



By: TA | AP Brief

India and US release a framework for an interim trade agreement to reduce Trump tariffs



India and the United States released a framework for an interim trade agreement to lower tariffs on Indian goods, which Indian opposition accused of favoring Washington.

The joint statement, released Friday, came after U.S. President **Donald Trump announced his plan** last week to reduce import tariffs on the South Asian country, six months after imposing steep taxes to press New Delhi to cut its reliance on **cheap Russian crude**.

Under the deal, tariffs on goods from India would be lowered to 18%, from 25%, after Indian Prime Minister Narendra Modi agreed to stop buying **Russian oil**, Trump had said.

The two countries called the agreement “reciprocal and mutually beneficial” and expressed commitment to work toward a broader trade deal that “will include additional market access commitments and support more resilient supply chains.”

The framework said that more negotiations will be needed to formalize the agreement.

India would also “eliminate or reduce tariffs” on all U.S. industrial goods and a wide range of food and agricultural products, Friday's statement said.

The U.S. president had said that India would start to reduce its import taxes on U.S. goods to zero and buy \$500 billion worth of American products over five years, part of the Trump administration's bid to seek greater market access and zero tariffs on almost all American exports.

Trump also signed an executive order on Friday to revoke a separate 25% tariff on Indian goods he imposed last year.

Indian Prime Minister Narendra Modi thanked Trump “for his personal commitment to robust ties.”

“This framework reflects the growing depth, trust and dynamism of our partnership,” Modi said on social media, adding it will “further deepen investment and technology

partnerships between us.”

New job opportunities

India's opposition political parties have largely criticized the deal, saying it heavily favors the U.S. and negatively impacts sensitive sectors such as agriculture.

In the past, New Delhi had opposed tariffs on sectors such as agriculture and dairy, which employ the bulk of the country's population.

Meanwhile, Piyush Goyal, Indian Trade Minister, said the deal protects “sensitive agricultural and dairy products” including maize, wheat, rice, ethanol, tobacco, and some vegetables.

“This (agreement) will open a \$30 trillion market for Indian exporters,” Goyal said in a social media post, referring to the U.S. annual GDP.

The increase in exports was likely to create hundreds of thousands of new job opportunities

He said the increase in exports was likely to create hundreds of thousands of new job opportunities.

Goyal also said tariffs will go down to zero on a wide range of Indian goods exported to the U.S., including generic pharmaceuticals, gems and diamonds, and aircraft parts, further enhancing the country's export competitiveness.

India and the European Union recently reached a **free trade agreement** that could affect as many as 2 billion people after nearly two decades of negotiations.

That deal would enable free trade on almost all goods between the EU's 27 members and India, covering everything from textiles to medicines, and bringing down high import taxes for European wine and cars.

India also signed a comprehensive economic partnership agreement with Oman in December and concluded talks for a free trade deal with New Zealand.