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One Year of U.S. Tariffs: Shifts in India's Export Patterns

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Authors:

NISHA TANEJA
SANJANA JOSHI
VASUDHA UPRETI
PRATIK TIWARY
YASHIKA KHATRI

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Abstract

The financial year 2025-26 marked the first full year of trade between India and the United States of America under the reciprocal tariff regime, introduced by the U.S. administration on April 2, 2025 through Executive Order 14257 - the most far-reaching U.S. tariff action in nearly a century. India was initially subjected to a 26% reciprocal tariff under a regime that underwent several revisions over the course of the year. These tariffs were particularly important for India given its overdependence on the U.S. market for its exports.

The Ministry of Commerce and Industry, India, has recently released trade data for the full financial year April 2025 to March 2026. Coming exactly one year after the initial imposition of these measures, the data provides an opportunity to meaningfully assess their impact on India's export performance and evolving trade patterns.

This policy brief traces the evolution of U.S. tariff measures affecting India, assesses the extent of India's dependence on the U.S. market, examines how the tariff measures affected its export performance in different markets, and evaluates the extent to which affected exports were absorbed by alternative markets. It further reviews the Government of India's response, examining both longstanding export policies aimed at market diversification and the renewed push that followed the tariff episode. The brief suggests recommendations aimed at deepening market diversification and strengthening resilience against market-specific policy shocks.

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***Key words**: U.S. reciprocal tariffs, India-U.S. bilateral relations, Tariffs, Non-tariff barriers, Export market diversification, Market access, Export Promotion Mission, Foreign Trade Agreement, Foreign Trade Policy*

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***Author's email:** NTaneja@icrier.res.in; sjoshi@icrier.res.in; vupreti@icrier.res.in; ptiwary@icrier.res.in; yashikakhatri.yk19@gmail.com*

Abbreviations and Acronyms

AEP	Agriculture Export Policy
BIS	Bureau of Industry and Security (U.S. Department of Commerce)
Bn	Billion
BSMs	Buyer-Seller Meets
BTA	Bilateral Trade Agreement
CETA	Comprehensive Economic and Trade Agreement
CIS	Commonwealth of Independent States
DGFT	Directorate General of Foreign Trade
EFTA	European Free Trade Association
EO	Executive Order
EPM	Export Promotion Mission
EU	European Union
Exim Bank	Export-Import Bank of India
FDI	Foreign Direct Investment
FLOW	Facilitating Logistics, Overseas Warehousing & Fulfilment
FTA(s)	Free Trade Agreement(s)
FTP(s)	Foreign Trade Policy/Policies
FY	Financial Year
GCC	Gulf Cooperation Council
HHI	Herfindahl-Hirschman Index
HS	Harmonized System
HTSUS	Harmonized Tariff Schedule of the United States
IEEPA	International Emergency Economic Powers Act
IES	Interest Equalisation Scheme
INSIGHT	Integrated Support for Trade Intelligence & Facilitation

ITPO	India Trade Promotion Organisation
KOTRA	Korea Trade-Investment Promotion Agency
LIFT	Logistics Interventions for Freight & Transport
MAI	Market Access Initiative
MAS	Market Access Support
MEIS	Merchandise Exports from India Scheme
MFN	Most Favoured Nation
Mn	Million
MSME(s)	Micro, Small and Medium Enterprises
PIIE	Peterson Institute for International Economics
RBSMs	Reverse Buyer-Seller Meets
SEEO	Support for Emerging Export Opportunities
SME	Small and Medium Enterprises
SPS	Sanitary and Phytosanitary (measures)
TBT	Technical Barriers to Trade
TRACE	Trade Regulations, Accreditation & Compliance Enablement
TRQ	Tariff-Rate Quota
UAE	United Arab Emirates
UK	United Kingdom
US$	United States Dollar
USA/U.S.	United States of America
USMCA	United States-Mexico-Canada Agreement
USTR	United States Trade Representative
WITS	World Integrated Trade Solution
WTO	World Trade Organisation

One Year of U.S. Tariffs: Shifts in India's Export Patterns

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1 The Context

On 2nd April 2025, designated by the U.S. administration as 'Liberation Day', the United States of America announced its most sweeping tariff increase in nearly a century under the Executive Order (EO) 14257[1], imposing reciprocal tariffs on trading partners across the globe. A universal 10% baseline tariff was applied to all countries, with higher country-specific rates imposed on those deemed to have caused large and persistent trade deficits with the United States. India was initially subjected to a reciprocal tariff of 26%, which was later revised multiple times.

These measures were undertaken as part of the administration's broader 'America First Trade Policy,' central to which was the objective of addressing what the administration characterises as 'unfair and unbalanced trade relationships,' as reflected in the United States' goods trade deficits, which were the highest globally at US$ 1.64 trillion in 2024[2]. To the administration, these persistent trade deficits represent not only an economic challenge but a threat to U.S. national and economic security.[3] The policy unfolded amid growing strains in the global trading system, characterised by rising protectionism, expanding sanctions regimes, and intensifying bloc formation, all of which were already weakening the multilateral trading order.

For India, the announcement carried particular importance. The United States has been India's single largest export destination. India also ranked among the top ten contributors to the U.S. trade deficit, placing it under heightened scrutiny in Washington's tariff policy.

India's Ministry of Commerce and Industry has now released trade data for the full financial year April 2025 to March 2026, exactly one year after these tariff measures were first introduced. Despite the uncertainties surrounding access to the U.S. market following the imposition of reciprocal tariffs, India's total exports to the world registered marginal growth of 0.94%. The availability of a full year of post-tariff trade data provides an opportunity to examine the implications of these measures for India's export performance and trade patterns. It is important to note that the data predates the escalation of tensions around the

[1] **The White House. (2025, April 2).** Regulating imports with a reciprocal tariff to rectify trade practices that contribute to large and persistent annual United States goods trade deficits. Retrieved from https://www.whitehouse.gov/presidential-actions/2025/04/regulating-imports-with-a-reciprocal-tariff-to-rectify-trade-practices-that-contribute-to-large-and-persistent-annual-united-states-goods-trade-deficits/ (Last accessed on 25th June 2026)

[2] **World Integrated Trade Solution (WITS). (n.d.)** WITS Database. Retrieved from https://wits.worldbank.org/ (Last accessed on 25th June 2026)

[3] **The White House. (2025, January 20).** America First trade policy. Retrieved from https://www.whitehouse.gov/presidential-actions/2025/01/america-first-trade-policy/ (Last accessed on 25th June 2026)

Strait of Hormuz in March 2026 and, therefore, does not capture any subsequent shifts in trade patterns arising from the conflict.

Against this backdrop, this policy brief examines the extent to which India's export landscape has been reshaped over this turbulent year. Key questions that guide our analysis are:

I. How have U.S. tariff measures affecting Indian exports evolved since early 2025?

II. How dependent has India been on the U.S. market for its exports, and what has been the impact of U.S. tariff measures on India's exports?

III. To what extent have alternative export markets offset any changes in India's exports to the United States following the imposition of U.S. tariff measures?

IV. What policy interventions, both longstanding and introduced in the aftermath of the tariff shock, has the Government adopted to strengthen the resilience of India's merchandise exports?

Building on this analysis - and the vulnerabilities that India's dependence on the U.S. market has exposed - the brief concludes with a set of forward-looking recommendations aimed at deepening export market diversification.

2 The Evolution of U.S. Tariff Measures Affecting Indian Exports Since 2025

India was initially subjected to a 26% tariff (a 10% baseline plus 16% reciprocal rate) on 2nd April 2025, under EO 14257. The Order comprised two annexes: Annex I, listing the country-specific additional ad valorem duties applicable to U.S. trading partners, and Annex II, enlisting the products exempt from these tariff measures (exclusion list). A Presidential Memorandum issued on 11th April 2025 further introduced additional exemptions covering selected products under HS Chapters 84 and 85.[4] Taken together, the EO and the Presidential Memorandum expanded the exclusion list to 1,039 products exempt from the reciprocal tariff measures.

While the baseline tariff took effect on 5th April 2025, the reciprocal tariffs were paused for all countries for 90 days, starting on 9th April. Subsequently, on 31st July 2025, a modified reciprocal tariff framework revised India's rate to 25%, which came into force on 7th August. A major escalation came on 6th August 2025, when the USA imposed a 25% penalty tariff on India - effective 27th August - in response to India’s continued purchase and resale of Russian crude oil, raising tariffs on some Indian goods to as high as 50%. In addition to these country-specific measures and duties imposed on India, Indian exporters were also hit by several sectoral tariff imposed by the USA under Section 232 on all trading partners, including tariffs on steel, aluminium, and copper; automobiles and certain auto parts; timber, lumber, and

[4] **The White House. (2025, April 11).** Clarification of exceptions under Executive Order 14257 of April 2, 2025, as amended. Retrieved from https://www.whitehouse.gov/presidential-actions/2025/04/clarification-of-exceptions-under-executive-order-14257-of-april-2-2025-as-amended/ (Last accessed on 25th June 2026)

their derivatives; certain semiconductors; and a 100% tariff on patented pharmaceuticals and their ingredients (scheduled to take effect in mid-2026) (see Table A.1. in Appendix for sectoral tariffs under Section 232).

