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Navigating the impact of US reciprocal tariffs

April 2025



Background

The reciprocal tariff measures imposed by the United States (US) Government under the presidency of Donald Trump have significantly reshaped the trade landscape between the US and the rest of the world, including India. Businesses involved in bilateral trade now face heightened complexity, increased costs, and regulatory uncertainties.

However, on 9 April 2025, the US announced a 90-day suspension of the reciprocal tariffs for most countries (except China). However, pursuant to China's reaction of imposing an 84% tariff on American goods, the US has retaliated with staggering 125% ad valorem tariffs.

With the dynamics of trade changing daily, it has become critical to monitor developments closely and assess their impact in real-time.

This evolving scenario demands specialised expertise to effectively manage and mitigate tariff-related impacts. At Grant Thornton Bharat, we recognise these challenges and offer customised, comprehensive tax consulting and strategic advisory services to companies navigating this complex business environment. Our experienced team provides practical guidance related to international taxation, customs law, and trade compliance to help your company stay compliant, competitive, and financially strong despite the changing tariffs.

Impact on India

The imposition of reciprocal tariffs by the US on Indian goods marks a significant shift in trade dynamics between the two nations. As one of India's key export destinations, the US market plays a crucial role in several high-performing sectors.

Impact on Indian exporters

These tariffs are likely to pose both challenges and opportunities for Indian exporters, influencing their competitiveness, market strategies, and long-term growth prospects.

Below are the key points that merit consideration:



Optimum utilisation of 90-day window



Restructuring supply chain



Diversification of export market to other economies



Strengthening regional trade under other FTAs (India – UAE CEPA, India – Australia ECTA etc.)



Need for innovation and product differentiation to stay relevant and competitive

How we can help

Impact assessment

- Impact assessment vis-a-vis comparison with the impact on alternate sourcing by the US buyer
- Immediate, medium- and long-term assessment
- Assessment of the impact of 90 days pause and tariff war between the US and China

Immediate advisory

- Explore maximisation of supplies in the 90-day window
- Negotiation with buyers and suppliers
- Resources management
- Identifying alternative destination markets to China
- Value addition

Supply chain restructuring

- Exploring and facilitating setting up manufacturing in the US and/or lower tariff zones, including a tie-up with the contract manufacturers
- Facilitating setting up facilities for companies planning to come to India from higher tariff zones like China and Vietnam

Market diversification and re-alignment

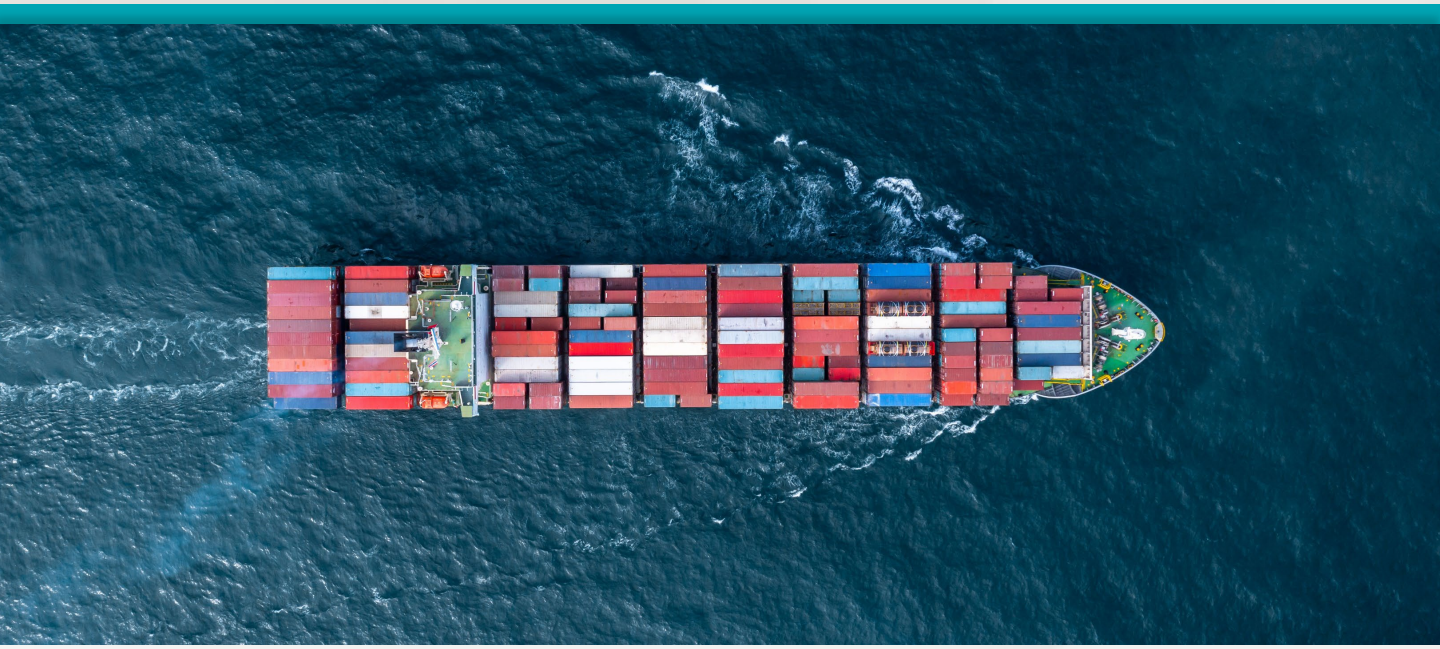
- Country-specific feasibility studies considering the changed circumstances
- Tax and trade insights for entering non-US markets
- Strategic support for shifting or expanding supply chains globally

Regulatory representation support

- CAROTAR norms and compliances
- Assistance related to anti-dumping/ safeguard duty-related proceedings across the globe
- End-to-end support towards setting up facilities across the globe
- Policy advocacy

Strategic trade and tax planning

- Long-term planning to manage exposure to trade policy risks
- Scenario planning and sensitivity analysis for pricing models
- Integration of tariff changes into overall tax and compliance strategy



Why choose us?

An experienced team, with over 100 years of domain expertise in international tax and trade advisory

Industry-specific insights, customised for exporters, manufacturers and MNCs

Proven track record in handling global tariff and compliance matters

Agile, responsive, and fully client-centric approach

Connect with our experts



Krishan Arora
Partner and India Investment Advisory Leader
Grant Thornton Bharat
E: krishan.arora@in.gt.com



Manoj Mishra
Partner and Tax Controversy Management Leader
Grant Thornton Bharat
E: manoj.mishra@in.gt.com



PS Krishnan
Partner and Custom & Global Trade Expert
Grant Thornton Bharat
E: PS.Krishnan@in.gt.com



Karan Kakkar
Partner and Supply Chain Tax Expert
Grant Thornton Bharat
E: Karan.Kakkar@in.gt.com



Saumil Shah
Partner
Operations Transformation
Grant Thornton Bharat
E: Saumil.Shah@in.gt.com



Rishi Shah
Partner and Economic Advisory Services Leader
Grant Thornton Bharat
E: Rishi.Shah@in.gt.com

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GTBharat@in.gt.com

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