

India Adopts "Dynamic" Approach in US Trade Talks as Standard Operating Procedures Languish



India is navigating its ongoing trade negotiations with the United States using a "dynamic" and flexible approach, a strategy necessitated by the stalled progress on formalizing a comprehensive Standard Operating Procedure (SOP) for trade relations. With a crucial August 1, 2025, deadline for potential US reciprocal tariffs looming, New Delhi is engaging in fast-paced, pragmatic talks, prioritizing national interests over the rigid adherence to pre-defined procedural frameworks that typically govern such complex bilateral agreements.

The fifth round of negotiations for the proposed India-US Bilateral Trade Agreement (BTA) recently concluded in Washington, with an Indian delegation led by Chief Negotiator and Special Secretary in the Commerce Department, Rajesh Agrawal. While both sides aim to finalize an interim trade deal before the August 1 deadline for Trump-era tariffs, key sticking points, particularly in the agriculture and dairy sectors, remain unresolved.

Commerce Minister Piyush Goyal has consistently emphasized India's strategic patience, stating that the nation will not be pressured into a deal that does not align with its national interests. This stance is a clear signal that India is willing to take a flexible, case-by-case approach, rather than waiting for a comprehensive SOP that could delay critical market access and tariff relief. The absence of a codified SOP for trade relations suggests that discussions often proceed on an ad-hoc basis, influenced by immediate concerns and shifting political dynamics.

The US, meanwhile, seeks deeper market access in various sectors, including agriculture, digital trade, intellectual property rights, and medical devices. India, conversely, is pushing for greater access for its labor-intensive sectors such as textiles, pharmaceuticals, gems and jewelry, and leather goods, while firmly protecting its sensitive agricultural and dairy industries. India's long-standing policy has been to avoid granting duty concessions in the dairy sector in any of its free trade agreements.

Reports indicate that while the US is reportedly considering a lower tariff rate for India – potentially under 20% compared to the 26% initially announced by President Donald Trump in April – the core disagreements persist. India has also made it clear that it does not negotiate through the media, preferring to keep sensitive discussions within the official negotiating room.

This "dynamic" approach signifies India's growing assertiveness in global trade, prioritizing substantive outcomes and the protection of domestic industries over procedural niceties. As the August 1 deadline approaches, the focus remains on whether this pragmatic engagement can yield an interim deal that offers mutual benefits, even if a comprehensive trade SOP remains a distant prospect. The outcome will not only impact bilateral trade figures, which saw Indian exports to the US rise by 22.8% to \$25.51 billion in Q1 FY2025-26, but also set a precedent for India's engagement with other major trading partners.