While successive tariff increases intensified pressures on Indian exporters, subsequent Executive Orders modified the exclusion list, first narrowing and later expanding the range of products exempt from the reciprocal tariffs. The first EO, issued on 5th September 2025, revised the list of products excluded under Annex II of the 2nd April 2025 EO.[5] The revision involved both the addition and removal of product categories, resulting in a net reduction of the exclusion list from 1,039 to 1,003 products. This was followed by another Executive Order on 14 November 2025, which expanded the scope of exemptions by removing the duties imposed on certain agricultural products.[6] Consequently, the exclusion list increased to 1,087 products exempt from the reciprocal tariffs.

A significant shift came on 6th February 2026, when the U.S. and India reached an interim trade deal. Under the agreement, the 25% Russian oil penalty tariff was withdrawn, while the U.S. reciprocal tariff on India was reduced from 25% to 18%. India also stated its intent to purchase US$ 500 billion in U.S. energy, aircraft, technology, and coking coal over five years. Finally, bringing the Trump administration's tariff episode to a close, the U.S. Supreme Court, on 20th February 2026, ordered the termination of the sweeping tariffs imposed by President Donald Trump. The Court ruled that the tariffs exceeded the powers granted to the President by Congress under a 1977 law authorising him to regulate commerce during national emergencies arising from foreign threats, thereby declaring the IEEPA tariffs illegal.[7] On the same day, the President responded by replacing the invalidated tariffs by imposing a temporary 10% surcharge under Section 122 of the Trade Act of 1974, effective from 24th February 2026 onwards. See Table 1 for a summarised timeline of the U.S. tariff measures and actions, and Table A.1. in the Appendix for a detailed timeline.

Going a step further, on 11 March 2026, the United States Trade Representative (USTR) initiated Section 301 investigations into the manufacturing policies and practices of 16 economies, including India, to determine whether structural excess capacity and overproduction in their manufacturing sectors unfairly placed U.S. manufacturers at an unfair competitive disadvantage.[8] The findings of the investigation for India are still awaited. A day later, on 12th March 2026, the USTR launched another Section 301 investigation into 60

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[5] **The White House. (2025, September 5).** Modifying the scope of reciprocal tariffs and establishing procedures for implementing trade and security agreements. Retrieved from https://www.whitehouse.gov/presidential-actions/2025/09/modifying-the-scope-of-reciprocal-tariffs-and-establishing-procedures-for-implementing-trade-and-security-agreements/ (Last accessed on 25th June 2026)

[6] **The White House. (2025, November 14).** Modifying the scope of the reciprocal tariff with respect to certain agricultural products. Retrieved from https://www.whitehouse.gov/presidential-actions/2025/11/modifying-the-scope-of-the-reciprocal-tariff-with-respect-to-certain-agricultural-products/ (Last accessed on 25th June 2026)

[7] **Amy Howe. (2026, February 20).** Supreme Court strikes down tariffs. SCOTUSblog. https://www.scotusblog.com/2026/02/supreme-court-strikes-down-tariffs/ (Last accessed on 29th June 2026)

[8] **Office of the United States Trade Representative. (2026, March 11).** USTR initiates Section 301 investigations relating to structural excess capacity and production in manufacturing sectors [Press release]. https://ustr.gov/about/policy-offices/press-office/press-releases/2026/march/ustr-initiates-section-301-investigations-relating-structural-excess-capacity-and-production (Last accessed on 29th June 2026)

economies, including India, to assess whether their failure to prohibit and effectively enforce bans on imports produced using forced labour constituted unreasonable or discriminatory practices.[9] As per the findings, the USTR has proposed a 12.5% tariff on India, subject to its final determination.

Against the backdrop of continuing trade tensions and ongoing investigations, negotiations on the Bilateral Trade Agreement (BTA) between India and the United States have continued to progress. The agreement had remained in limbo since the initial understanding reached in February 2026, as legal challenges to the U.S. administration's tariff authority slowed negotiations. The impending expiry of the 150-day tariff window under Section 122 of the Trade Act of 1974 on 24th July 2026 has renewed momentum towards concluding the agreement.[10] Nevertheless, the Union Commerce and Industry Minister has maintained that India will finalise the deal only if it secures a clear tariff advantage over competing manufacturing economies such as Vietnam, Thailand, China, and Bangladesh.[11]

Many experts, however, caution that relying on a bilateral trade pact to shield Indian exports from aggressive U.S. trade actions may prove ineffective. They argue that unilateral measures, such as the proposed 12.5% tariff on alleged forced-labour grounds, must be contested on their own terms rather than folded into broader trade concessions. They further suggest that India should challenge the legal basis of the proposed Section 301 action directly, taking the matter to the WTO, if necessary, rather than treating it as a bargaining chip in the wider negotiations.[12] [13]

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9 **Office of the United States Trade Representative. (2026, March 12).** USTR Initiates 60 Section 301 Investigations Relating to Failures to Take Action on Forced Labor [Press release]. https://ustr.gov/about/policy-offices/press-office/press-releases/2026/march/ustr-initiates-section-301-investigations-relating-structural-excess-capacity-and-production (Last accessed on 29th June 2026)

10 **The Hindu. (2025, October 4).** India, U.S. probe forced labour, excess industrial capacity concerns. Retrieved from https://www.thehindu.com/business/Economy/india-us-probe-forced-labour-excess-industrial-capacity-concerns/article71056063.ece (Last accessed on 25th June 2026)

11 **Money Control. (2026, June 25).** U.S. trade deal to kick in the day India gets tariff edge over competitors: Goyal. https://www.moneycontrol.com/news/economy/policy/india-us-trade-deal-to-come-into-effect-the-day-india-gets-tariff-edge-over-competitors-goyal-13958842.html (Last accessed on 26th June 2026)

12 **The Economic Times. (2026, June 03).** New tariff: Think tank GTRI makes a case against the U.S.'s additional 12.5% duty on India. Retrieved from https://economictimes.indiatimes.com/news/economy/policy/new-tariff-think-tank-gtri-makes-a-case-against-us-additional-12-5-duty-on-india/articleshow/131478323.cms (Last accessed on 25th June 2026)

13 **The Hindu BusinessLine**. **(2025, October 8).** India must not let U.S. Section 301 threats push it into a lopsided trade deal: Experts. Retrieved from https://www.thehindubusinessline.com/economy/india-must-not-let-us-section-301-threats-push-it-into-a-lopsided-trade-deal-experts/article71072860.ece (Last accessed on 25th June 2026)

Table 1: Summary timeline of the U.S. tariff and trade actions (April'25 - June'26)

2025 — 'Liberation Day' & Aftermath (Apr)	
02-Apr-25	**IEEPA 'Liberation Day': 10% baseline + reciprocal tariffs announced** India: 26% total (10% baseline + 16% reciprocal). Effective 5 & 9 Apr, respectively
05-Apr-25	**10% baseline reciprocal tariff effective on nearly all countries**
09-Apr-25	**Reciprocal tariffs suspended for 90 days for most countries** 10% baseline remained. India held at 10% baseline during suspension.
11-Apr-25	**Semiconductors & consumer electronics exempted from reciprocal tariffs under Presidential Memorandum**
2025 — Reciprocal Modifications & India Escalations (Jul–Aug)	
07-July-25	**Reciprocal tariff suspension extended beyond 9 Jul deadline**
07-Aug-25	**Modified reciprocal tariffs in force; India at 25%** Revised rates announced on 31 Jul came into effect.
27-Aug-25	**Additional 25% penalty tariff on India (Russian oil) took effect** The total rate on some Indian goods reached ~50%. Announced 6 Aug
2025 — Exclusion-List Revision (Sep–Nov)	
05-Sept-25	**Annex II exempted-products list revised via EO** Adjusted product coverage of the 2 Apr IEEPA reciprocal tariffs; revised items included in Annex II.
14-Nov-25	**Certain agricultural products removed from reciprocal tariffs** Duties under the 2 Apr EO withdrawn for these products.
2026 — Legal Shift & Reset (Feb)	
06-Feb-26	**US–India interim trade deal framework announced** India's reciprocal tariff cut to 18%; Russian oil penalty withdrawn. India to purchase US$ 500 Bn in the U.S. energy, aircraft, technology and coking coal over five years. Framework only - not yet in force.
20-Feb-26	**The U.S. Supreme Court struck down all IEEPA tariffs** All IEEPA tariffs terminated. Section 232 tariffs (steel 50%, aluminium 50%, autos 25%, copper 50%) remain.
24-Feb-26	**New 10% Section 122 surcharge replaced IEEPA tariffs (150-day)**
2026 — Section 301 Investigations & New Sectoral Threats (Mar–Jun)	
11 and 12-Mar-26	**USTR launched Section 301 investigations — structural excess capacity & manufacturing overproduction, and inadequate enforcement of forced-labour import prohibitions**
02-Apr-26	**100% tariff on patented pharmaceuticals announced** Effective Jul–Sep 2026. Major exposure for Indian pharma exporters.
02-Jun-26	**USTR proposes 12.5% Section 301 tariff on India (forced labour)** 60 economies cited; India among them. Proposal stage.

