

India to receive same garment duty benefits as Bangladesh under US trade pact: Goyal

NEW DELHI, FEB. 15—

India will get concessional duty access for garments made by using American yarn and cotton under its trade agreement with the US, similar to the benefits currently provided to Bangladesh, Commerce and Industry Minister Piyush Goyal said on Thursday.

The US will reduce reciprocal tariffs on Bangladeshi goods to 19 per cent, but garments attract zero duty only if made with US cotton and man-made fibres.

A Bangladeshi garment now faces a 31 per cent levy (12 per cent for most-favoured nation plus 19 per cent reciprocal), and if it uses US fibres, then duty falls to 12 per cent.

"Bangladesh ko jo Mila hai, wo Bharat ko bhi milne wala hai final agreement me (Whatever Bangladesh has got, India will also get the same in the final agreement," Goyal told reporters here.

It will be there in the fine prints of the India-US pact, he said.

If an Indian company procures yarn forward and cotton forward from the US, manufactures garments, and re-exports to the US, those garments will also receive duty-free access in America, just like Bangladeshi firms, he pointed out.

That is there in that US-Bangladesh agreement, and "it will be in our agreement also", he said, adding that it will not have any impact on Indian cotton farmers.

The US has limited cotton production, its exports are only USD 5 million, and for India, the target is USD 50 billion, the minister said.

In trade deals, "yarn forward" and "cotton forward" are rules of origin (RoO) requiring specific production steps within the free trade area (FTA) to qualify for duty-free benefits, ensuring the final

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apparel uses materials sourced from FTA partners, boosting regional manufacturing.

The benefit for the apparel sector will flow after India and the US sign the legal agreement for an interim trade deal by mid-March.

India and the US have finalised a framework for the first phase of the bilateral trade agreement. It is likely to be implemented in March.

There will be no quota on the import of raw materials such as cotton.

The US businesses are now looking at India as a trusted partner, Goyal said.

Majority of goods produced by Indian farmers like dairy, cereals, poultry, soyameal, maize, most varieties of fruits and vegetables, ethanol and tobacco, many pulses and millets are out of the trade deal with the US, he said, adding India has opened sectors in a calibrated manner.

"Around more than 90-95 per cent of the products grown by farmers are out of the US trade deal," Goyal said while responding to opposition comments that India has conceded a large chunk of its agri markets for US imports.

"What India needs and what we import even now and items that will not hurt farmers in India in any way, only those items have been opened in a calibrated manner after careful consideration. This will also benefit India in a way and farmers also," he added.

These remarks are important, as Leader of Opposition Rahul Gandhi, on Wednesday, alleged that the India-US interim trade deal was a "wholesale surrender", with India's energy security handed over to America and farmers' interests compromised.

Goyal said the Congress leader should apologise to the people of India.

In some free trade agreements (FTAs), certain Indian medical devices would also get duty concessions, he added.

"We are opening developed markets through the nine FTAs, which cover 38 countries with rich people and high per capita incomes," the minister said.

Goyal added that the National Industrial Corridor Development Corporation (NICDC) can look at reserving 50-100 acres for medical device units in the country.

Commenting on the US-Bangladesh deal, Apparel Export Promotion Council (AEPC) chairman A Sakthivel said that the commerce minister, during an interaction on Wednesday, informed that India is expected to sign the agreement with the US shortly and confirmed that benefits similar to one extended to the textile Industry of Bangladesh would most likely be extended to India as well. (PTI)