



# IAS PARLIAMENT

*Information is Empowering*  
A Shankar IAS Academy Initiative

## India's Retaliatory Tariffs on U.S. Imports

### Why in News?

India has decided to impose retaliatory tariffs on 29 goods imported from the U.S., from June 16, 2019 onwards.

### What necessitated this decision?

- The tariffs on the 29 goods, including walnuts, apples, and some pulses, were initially announced in June 2018.
- This came as retaliation to U.S. President Trump's decision in March, 2018 to impose [higher import tariffs on Indian aluminium and steel](#).
- India has repeatedly asked for exemption from these higher tariffs, but it was not effected.
- However, negotiations continued for about a year, and India repeatedly extended the deadline for retaliatory tariff imposition.
- Another issue is over granting India duty-free imports for certain items under the U.S.' [Generalised System of Preferences](#) (GSP).
- The talks over this too has not brought any favourable outcomes.
- Also, under a U.S. ultimatum, India had to terminate its imports of vital [crude oil from Iran](#).

### What are the likely implications?

- If implemented, 29 items imported from the US will face higher duties, cutting benefits to U.S. exporters.
- The tariffs will place a burden of \$220-290 million on the U.S.
- Notably, this is about the same amount imposed by U.S. on India in 2018 on steel and aluminium.
- For India, given the robust market and sound economic fundamentals, it may not bring in any untoward effects.
- Moreover, the imposition of increased import tariffs on agricultural commodities will help domestic farmers.
- The withdrawal of GSP will not make much difference either, as Indian exports are all geared to take this challenge.

## What is the way forward?

- The decision indicates that India is, at least for now, done with a more conciliatory stance with the U.S.
- The counter-tariffs have now lent the Indian side a bargaining chip.
- However, India has much at stake in ensuring that economic ties with its largest trading partner continue.
- This should not end as a result of timely irritants due to the current U.S. administration's unconventional approach to trade and tariffs.
- So, the Indian government has to review with flexibility some of its decisions.
- These include the data localisation requirements and the [new e-commerce regulations](#) that have become concerns for the U.S. side.
- On the other hand, India has to convey its U.S. counterparts the importance of market access for Indian services exporters being free of new, restrictive visa curbs.

**Source:** The Hindu

**Related News:** [India -US Trade Differences](#)



# IAS PARLIAMENT

*Information is Empowering*

A Shankar IAS Academy Initiative