Source: Compiled by the author from The White House (whitehouse.gov); Bown, C. P., Trump's Trade War Timeline 2.0, Peterson Institute for International Economics (PIIE); and C.H. Robinson, U.S. Tariff Timeline (See Table A.1. in Appendix for a detailed timeline)

In sum, the tariff episode leaves India navigating not only elevated tariff barriers but also an uncertain policy environment shaped by pending negotiations, active investigations, and unresolved legal questions.

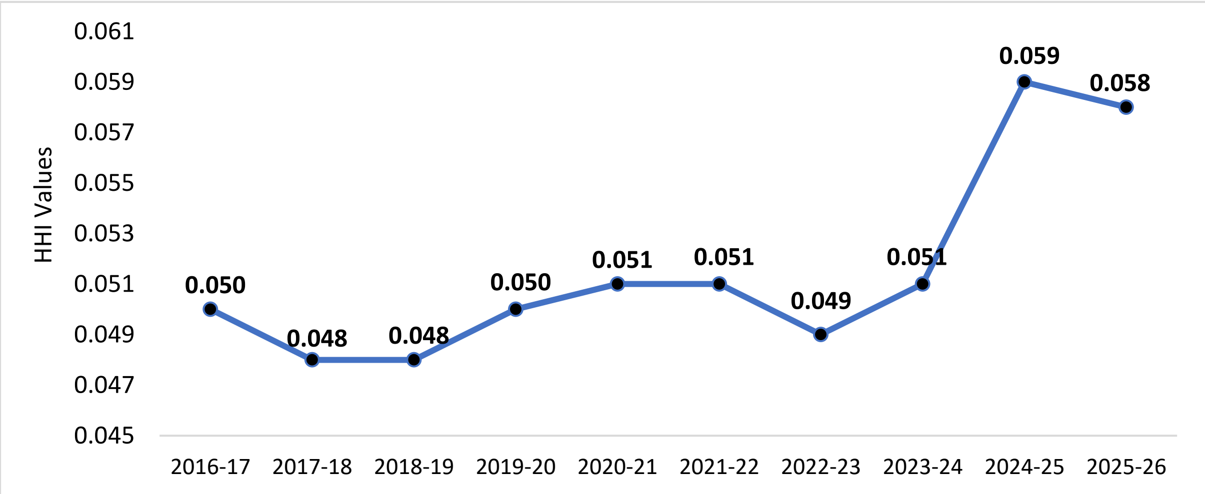
3 India's Dependence on the U.S. Market: Assessing Export Dependence and Tariff Impact

With the tariff landscape having changed so dramatically, tracing the shifts in India's exports calls for assessing the extent of India's export dependence on the U.S. market over the past decade, as well as examining the shifts in India's exports in the last year observed in response to these measures.

3.1 India's export dependence on the USA

The overall picture of India's export market concentration, captured through the Herfindahl-Hirschman Index (HHI)[14] [15] - a statistical measure of concentration with values lying between 0 and 1, wherein a higher HHI indicates greater dependence on fewer markets and a value closer to zero reflects a more diversified export base - reveals a notable shift in recent years. After remaining stable within a narrow band of 0.048 to 0.051 between FY 2017 and FY 2024, the index rose to 0.059 in FY 2025 and settled at 0.058 in FY 2026 - the highest levels in a decade (Figure 1).[16] This upward movement suggests that India's exports have begun gravitating towards a smaller set of destination markets, reflecting the growing weight of a few large partners in India's export basket.

Figure 1: HHI analysis of India's exports in the last 10 years



Source: Authors' calculations using Ministry of Commerce and Industry, Government of India (Tradestat database)

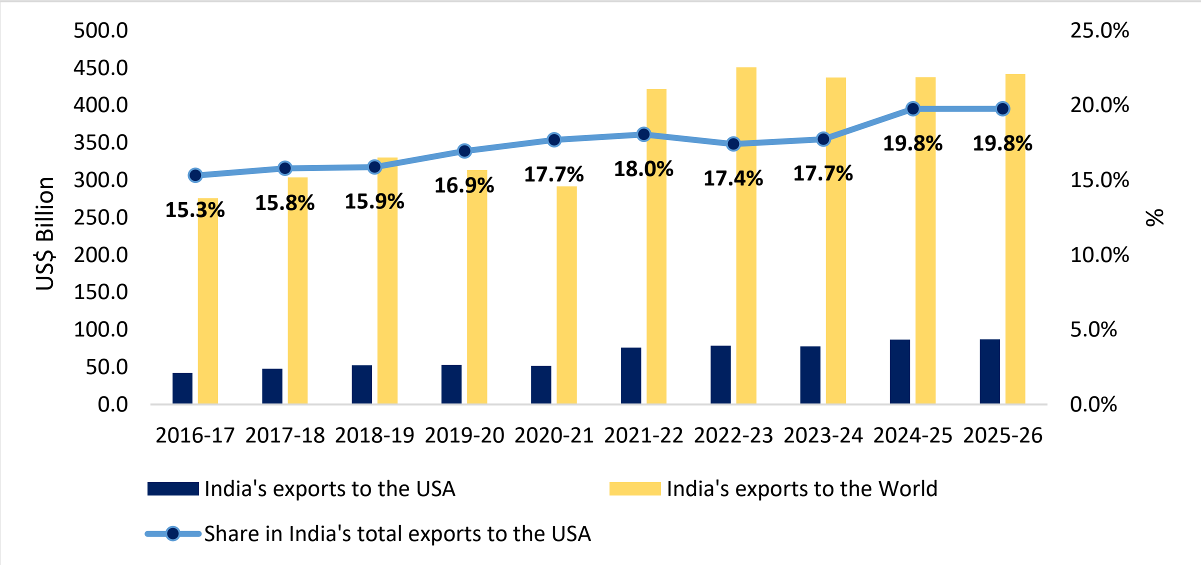
[14] **Rhoades, S. A. (1993).** The Herfindahl-Hirschman index. Federal Reserve Bulletin, 79, 188. Retrieved from https://fraser.stlouisfed.org/files/docs/publications/FRB/pages/1990-1994/33101_1990-1994.pdf (Last accessed on 25th June 2026)

[15] The HHI is a statistical measure of market concentration, calculated by squaring the export share of each destination country for a given commodity, and summing the resulting values: **HHI = $\Sigma(S_i)^2$**, where S_i represents the share of the i^{th} destination country in total exports of the commodity and n is the total number of destination countries. The HHI has been computed using destination-wise export data sourced from the TradeStat database of the Department of Commerce, Government of India.

[16] Conventionally, an HHI below 0.15 is considered indicative of low concentration (or high diversification), values between 0.15 and 0.25 signal moderate concentration, and anything above 0.25 reflects high concentration (low diversification). While India's HHI values remain within the 'low concentration' range, the recent uptick is significant given its direction and pace. See **Federal Trade Commission & U.S. Department of Justice. (2010, August 19).** Horizontal merger guidelines. Retrieved from https://www.ftc.gov/sites/default/files/attachments/merger-review/100819hmg.pdf (Last accessed on 25th June 2026)

The rise in concentration in the last two years is driven largely by the increasing share of exports to the U.S. Market. The United States has accounted for a disproportionately large and growing share of India's exports, with its share rising steadily from 15.3% (US$ 42 billion) in FY 2016-17 to 19.8% (US$ 87 billion) in FY 2025-26 (Figure 2) - a trend that has intensified particularly over the past two years. This share is considerably larger than that of the next largest markets, including the UAE (US$ 31.2 billion in 2016-17 to US$ 37.4 billion in 2025-26), the Netherlands (US$ 5 billion in 2016-17 to US$ 17.5 billion in 2025-26), China (US$ 10.2 billion in 2016-17 to US$ 19.5 billion in 2025-26), and the UK (US$ 8.5 billion in 2016-17 to US$ 13.4 billion in 2025-26), underscoring the extent to which a single destination has driven the observed shift in export concentration. Notably, despite the imposition of tariffs in FY 2026, the share of the U.S. in India's total exports remained unchanged at 19.8%.

Figure 2: Share of the United States in India's total merchandise exports over the years



Source: Ministry of Commerce and Industry, Government of India (Tradestat database)

The risks of overdependence on the U.S. market have long been recognised by policymakers. However, the tariff measures imposed since early 2025 have underscored just how consequential this concentration has become, exposing the extent to which India's export basket is disproportionately vulnerable to the sharp reorientation of U.S. trade policy.

