

50 Indian products face tariffs as US nixes duty-free sops on 90 items

They will no longer qualify for duty-free preferences under the GSP programme

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The US on Thursday revoked duty-free concessions on import of at least 50 Indian products, mostly from handloom and agriculture sectors, reflecting the Trump administration's tough stand on trade-related issues with New Delhi.

The federal register issued a notification, listing out 90 products which were so far subject to duty-free provisions under the Generalised System of Preferences (GSP).

President Donald Trump issued a presidential proclamation on Tuesday, leading to the removal of these products from the privilege beginning November 1.

These products "will no longer qualify for duty-free preferences under the GSP programme but

may continue to be imported subject to regular Most Favoured Nation duty-rates," an official of US Trade Representative told PTI.

A review of the products indicates that the presidential proclamation is not country-specific, but product-specific.

However, since India is the largest beneficiary of the GSP, it has been hit the most by the decision. In 2017, India's duty-free export to the US under the GSP was to the tune of more than \$5.6 billion.

The GSP, the largest and oldest US trade preference programme, allows duty-free entry for thousands of products from designated beneficiary-countries.

May hit SMEs

The volume of India's export to the US that will be impacted is not



US President Donald Trump

known, but the list of products suggests that small and medium-size businesses could be impacted, in particular the handloom and agricultural sectors.

The proclamation said that certain 'de minimis' waivers will no longer be granted for any product, regardless of the country source, that exceeds the GSP's Competitive Need Limitation (CNL) thresholds. The CNL thresholds are ceilings on GSP benefits for each product and designated beneficiary-country.

Among the products listed are dried pigeon pea seed; areca nuts, fresh or dried, in shell; turpentine

gum; mangoes, prepared or preserved by vinegar or acetic acid; sandstone, merely cut into blocks or slabs of a rectangular (including square) shape; tin chlorides; barium chlorides; salts and esters of tartaric acid, meso; and trimethyl phosphite.

Full grain unsplit or grain split buffalo hide or skin; grain split whole buffalo leather, without hair on; whole buffalo skin leather (not full grain unsplit/grain splits); and full grain unsplit buffalo leather, are also on the GSP list. Dyed, plain weave certified handloomed fabrics of cotton, containing 85 per cent or more cotton; plain weave certified handloomed fabrics of cotton, handloomed carpet and other textile floor coverings, woven, made up of man-made textile materials have also been removed.

These can still be exported to the US from India, but they will be subject to regular tariffs.