

U.S. tariffs will have long-term effect on trade: Commerce Ministry to PAC

Tariffs will significantly impact India's marine exports, especially shrimp, Centre working on market diversification by pushing for registration of more export units in EU, and engaging in discussions with other countries, says Special Secretary

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The higher tariffs imposed on Indian goods by U.S. President Donald Trump will have a long-term impact, especially for India's marine exports, officials of the Union Commerce Ministry of Commerce told the Public Accounts Committee (PAC) of Parliament headed by senior Congress leader K.C. Venugopal.

The PAC met to deliberate the "Performance audit report on the Export Promotion Capital Goods Scheme".

There were several questions on the impact of U.S. tariffs on Indian exports. Rajesh Agarwal, Special Secretary, Commerce, maintained that anxiety over the adverse impact on the Indian pharmaceutical sector was unfounded, since India's



At risk: Workers cleaning shrimp in a processing unit in West Godavari district for exporting the stock. FILE PHOTO

key competitor in this sector was China, which was also reeling under similar tariffs, sources said. He acknowledged that the high tariffs would have a negative long-term effect on trade. There were several questions on India's marine exports from both

sides of the aisle, including from the PAC Chairperson. Several members pointed out that many of India's coastal towns would be directly impacted if shrimp exports declined drastically.

The U.S. has imposed high tariffs, notably a 50%

duty implemented in August, which significantly impact India's marine exports, especially of shrimp with its exports facing an effective levy exceeding 58% when combined with existing duties.

Mr. Agarwal, sources said, conceded that the high tariff barrier had placed India at a disadvantage compared with its competitors.

Mr. Agarwal, sources said, informed the panel that India was actively working on opening up new markets via free trade agreements with other regions such as the European Free Trade Association bloc (comprising Iceland, Liechtenstein, Norway, and Switzerland), and the U.K., which would "eliminate existing duties".

EU negotiators were recently in India to discuss these agreements, Mr. Agarwal told the panel, ac-

ording to sources, and he went on to add that India was focusing on market diversification by successfully pushing for the registration of more marine export units in the EU, and engaging in discussions with other countries, including Russia.

The committee expressed dissatisfaction over the lack of clear outcomes from the Export Promotion Capital Goods Scheme, a policy aimed at facilitating the import of capital goods for producing quality goods and services to enhance India's manufacturing competitiveness. Under the scheme, duties worth ₹42,714 crore were forgone between financial years 2018-19 to 2020-21. The panel has directed the government to come up with clear answers on how it has helped growth in the manufacturing sector.