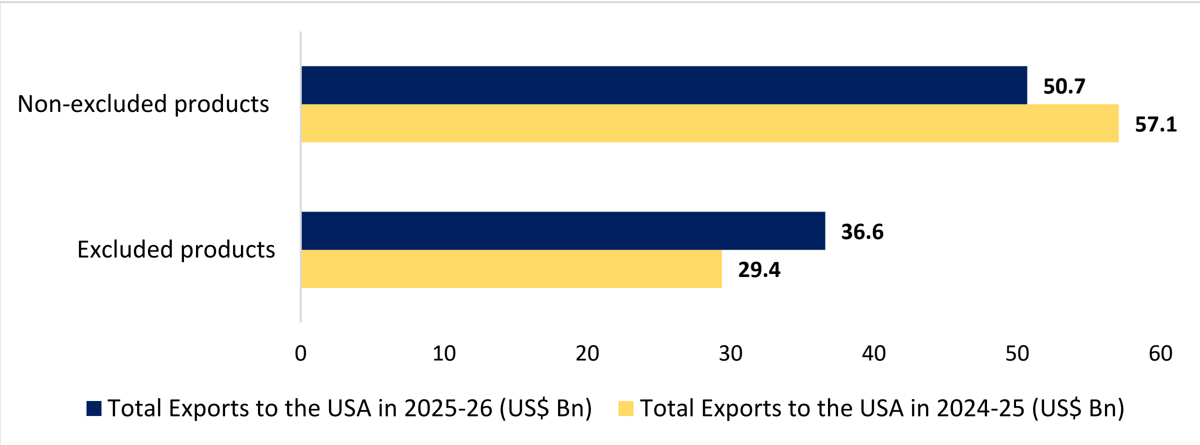
3.2 Examining the shifts in India’s export patterns due to the U.S. tariff measures

In the wake of the tariff measures imposed by the United States since early 2025, a significant decline in India's merchandise exports was widely anticipated. Contrary to expectation, trade data from the Ministry of Commerce reveals that India's exports to the United States actually grew, from US$ 86.5 billion to US$ 87.3 billion, rising by 0.9% - an increase of US$ 801.7 million

- in FY 2025–26 compared to the previous financial year, placing the United States among the top ten destinations registering the largest absolute increase in Indian exports.[17]

However, the aggregate export data does not fully capture the impact of U.S. tariff measures on India's exports to the USA. A more accurate assessment requires distinguishing between exports of products covered under the 'exclusion list' and those subject to the tariff measures. In 2025-26, exports of products covered under the exclusion list rose sharply by 24.5%, climbing from US$ 29.4 billion to US$ 36.6 billion. Exports of non-excluded products, by contrast, fell by 11.2% over the same period, declining from US$ 57.1 billion to US$ 50.7 billion - a contraction that reflects the true effect of the tariff measures imposed by the United States (Figure 3). Hence, several key export categories remained outside the scope of the reciprocal tariff measures due to their inclusion in the exclusion list.

Figure 3: India's exports to the USA: excluded vs non-excluded products (FY 2025 and FY 2026)



Source: Authors' calculations using Ministry of Commerce and Industry, Government of India (Tradestat database); product classification based on exclusion lists in the relevant U.S. Executive Orders provided in whitehouse.gov

Notably, the surge in India's exports to the United States was driven primarily by products on the tariff exclusion list - and one category in particular - namely Smartphones (Table 2). The export of smartphones nearly doubled, rising from US$ 10.6 billion in FY 2025 to US$ 19.7 billion in FY 2026. This shift was enabled by a sharp decline in China's share of U.S. smartphone imports, which fell from 81% in 2024 to 45.2% in 2025. The decline reflected the impact of the U.S.–China tariff war and the resulting acceleration of the 'China+1' supply chain strategy among global technology firms, most notably Apple, which rapidly expanded and redirected its India-based production capacity towards serving the U.S. market. Other products from the exclusion list and the non-exclusion list showed only moderate gains that did not exceed US$ 210 million (Table 2).

[17] Notably, the largest absolute increase in India's exports was recorded in China, where exports rose by US$ 5.2 billion (36.6%) between FY 2024–25 and FY 2025-26. Strong growth was also observed in Spain (46.1%), Hong Kong (33.2%) and Vietnam (22.8%).

Table 2: Products with the highest export gains from India in the U.S. market in FY 2025-26

Commodity	Exports to the USA in 2024-25 (US$ Mn)	Exports to the USA in 2025-26 (US$ Mn)	Absolute Change (US$ Mn)	Growth Rate	Exclusion List (y/n)
Smartphones	10,560.3	19,676	9115.7	86.3%	Yes
Optical fibres, bundles & cables	72.4	282.1	209.7	289.8%	No
Heparin salts & therapeutic subs.	41.4	215	173.6	418.9%	Yes
Portable computers	19.8	171.3	151.5	765.7%	No
Static power converters	807	950.3	143.3	17.8%	No
Herbicides & plant growth regulators	479.5	610.5	131	27.3%	No
Computer monitors	6.4	116.3	109.9	1705.6%	Yes
Automatic regulating & control instrumts.	51.6	148.8	97.2	188.4%	No
Unalloyed aluminium	62.4	145.2	82.8	132.8%	No
Aniline derivatives & salts	82.7	161.3	78.6	95.1%	Yes

Source: Authors' calculations using Ministry of Commerce and Industry, Government of India (Tradestat database); product classification based on exclusion lists in the relevant U.S. Executive Orders

4 Assessing the Absorption of Export Losses in the U.S. by Alternative Markets

While certain product categories recorded strong export gains to the U.S., several other products, both on and off the exclusion list, experienced substantial declines during FY 2026 compared to the previous year, with these declines far from uniform. At the same time, India's exports to alternative markets increased - with China recording the largest increase of US$ 5.2 billion, an increase of 36.6% over the previous year – along with destinations such as Spain, Vietnam, and Hong Kong also registering substantial gains. This raises a compelling question: Were the products losing ground in the U.S. market simultaneously finding markets elsewhere, and did India’s overall exports increase?[18] An examination of the data reveals three broad patterns (Table 3).

For products falling under the first category, such as frozen shrimps and prawns and gold jewellery, despite a steep decline in exports to the U.S., India's total exports to the world recorded a net increase. Gains across multiple alternative destinations collectively more than compensated for the losses incurred in the US market, resulting in an overall expansion of export volumes for these commodities. In the case of frozen shrimps and prawns, China accounted for the largest gain in alternative market absorption, with exports rising by US$ 210 million in FY 2026 over the previous year. Similarly, for gold jewellery, the Middle Eastern markets were the primary absorbers (Table 3).

For a second category of products, such as diamonds, retail medicaments and plastic articles, the fall in exports to the U.S. was steeper than the overall fall in India's exports globally. This is indicative of the fact that other markets partially stepped in to absorb the loss from the United States. For example, in the case of cut diamonds, a decline of US$ 3 billion in US-bound exports was largely offset by rising shipments to the UAE, Hong Kong, and Mexico, resulting in a comparatively smaller overall export decline of US$ 1.2 billion to the world – between FY 25 and FY 26.

For a third category of products, including unwrought gold, petroleum oils, and tankers, the decline in exports to the U.S. was less than the contraction in India's overall global exports. For these products, while US-bound shipments did fall, the broader global export performance deteriorated even more sharply.

[18] The analysis maps concurrent shifts in India's export destinations and does not establish a causal relationship between U.S. export losses and gains in alternative markets. Increases in alternative markets may reflect independent factors unrelated to U.S. tariff measures. Likewise, where global export declines exceeded U.S.-specific losses, broader factors beyond tariffs could evidently be at play. There remains scope for a more rigorous causal analysis to isolate the tariff effect from other factors.

Table 3: Products with the largest export losses from India in the U.S. market and their absorption in alternative markets, FY 2025-26

Commodity	India's exports to the USA (US$ Mn)			Excl. List (Y/N)	India's exports to the World (US$ Mn)			Key Absorbing Markets (Abs. Increase in US$ Mn)
	FY 2024-25	FY 2025-26	Abs. Change		FY 2024-25	FY 2025-26	Abs. Change	
Cut diamonds, unmounted	4898	1855	-3043	No	13264	12113	-1151	UAE (850), Hong Kong (813), Mexico (129)
Other retail medicaments	8658	7460	-1198	Yes	19028	18795	-233	Brazil (114), Malta (83), South Africa (63)
Gold jewellery	3215	2473	-742	No	11573	11629	56	UAE (195), Bahrain (105), Kuwait (96)
Unwrought gold	608	34	-575	Yes	910	86	-824	None
Light petroleum oils	3902	3454	-448	Yes	19340	18336	-1004	China (1,190), Egypt (219), Oman (217)
Worked diamonds	694	298	-396	No	1264	1155	-109	Hong Kong (206), Thailand (16), Mexico (15)
Frozen shrimps	1950	1614	-336	No	4507	4942	435	China (210), Vietnam (141), Belgium (U140)
Tankers	249	0	-249	No	2210	1301	-909	Oman (101), UAE (84), Sri Lanka (31)
Other petroleum oils	182	48	-134	Yes	43149	34636	-8513	Spain (1,513), Tanzania (294), Jordan (242)
Plastic articles	398	280	-118	No	863	786	-78	Canada (14), Unspecified (7), Oman (5)

KEY:	Category 1	Category 2	Category 3

Source: Authors' calculations using Ministry of Commerce and Industry, Government of India (Tradestat database); product classification based on exclusion lists in the relevant U.S. Executive Orders

Taken together, these trade patterns reveal that the capacity of alternative markets to absorb India's U.S. export losses was highly uneven - meaningful for some product categories, partial for others, and altogether absent for several. This underscores a structural vulnerability in India's export architecture: the limited ability of alternative markets to compensate for product-level losses in the U.S. suggests that India's export destination mix remains insufficiently diversified.

