed to arrive at a limited trade deal during Indian PM visit to the U.S.

What is the expected “limited” trade deal?

- The trade deal was faltered over duties imposed by India on ICT products.
- The U.S. wanted the 20% duty on mobile phones and ethernet switches to be reduced or eliminated.
- U.S. also demanded greater access to the Indian market for medical devices such as stents and knee implants apart from its dairy and agricultural products.
- For its part, India wanted the Generalised System of Preferences which gives preferential market access for its products in the U.S., restored.

Why the trade deal couldn't be finalised?

- **India** - U.S.'s demands in medical devices and dairy & agricultural products are seen as sensitive products politically for the India.
- As the government has often taken credit for making those products affordable.
- Loosening price controls now is not an option for India as that would push up prices of these products in the country.
- A full-scale trade agreement would pose bigger challenges on issues such as intellectual property, e-commerce and H1B visas.
- With its economy in the grip of a major slowdown, any concessions from India on imports of American products may not have gone down well both politically and in economic terms.
- **U.S.** - For U.S. President Trump, even a limited deal with India will be something to talk about as he approaches election year.
- This is especially because trade talks with China are going nowhere.
- China has not only taken punitive tariffs by the U.S but also retaliated by picking the products that could hurt Trump's constituency and supporters.

- This explains the hectic, behind-the-scenes activity with India in the last few weeks.
- Going by the limited information in the public domain, it appears that India has played tough and refused to yield to U.S. demands.
- Trade negotiations are never easy and for them to succeed, both sides have to believe in a policy of give and take.
- It does not help if one side tries to bulldoze the other into submitting totally to its interests.
- At this point in time it does seem that even a limited trade deal between India and the U.S. is some distance away.

Source: The Hindu



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