The latest list of tariff hikes has 18 iron and steel items, a potent political reply against Trump's tariff hikes in the sector.

After a week of speculations, India on Thursday finally imposed higher tariff rates on 29 import items from the United States (US) but announced that new rates would kick in from August 4.

India had last week notified the World Trade Organization (WTO) of its decision to impose 'reciprocal tariffs' on American products. The move comes after New Delhi got a cold shoulder from Washington DC on its request for exempting India from the higher tariffs announced by the US on steel and aluminium imports.

The government has not officially clarified why it chose to impose the new rates — which have been doubled for some items — from a later date instead of June 21, as had been widely expected. But senior officials in the commerce department suggested that it may have been done to provide the US with some elbow room for negotiations next week when a senior US delegation visits New Delhi for official talks.

Assistant United States Trade Representative Mark Limscott will be visiting India to discuss several crucial trade issues with senior commerce department officials who said they believed the latest tariff hikes will be discussed. "The official agenda for the talks are not restricted to specific issues and it will include a broad spectrum of concerns from disputes over tariffs to stricter immigration norms. But we will focus on a concerted bilateral effort to explore ways to deal with all the cases at the WTO," a senior official said.

Earlier this month, Commerce and Industry Minister Suresh Prabhu visited Washington DC to meet US Commerce Secretary Wilbur Ross and the USTR Robert Lighthizer. Prabhu said both sides have decided to continue talks.

The latest list of tariff hikes has 18 iron and steel items, a potent political reply against Trump's tariff hikes in the sector. However, the government has dropped 'motorcycles above 800cc' from the list after giving strong hints that it would do so. This would have effectively made imports of high-end motorcycles such as those made by US major Harley-Davidson's more expensive. Despite India importing only about $10 million worth of bikes in the category in 2017-18, Trump has used the company as an instrument to attack India on alleged market access issues.

ITEMS FACING HIGHER DUTY

Final list of imports from US to see tariffs hiked #	Old tariff rate (% if not otherwise mentioned)	Revised tariff rate (% if not otherwise mentioned)
Almonds (in shell)	₹35/kg	₹42/kg
Laboratory reagent*	10%	20%
Phosporic acid	10%	20%
Apples	50%	75%
Binders for foundry moulds	10%	17.5%
Walnuts (in shell)	30%	120%
Chickpea (garbanzos)	30%	70%
Lentils (*mosur*)	30%	70%
Bengal *gram* (*desi chana*)	30%	70%
Boric acid	10%	17.5%

\# List includes other items as well

* Used for making controlled chemical reactions

Sources: Department of Revenue, Deloitte India

However, in terms of real import value based on last financial year's trade, agricultural commodities such as apples and almonds are to hit. The US is the largest exporter to India of both items and US exporters of chickpeas, lentils, walnuts, and artemia (brine shrimps) may find contracts getting cancelled owing to higher import duties on these products.

"This increase will be in addition to raising new trade barriers, make domestic manufacturing more attractive as the steep increases in Customs duties may make imports unaffordable. For agri products such as pulses, which have witnessed an increase from 30 per cent to 70 per cent, this would provide encouragement in increasing the cultivable area, on the back of the good pulses production in recent years," M S Mani, indirect tax partner, Deloitte India, said.

The global trading mechanism has been shaken up by $34 billion worth of tariff hikes announced by both the US and China last weekend. Since then, Trump has threatened an additional $200 billion worth of tariffs on Chinese goods and Beijing has indicated it won't buckle down.

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