5 India's Export Market Diversification Strategies

The consequences of the 2025 tariff episode on India's exports underscore the importance of export market diversification while also exposing the limitations of India's existing diversification efforts. This section examines the Government's trade strategy and the key policy initiatives undertaken to strengthen export diversification, improve market access, and enhance the resilience of India's export sector - tracing both the longstanding efforts that predate the tariff episode and the policy responses that followed it.

5.1 Trade Policy discourse on diversification:

Recent Economic Surveys indicate a gradual evolution in India's policy approach towards export diversification. The Economic Survey 2022–23[19] viewed diversification as an opportunity arising from global shifts, with product and destination diversification, including through FTAs, helping cushion external pressures. While the 2023–24[20] Survey did not emphasise destination diversification, subsequent Surveys revived the focus. The 2024–25[21] Survey positioned market diversification as a strategy to expand presence in new destinations, while the 2025-26[22] Survey advocated a broader "diversified trade strategy" in response to the U.S. tariff episode to enhance resilience amid global uncertainty. Overall, diversification has shifted from an opportunity to a strategic imperative.

While the Economic Surveys articulate the Government's evolving vision and direction, the Foreign Trade Policies (FTPs) provide the operational framework for implementing this vision. Formulated more than a decade ago, the FTP 2015-20[23] sought to promote product and market diversification primarily through the Merchandise Exports from India Scheme (MEIS), which provided transferable duty credit scrips for exports of notified products to notified markets. However, the MEIS was discontinued in 2021 after being found to be inconsistent with World Trade Organisation (WTO) rules governing export subsidies. FTP 2023[24] shifted from direct export incentives to an ecosystem-based approach aimed at improving competitiveness and market access. Its four pillars focused on remission, stakeholder collaboration, ease of doing business, and emerging areas like e-commerce and district export hubs. Diversification remained an indirect goal, expected to emerge through stronger capabilities, competitiveness, and global value chain integration.

The Agriculture Export Policy (AEP) 2018 extended diversification efforts beyond trade policy by explicitly targeting export basket and destination diversification. It promoted high-value agricultural exports through infrastructure, logistics, clusters, state participation, branding, investment, and addressing SPS barriers. However, as a strategic framework without dedicated funding, its impact depended on implementation through existing schemes and institutions.

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[19] **Government of India, Ministry of Finance. (2023).** Economic Survey 2022–23. Department of Economic Affairs. Retrieved from https://www.indiabudget.gov.in/budget2023-24/economicsurvey/doc/echapter.pdf (Last accessed on 25th June 2026)

[20] **Government of India, Ministry of Finance. (2024).** Economic Survey 2023–24. Department of Economic Affairs. Retrieved from https://www.indiabudget.gov.in/budget2024-25/economicsurvey/doc/echapter.pdf (Last accessed on 25th June 2026)

[21] **Government of India, Ministry of Finance. (2025).** Economic Survey 2024-25. Department of Economic Affairs. Retrieved from https://www.indiabudget.gov.in/budget2025-26/economicsurvey/doc/echapter.pdf (Last accessed on 25th June 2026)

[22] **Government of India, Ministry of Finance. (2026).** Economic Survey 2025–26. Department of Economic Affairs. Retrieved from https://www.indiabudget.gov.in/economicsurvey/doc/echapter.pdf (Last accessed on 25th June 2026)

[23] **Government of India, Ministry of Commerce and Industry, Department of Commerce. (2015**). Foreign Trade Policy: 1st April 2015–31st March 2020. https://www.mofpi.gov.in/sites/default/files/updated_ftp_2015-2020.pdf (Last accessed on 25th June 2026)

[24] **Government of India, Ministry of Commerce and Industry, Directorate General of Foreign Trade (DGFT). (2023).** Foreign Trade Policy 2023. Retrieved from https://www.dgft.gov.in/CP/?opt=ft-policy (Last accessed on 25th June 2026)

Free Trade Agreements (FTAs) have also been a key pillar of India's export diversification strategy, with the expectation that preferential market access would enable exporters to expand into new and underpenetrated markets. The initial phase of India's FTA strategy, aligned with the Look East Policy, focused primarily on regional integration through agreements with partners such as Sri Lanka, SAARC, ASEAN, South Korea, Japan, and Malaysia. However, the momentum slowed through much of the 2010s, before gaining renewed impetus from 2021, marked by the conclusion of trade agreements with Mauritius, EFTA (Iceland, Liechtenstein, Norway, and Switzerland), UAE, and Australia with agreements with the EU, UK and New Zealand expected to become operational soon. India's earlier FTAs relied primarily on tariff liberalisation as the principal means of improving market access. However, these measures, did not lead to market diversification perhaps because of inadequate attention to addressing product standards, regulatory requirements, and other trade barriers.

5.2 A renewed push for diversification in the aftermath of the 2025 tariff episode

The post-2025 U.S. tariff period saw efforts towards dedicated initiatives, missions and agreements designed to reorient India's export markets. In November 2025 the government introduced a consolidated, country-level export promotion architecture with the launch of the Export Promotion Mission (EPM)[25], which consolidates fragmented export-support instruments - including the Interest Equalisation Scheme (IES) and the Market Access Initiative (MAI) - into a single, outcome-based framework, with a total outlay of ₹25,060 crore for FY 2025-26 to FY 2030-31. The Mission is structured around two sub-schemes. The first one, '*Niryat Protsahan*', aims to strengthen access to affordable trade finance through schemes such as Interest Subvention for Pre- and Post-Shipment Export Credit, Collateral Support for Export Credit, Support for Alternative Trade Instruments, Credit Assistance for E-commerce Exporters, and Support for Emerging Export Opportunities. The other sub-scheme *'Niryat Disha',* aims to enhance export readiness and market competitiveness and acts as a non-financial enabler, through Market Access Support (MAS), Trade Regulations, Accreditation & Compliance Enablement (TRACE), Logistics Interventions for Freight & Transport (LIFT), Integrated Support for Trade Intelligence & Facilitation (INSIGHT), and Facilitating Logistics, Overseas Warehousing & Fulfilment (FLOW). While the former focuses on addressing the financial constraints that prevent Indian exporters from accessing and sustaining export markets, the latter encompasses the broader ecosystem of non-financial barriers, from market access and regulatory compliance to logistics and trade intelligence, that determine an exporter's ability to compete effectively in those markets.

Two of its interventions - one under each sub-scheme - carry market diversification as an explicit design objective. Under the *'Niryat Disha'* sub-scheme of the EPM, the Government recently operationalised, on a pilot basis, the Market Access Support (MAS) scheme with an allocation of ₹4,531 crore for the period 2025-26 to 2030-31. The scheme specifically aims to

[25] **Directorate General of Foreign Trade (DGFT), Ministry of Commerce and Industry, Government of India. (n.d.).** Export Promotion Mission. Retrieved from https://www.dgft.gov.in/CP/?opt=export-promotion-mission (Last accessed on 25th June 2026)

facilitate deeper penetration of Indian products into priority and emerging export destinations through financial and institutional support, particularly for MSMEs, by strengthening India's export market access through structured support for activities such as Buyer-Seller Meets (BSMs), Reverse Buyer-Seller Meets (RBSMs), trade fairs, exhibitions, and related market access initiatives.[26] Notably, the scheme explicitly incorporates diversification objectives, stating to grant assistance to activities that contribute to market diversification and international visibility in new geographies and relatively smaller markets. Complementing the MAS, the Support for Emerging Export Opportunities (SEEO) intervention under the '*Niryat Protsahan'* sub-scheme, operationalised on 6th March 2026, addresses market diversification from the trade-finance end. The intervention is explicitly designed to bridge the trade finance gap in what the scheme guidelines describe as 'underserved markets', by providing risk-sharing support for trade finance transactions through Exim Bank to Indian commercial banks, thereby strengthening their capacity to undertake cross-border transactions where trade lines are constrained. The intervention presently covers a notified list of 72 underserved countries across Africa, Asia, Latin America, and Europe & CIS, and is being implemented on a pilot basis.[27]

While the EPM's overall outcomes are likely to materialise only over the coming years, several features of the interventions as currently designed raise questions about whether the benefits will reach the exporters they are intended to serve. As a whole, the EPM's total allocation of ₹25,060 crore, while significant, may not match the scale of its ambition, as the interest subvention alone has cost over ₹3,500 crore in the preceding year, leaving limited fiscal headroom for the full range of activities envisaged across both sub-schemes.[28] Particularly, under the MAS, the absence of prescribed beneficiary selection criteria beyond a 35% MSME floor leaves selection entirely to the authorised trade agency's discretion, with the only guidance to agencies being an instruction to follow a "uniform and transparent pattern," a standard that is neither defined nor enforceable.

