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US Challenges India's Tariff Retaliation at WTO

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The United States has firmly told the World Trade Organisation (WTO) that India lacks any legal grounds to impose retaliatory tariffs in response to American duties on steel, aluminium, and automotive products. This statement, issued on Thursday, follows India's notification to the WTO's Safeguards Committee, which outlined that US safeguard measures on steel and aluminium would affect \$7.6 billion in Indian exports, with duties

amounting to \$3.82 billion. Additionally, India highlighted that US tariffs on automotive products could impact \$2.89 billion in exports, generating \$723.75 million in duties.

In March 2018, the US implemented safeguard measures, imposing 25% and 10% ad valorem tariffs on steel and aluminium imports, respectively. These were revised in February 2025. The US also introduced a 25% tariff on Indian passenger vehicles, light trucks, and certain automotive parts, effective from 3 May 2025, with no specified end date. An ad valorem tariff is calculated based on the monetary value of goods, rather than their weight or quantity.

The US argues that its tariffs are justified under a national security exemption, asserting that India's proposed retaliatory measures lack legal merit, according to a report by *The Economic Times*. The dispute is unfolding as both nations engage in the fifth round of India-US Bilateral Trade Agreement (BTA) talks in Washington. Indian negotiators were also in the US capital from 26 June to 2 July for earlier discussions. On 2 April, US President Donald Trump announced tariffs targeting several countries, including India, though implementation was delayed until 1 August.

Parallel to this, Trump has accused China of breaching a recent trade agreement, venting his frustration on Truth Social. He claimed that his initial 145% tariffs on Chinese imports caused significant economic disruption in China, including factory closures and civil unrest. Trump stated that, out of concern for China's stability, he negotiated a deal reducing US tariffs to 30% and China's tariffs on American goods from 125% to 10%. This 90-day truce, brokered in Geneva, aimed to ease tensions but has since faltered. US Treasury Secretary Scott Bessent, speaking to *Fox News*, noted that negotiations have stalled, requiring direct intervention from Trump and Chinese President Xi Jinping. Bessent highlighted that while the deal stabilised markets, it failed to address deeper US concerns about China's state-driven economic model.

Amid stalled talks with China, the US is broadening its trade diplomacy, engaging with Japan, India, and the European Union to address global trade imbalances. Legal challenges further complicate matters. A US trade court ruled that Trump overstepped his authority by imposing tariffs under emergency powers, but a federal appeals court reinstated them pending review, with deadlines for legal arguments set for 5 June and 9 June.

The US-India tariff dispute underscores broader tensions in global trade, with both nations navigating complex economic and legal landscapes. As negotiations continue, the outcome

will shape not only bilateral relations but also the broader framework of international trade rules.