The emphasis on diversification was also evident in India's trade agreement strategy, with India again gaining momentum by concluding the long-withheld negotiations with the UK and the EU. These agreements represent a shift from traditional tariff-focused market access provisions to deeper and more comprehensive partnerships.[29] For instance, the India-UK CETA strengthens market access through SPS/TBT facilitation, including pre-listing, mutual

[26] **Directorate General of Foreign Trade (DGFT). Ministry of Commerce and Industry, Government of India. (n.d.).** Market Access Support (MAS). https://www.dgft.gov.in/CP/index.jsp?opt=Market-access-Support (Last accessed on 02nd July 2026)

[27] **Directorate General of Foreign Trade (DGFT), Ministry of Commerce and Industry, Government of India. (n.d.).** Support for Emerging Export Opportunities. https://www.dgft.gov.in/CP/index.jsp?opt=Support-for-Emerging-Export-Opportunities (Last accessed on 02nd July 2026)

[28] **The Economic Times. (2025, November 13).** Export Promotion Mission welcomed but faces major operational hurdles: GTRI. https://economictimes.indiatimes.com/news/economy/foreign-trade/export-promotion-mission-welcomed-but-faces-major-operational-hurdles-gtri/articleshow/125290991.cms (Last accessed on 11th July 2026)

[29] **Agrawal, R. (2026).** FTAs building a new trade architecture for Viksit Bharat. The Economic Times. https://economictimes.indiatimes.com/opinion/et-commentary/indias-ftas-a-trick-for-foreign-investment-or-a-shield-for-local-jobs/articleshow/131727099.cms?from=mdr (Last accessed on 09th July 2026)

recognition of conformity assessments, and institutionalised SPS cooperation, alongside binding customs timelines that improve trade facilitation and reduce compliance barriers.

As of June 2026, negotiations also continue for trade agreements with countries such as the USA, Canada, Israel, and Peru, and blocs such as the GCC. The broad geographic spread of these agreements, covering Asia, the Middle East, Europe, Oceania, and Latin America, also reflects a deliberate effort to diversify India's trade partnerships beyond its traditional markets.

6 Summary of Key Findings

The financial year 2025-26 marked the first full year of trade between India and the United States under the reciprocal tariff regime introduced through Executive Order 14257 on 2nd April 2025 by the USA. The Order was accompanied by two annexes: Annex I, setting out the country-specific additional ad valorem duties applicable to U.S. trading partners, and Annex II, identifying the products exempt from these tariff measures.

This Policy Brief traces the evolution of the U.S. tariff measures affecting India, examines the extent of India's dependence on the U.S. market and then assesses India's export performance during the year of U.S. tariffs. Finally, it reviews the Government of India's response, focusing on export policies aimed at market diversification before and after the imposition of U.S. tariffs. The key findings of the study are as follows:

i) ***India's export market base is diversified overall, but concentration is rising -*** The export market concentration, measured by the Herfindahl-Hirschman Index (HHI), has remained within the 'low concentration' range during 2017-18 and 2025-26. However, after being steady within a narrow band of 0.048 - 0.051 between FY 2017 and FY 2024, the index jumped to above 0.058 in FY 2025 and FY 2026, the highest in a decade.

ii) ***The shift in concentration is, almost entirely, a U.S. story -*** The United States is the single market driving the rise in India's export concentration in the last decade. The share of U.S. exports in India's total exports rose from 15.3% in FY 2017 to 19.8% in FY 2026. In the last year of U.S. tariffs, India's share in the U.S. market remained at 19.8%. In FY 2026, the U.S. market was approximately 2.3 times the size of the next-largest market, the UAE.

iii) ***The increase in exports to the U.S. last year hides the real tariff impact -*** During FY 2025 and FY 2026, contrary to expectations, exports to the U.S. actually grew by 0.9%, placing the U.S. among the top ten destinations recording the largest absolute increases. However, this aggregate hides a sharp divergence. Exports to the U.S. for the products bearing the tariff burden, in fact, declined by 11.2% while exports of products in the exclusion list increased by 24.5%, leading to a net gain in overall exports from India to the U.S. in FY 2026 over the previous year.

iv) ***The surge in exports to the U.S. was concentrated in one product: Smartphone*** – The increase in India's exports to the United States was overwhelmingly concentrated in a single product category on the tariff exclusion list, smartphones, whose exports nearly doubled from US$ 10.6 billion in FY 2025 to US$ 19.7 billion in FY 2026. This surge was driven largely by China's declining share in U.S. smartphone imports, which fell from 81% in 2024 to 45.2% in 2025, as global technology firms, most prominently Apple, accelerated their 'China+1' supply chain strategies in response to the U.S.-China tariff war.

v) ***Export diversification to alternate markets did not cushion the impact of the U.S. tariffs uniformly across products -*** The absorption of products experiencing export declines in the U.S. market in FY 2026 varied considerably across product categories. While major export losers such as frozen shrimp and gold jewellery recorded overall growth in India's exports as gains in alternative markets more than offset losses in the U.S., others, including unwrought gold and tankers, registered an overall decline in India's exports which far exceeded the losses in the U.S. market.

vi) ***China emerged as the largest destination for India's export expansion, but not as the principal substitute for the lost U.S. demand -*** China recorded the largest absolute increase in India's exports in FY 2025–26, with exports rising by US$ 5.2 billion, an increase of 36.6%, surpassing all other major trading partners. However, this growth was only weakly aligned with the products that experienced the largest export declines in the U.S. market. Among the products that were the biggest losers in the U.S., China emerged as the primary alternative market in only two categories - light petroleum oils and frozen shrimps. For most other affected products, export redirection occurred primarily to the UAE, Hong Kong, and several smaller markets. China's overall export gains therefore appear to reflect an independent expansion of bilateral trade rather than a substitution for lost U.S. demand.

vii) ***Export diversification: Long acknowledged, yet to be achieved*** - India's trade policy discourse on export diversification has evolved gradually - from treating diversification as an opportunity arising from external shifts, to recognising it as a strategic imperative for reducing vulnerability - yet this evolution in thinking has not been matched by a shift in outcomes. Successive FTPs and policies deployed a range of instruments toward this end. Yet, despite these efforts, India's export basket has grown more concentrated, particularly in the last two years. The 2025 U.S. tariff episode imparted fresh urgency to this agenda. The launch of the Export Promotion Mission in November 2025 marked a deliberate institutional response, with two of its interventions, Market Access Support and Support for Emerging Export Opportunities, designed to promote export diversification. However, the effectiveness of these recent interventions will depend on the timely issuance of detailed operational guidelines, accompanied by transparent implementation mechanisms, well-defined eligibility criteria for beneficiaries, and strong institutional coordination to ensure that the intended benefits effectively reach exporters.

viii) ***Evolution of India's FTA strategy -*** India's recent FTAs mark a shift from seeking market access through tariff concessions alone to additionally addressing non-tariff and regulatory and procedural barriers through institutional mechanisms.

However, given India's continued reliance on a narrow set of export markets, greater attention must now be directed towards addressing the constraints in FTAs limiting their effective use, strengthening exporters' capacity to meet the standards and compliance requirements of partner markets, and simultaneously deepening engagement with newer, high-potential markets.

7 Recommendations

India's deepening dependence on the U.S. market - and the vulnerability exposed by the 2025 tariff episode - has made clear that diversification must be designed, resourced, and tracked as a sustained, long-term strategy that operates independently of any single geopolitical trigger. The urgency is sharpened by the fact that diversification is now a near-universal priority, with exporting nations worldwide competing for space in the same alternative markets. Closing the gap between India's expanding policy architecture and its on-ground outcomes will therefore require more targeted and sustained interventions.

i) ***Adopt a product-by-market diversification strategy*** – Reducing India's export concentration requires a clear, product-specific and destination-specific diversification strategy. This would involve an overall market analysis for each product-destination pairing - covering demand patterns, competitive dynamics, and distribution channels - alongside mapping of the compliance, regulatory, and standards requirements specific to those markets, logistics and trade-finance considerations, and the design of targeted entry in newer markets and expansion strategies in existing markets.

The groundwork for such a strategy could meaningfully be taken up under the INSIGHT scheme of the EPM[30], which provides project-based grants for research studies aimed at strengthening export competitiveness. Beyond research, INSIGHT's additional components - covering structured training and skill enhancement for exporters and export support institutions, district and cluster-level outreach and facilitation, and the development of trade intelligence, analytics, and decision-support platforms - provide the broader institutional handholding needed to translate a product-by-market strategy from a national roadmap into ground-level implementation.

[30] **Directorate General of Foreign Trade (DGFT), Ministry of Commerce and Industry, Government of India. (n.d.).** Integrated Support for Trade Intelligence & Facilitation (INSIGHT). https://www.dgft.gov.in/CP/?opt=Integrated-Support-for-Trade-Intelligence-and-Facilitation (Last accessed on 07th July 2026)

ii) ***Provide detailed operational guidelines under the EPM sub-schemes –*** Ensuring that the EPM's diversification-oriented interventions translate into meaningful shifts in India's export geography, rather than channelling benefits toward already-established exporters in familiar markets, requires strengthening their current guidelines. Under MAS, a standardised selection template that organising agencies are required to use and publicly disclose — with scores assigned across parameters such as enterprise size, proprietor category, geographic location of the unit, the target market being accessed (with higher scores for firms venturing into newer or more difficult geographies), and prior participation history to prevent repeated capture of slots by established exporters - would help ensure that the scheme's market diversification objectives are operationalised at the event level, where actual selection decisions are made. Similarly, under SEEO, the public disclosure of the risk scoring methodology, alongside a clearer definition of eligible beneficiaries, would allow the scheme to more effectively channel trade finance support toward exporters entering underserved markets for the first time.

iii) ***Improve FTA utilisation –*** While the FTAs India has signed recently are progressively addressing market access issues that go beyond tariffs, the record of India's exports to these markets has not significantly increased in proportion to the preferential access secured. India's FTA utilisation rate has historically been around 25%, compared with 70-80% in developed economies, and data suggests that India's imports tend to grow faster than exports following the signing of FTAs, due to asymmetries in tariff structures. A major underlying cause is the administrative burden of rules-of-origin compliance, certification, and documentation costs, which frequently outweighs the actual tariff savings for exporters, compounded by non-tariff barriers such as sanitary and phytosanitary measures and stringent standards that remain unresolved. The urgent priority is therefore to bring about a substantial improvement in utilisation rates - through ground-level awareness campaigns for exporters, especially MSMEs, dissemination of information on the procedural requirements, and targeted support to align quality and regulatory standards with partner country requirements, particularly in labour-intensive sectors where India has negotiated the deepest tariff concessions.[31]

iv) ***Deepen government-to-government engagement –*** Sustaining diversification momentum will require deeper government-to-government ties as a core pillar of export promotion. This means pursuing improved market access, pushing for mutual recognition of standards in potential destination markets, addressing the non-tariff barriers that often determine real market access, along with institutional partnerships that can give way to market access and technology transfer.

v) ***Restore ITPO's overseas footprint and expand its mandate -*** The India Trade Promotion Organisation (ITPO), India's apex body for international trade promotion, has over time

[31] **The Economic Times. (2026, June 19).** India's trade strategy: Moving beyond FTAs. https://economictimes.indiatimes.com/small-biz/trade/exports/insights/indias-trade-strategy-moving-beyond-ftas/articleshow/131847103.cms (Last accessed on 12th July 2026)

evolved into an exhibition-organising body.[32] Its overseas offices - earlier located at New York, Frankfurt, Tokyo, Moscow, and São Paulo - have since been closed, leaving ITPO without any on-ground presence in destination markets. The ITPO needs to be transformed to enable it to provide a comprehensive support system covering market intelligence, buyer identification, branding, hand-holding, export facilitation, business matchmaking, compliance advisory, and capacity building for exporters. The ITPO needs to open more offices across India and abroad and set up permanent exhibition centres in key markets, so that ITPO evolves into a truly global organisation.[33] ITPO could draw on international models such as the Korea Trade-Investment Promotion Agency (KOTRA), which operates 131 offices across 86 countries under a unified, state-funded mandate covering overseas market intelligence, SME export promotion, buyer-seller matchmaking, government-to-government export facilitation, and inward FDI promotion.[34]

[32] **India Trade Promotion Organisation. (n.d.).** Official website. https://www.itpo.gov.in/about/profile (Last accessed on 06th July 2026)

[33] **The Economic Times. (2026, February 21).** FTA-driven World calls for a trade promotion reset, says ITPO Chairman Jawed Ashraf. https://economictimes.indiatimes.com/small-biz/trade/exports/insights/fta-driven-world-calls-for-a-trade-promotion-reset-says-itpo-chairman-jawed-ashraf/articleshow/128602325.cms (Last accessed on 06th July 2026)

[34] **Korea Trade-Investment Promotion Agency. (n.d.).** Official website. https://www.kotra.or.kr/english/index.do (Last accessed on 06th July 2026)

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Appendix

Table A.1.: Detailed Timeline of the USA's additional tariffs on India under the U.S. administration (February 2025 - June 2026)

10 February 2025	**Presidential Proclamations issued Section 232 steel & aluminium tariffs on all imports** The White House issued two Presidential Proclamations reimposing Section 232 tariffs on all steel and aluminium imports. The renewed measures imposed a flat 25% tariff on all steel and aluminium imports (effective 12^{th} March 2025). The administration also eliminated the existing product exclusion process, prohibiting new exclusion requests.
10 March 2025	**Section 232 investigation into copper launched; 25% tariff on copper imposed** The Department of Commerce opened a Section 232 investigation into copper imports, finding that the U.S. relied on imports for approximately 45% of refined copper consumption, constituting a national security threat.
12 March 2025	**Section 232 steel & aluminium tariffs took effect.** The 25% flat tariff on all steel and aluminium imports, announced on 10^{th} February 2025, came into force. All country exemptions and TRQ arrangements were formally terminated.
26 March 2025	**Section 232 tariff on automobiles announced** Presidential Proclamation and fact sheet issued by the White House imposing a 25% tariff on automobiles and certain automobile parts, effective for automobiles on April 3, 2025, and no later than May 3, 2025, for auto parts.
2 April 2025	**'Liberation Day': Reciprocal tariffs announced** The White House declared a national emergency under the 'International Emergency Economic Powers Act (IEEPA)' and issued Executive Order 14257, imposing a 10% baseline tariff on nearly all countries (effective 5^{th} April 2025) plus additional 'reciprocal' tariffs on trade-deficit countries (effective 9^{th} April 2025). The EO's Annex I lists country-specific rates; Annex II lists exempted products. India: Hit with a 26% additional tariff - 10% baseline + 16% reciprocal.
3 April 2025	**Section 232 automobile tariffs took effect on both finished vehicles and automotive parts** The 25% Section 232 tariff on finished imported vehicles and vehicles by-parts came into force, as announced on 26^{th} March 2025. Exemption applied for the U.S.-originating content of USMCA-compliant vehicles.
5 April 2025	**10% baseline tariffs took effect** As declared on 2^{nd} April 2025, the 10% baseline tariffs were imposed on imports from nearly all countries.
9 April 2025	**'Reciprocal' tariffs took effect, then were suspended for 90 Days** The country-specific 'reciprocal' tariffs announced on 2^{nd} April 2025 took effect, triggering retaliation announcements from several trading partners. Hours later, President Trump announced on Truth Social a 90-day pause on reciprocal tariffs for trade-surplus countries, but the 10% baseline tariff remained in force. The Executive Order implementing the measures under the IEEPA was published on 10^{th} April 2025, with the changes taking effect from that date only.
11 April 2025	**Presidential memorandum released clarifying the semiconductor exemption** The White House issued a presidential memorandum confirming that semiconductors are exempt from the additional reciprocal duties. It also published a list of products containing semiconductors, including smartphones and other consumer electronics, that fall under the carve-outs associated with EO 14257 and the follow-on orders.
28 May 2025	**The U.S. Court of International Trade ordered for the removal of tariffs; however, the decision was appealed** The U.S. Court of International Trade found that tariffs imposed under the IEEPA on imports from Canada, Mexico, and China (to address fentanyl and border security) and from the world (to address trade deficits) were beyond the authority granted by IEEPA and therefore ordered their removal. However, the decision was appealed, and the U.S. federal appeals court temporarily stayed that order, leaving the tariffs imposed under IEEPA in place.

3 June 2025	**Section 232 tariffs on steel & aluminium products and derivatives increased to 50%, announced** Presidential Proclamation announced that Section 232 tariffs on steel and aluminium would be raised from 25% to 50% (except the UK), effective 4th June 2025. The increase was justified because foreign overcapacity, particularly from China, India, and Southeast Asia, had continued to grow despite the original 2018 tariffs and the March 2025 reinstatement.
4 June 2025	**Steel and aluminium tariffs raised to 50%, retained 25% rate for the UK** As per the White House fact sheet released on 3rd June 2025, Section 232 tariffs on steel, aluminium, and their derivative products increased from 25% to 50% for imports from all trading partners, while the 25% tariff rate was maintained for imports from the UK (due to the commitments made under the U.S.-UK Economic Prosperity Deal signed on 8th May 2025).
18 June 2026	**Section 232 coverage expanded to additional steel derivative products** The inclusion of additional steel derivative products - including refrigerators, freezers, washing machines, dryers, dishwashers, cooking appliances, food waste disposals, and welded wire racks – was announced under Section 232 steel tariffs, as per the BIS Federal Register Notice.
23 June 2025	**Tariffs imposed on steel derivative products** 50% tariffs in effect for additional steel derivative products, as announced on 18th June 2025.
7 July 2025	**Further delay of the 'reciprocal' tariffs beyond the 90-day deadline** The 90-day suspension of the 'reciprocal' tariffs (announced 9th April, 2025) was set to expire on 9th July, 2025. The White House, via an EO, pushed this deadline to 1st August, 2025, further delaying the tariffs' application.
30 July 2025	**Proclamations issued on semi-finished copper and intensive copper derivatives** Proclamation issued imposing 50% tariffs on semi-finished copper and intensive copper derivatives, effective August 1, 2025. However, the goods subject to the Section 232 auto/auto parts tariffs were not subject to the Section 232 copper tariffs.
31 July 2025	**Modification of the 'reciprocal' tariff framework** With respect to the 'reciprocal' tariffs announced on 2nd April 2025, the 90-day extension for their application on 9th April 2025, and the further extension on 7th July 2025, the White House, via an EO, further adjusted the rates for certain countries. The tariff modifications were scheduled to take effect on 7th August, 2025. India: An additional 25% tariff imposed.
1 August 2025	**Tariffs took effect on semi-finished copper and intensive copper derivatives** 50% tariffs took effect for semi-finished copper and other important copper derivatives, announced on 30th July 2025.
6 August 2025	**Additional tariffs applied to India for buying Russian oil** As per the EO released by the White House, an additional 25% tariff was imposed on India, above and beyond the 'reciprocal' tariffs, on the grounds of India's continued import (and resale) of Russian crude oil - scheduled to take effect 27th August 2025 onwards.
7 August 2025	**Modified 'reciprocal' tariffs took effect** The revised 'reciprocal' tariff rates - announced on 31st July 2025 - came into force. India faced a 25% tariff imposed under these revised rates.
18 August 2025	**More HTSUS codes added to Section 232** As per a BIS Federal Register Notice, 407 additional HTSUS codes were added to the Section 232 list of steel and aluminium derivative products subject to the 50% tariff, effective August 18, 2025.
27 August 2025	**Russian oil penalty tariffs took effect** The additional 25% tariff on India, imposed on 6th August 2025 over its continued import and resale of Russian crude oil, came into force. Stacked on the existing 'reciprocal' tariffs, this pushed the total rate on some Indian goods as high as 50%.
5 September 2025	**Revision of Annex II exemption list** The White House announced adjustments to the product coverage of the tariffs first announced on 2nd April 2025, via an EO, revising the items included in the list of exempted products (Annex II of the 2nd April 2025 EO).

29 September 2025 - 14 October 2025	**Tariffs imposed on timber, lumber, and their derivatives** Proclamation and fact sheet issued imposing tariffs on imports of timber, lumber, and their derivative products (wood products), beginning October 14, 2025. - Softwood lumber: 10% tariff, effective October 14, 2025. - Upholstered furniture: 25% tariff, effective October 14, 2025, increases to 30% on January 1, 2026. - Kitchen cabinets and vanities: 25% tariff, effective October 14, 2025, increases to 50% on January 1, 2026. - Products not subject to these Section 232 tariffs will generally be subject to reciprocal tariffs. - Exceptions: The Section 232 tariff on certain wood imports from the UK will not exceed 10%. For the EU and Japan, it will not exceed the 15% rate comprised of the MFN and reciprocal tariffs.
17 October 2025 - 1 November 2025	**Tariffs on medium/heavy-duty vehicles and buses (incl. parts)** Proclamation and fact sheet issued imposing a 25% tariff on imports from all countries of medium- and heavy-duty vehicles (Classes 3 & 8) and parts, and a 10% tariff on buses, effective November 1, 2025. Tariff stacking: Products subject to these tariffs are not subject to other Section 232 sectoral tariffs (e.g., steel, aluminium, automotive, copper, lumber), reciprocal tariffs, or those imposed on Canada, Mexico, Brazil, or India.
14 November 2025	**Revision of tariffs for certain agricultural goods** The White House removed the duties imposed under the EO dated 2nd April 2025 for certain agricultural products, including coffee, tea, and bananas, exempting them from the scope of the reciprocal tariffs.
31 December 2025	**Tariff increase delayed for furniture, vanities and kitchen cabinets** A presidential proclamation and accompanying fact sheet announced the suspension of the planned tariff increase on certain upholstered furniture, kitchen cabinets, and vanities until 1st January 2027.
15 January 2026	**25% Section 232 tariff imposed on certain semiconductor imports** Proclamation and fact sheet issued imposing a 25% tariff on certain semiconductors, effective January 15, 2026. Products subject to Section 232 semiconductors were not to be subjected to IEEPA reciprocal, Brazilian, or Russian Oil tariffs.
6 February 2026	**India and the USA announced a historic trade deal** The U.S. and India announced a framework for an Interim Agreement on reciprocal trade, building on the Bilateral Trade Agreement (BTA) talks launched in February 2025. Under the framework, the additional 25% penalty tariff tied to India's Russian oil purchases was withdrawn (as of 7th February 2026), along with the U.S. reciprocal tariff on India cut to 18%. India also signalled its intention to purchase $500 billion of U.S. energy, aircraft, technology and coking coal over five years as per the deal. The terms were an announced framework only, not yet finalised or in force.
20 February 2026	**The U.S. Supreme Court struck down tariffs under the IEEPA** The U.S. Supreme Court ruled that President Trump overstepped his authority in using emergency powers to impose sweeping tariffs on imports from around the world. The Court holds that the IEEPA 'does not authorise the President to impose tariffs,' whether on imports from Canada, Mexico, and China (citing fentanyl and border security) or worldwide (citing trade deficits). The judgment in No. 24-1287 was vacated and remanded with instructions to dismiss for lack of jurisdiction. Following the decision, the White House issued an EO ending any tariffs imposed under President's use of the IEEPA on imports from Canada, Mexico, and China (to address fentanyl and border security) and from the world (to address trade deficits), and to address sanctions on countries named in IEEPA announcements (Brazil, Cuba, Russia, and Venezuela). There were no changes to sectoral tariffs imposed under Section 232 - including 50% on steel, aluminium and copper; 25% on certain auto components, and 100% on patented pharma for all trading partners of the U.S.

20 February 2026	**New 10% tariff under Section 122 announced** Proclamation and fact sheet imposed a 10% temporary surcharge on imports, effective 24th February 2026 onwards, for 150 days under Section 122 of the Trade Act of 1974. The announcement also included a list of excluded products.
24 February 2026	**10% Section 122 tariff took effect; IEEPA tariffs terminated** The temporary 10% tariff surcharge under Section 122 of the Trade Act of 1974, as announced on 20th February 2026, entered into force. All IEEPA tariffs also were terminated, as per the 20th February 2026 announcements.
11 March 2026	**USTR launches investigations relating to structural excess capacity and production in manufacturing sectors** The USTR announced Section 301 investigations into 16 economies, including India, over alleged structural excess capacity and production in manufacturing sectors that may burden or restrict U.S. commerce.
12 March 2026	**USTR launches investigations into forced labour practices** The USTR announced Section 301 investigations into 60 economies, including India, over alleged failures to prohibit and effectively enforce bans on imports of goods produced with forced labour that may burden or restrict U.S. commerce.
2 April 2026	**Tariff proclamation on pharmaceuticals and their ingredients** A presidential proclamation and accompanying fact sheet announced a 100% tariff on patented pharmaceutical products and their ingredients. The measure is scheduled to take effect on 31st July 2026 for certain large companies and on 29th September 2026 for certain small companies.
6 April 2026	**Section 232 tariffs imposed on copper derivatives and metal goods** A 25% tariff on certain copper derivatives and a 50% tariff on specified goods under Chapters 72, 73, 74, and 76 entered into force. The duties apply to the full value of covered goods, subject to specified de minimis and drawback provisions. **Section 232 tariffs imposed on additional steel and aluminium products** New Section 232 duties entered into force, including a 25% tariff on certain steel and aluminium derivative products and a 50% tariff on specified goods under Chapters 72, 73, 74, and 76. The duties apply to the full value of covered imports, subject to specified de minimis and drawback provisions.
2 June 2026	**USTR releases results of forced labour investigations** The USTR announced that 60 economies have failed to implement and enforce prohibitions on imports of goods produced with forced labour. For India, it has further proposed imposing tariffs of 12.5% under Section 301 of the Trade Act of 1974.
1 June - 4 June 2026	**USTR delegation visits India to advance trade talks** A delegation from the Office of the USTR has arrived in India from 1 to 4th June 2026 to advance talks on the India–U.S. Trade Agreement.

Source: Compiled by the author from The White House (whitehouse.gov); Bown, C. P., Trump's Trade War Timeline 2.0, Peterson Institute for International Economics (PIIE); and C.H. Robinson, U.S. Tariff Timeline (See Table A.1. in Appendix for a detailed timeline)

Indian Council for Research on International Economic Relations (ICRIER)

Our Offices:
4th Floor, Core 6A, India Habitat Centre, Lodhi Road, New Delhi-110003

The Isher Building, Plot No. 16-17, Pushp Vihar, Institutional Area, Sector 6, New Delhi-110017

O: +91 11 43112400, **F**: +91 11 24620180 | **W:** www.icrier.org | **E:** info@icrier.res.in