

Trump's reciprocal tariffs

Impact on India



US extends pause on reciprocal tariffs till 1 August 2025, offering relief to Indian exporters and fostering ongoing trade negotiations

On 2 April 2025, US President Trump announced reciprocal tariffs against several countries, including India (26%), but paused the implementation of these duties for 90 days. This set a negotiation window for all trading partners to reach a trade deal with the US by **9 July 2025**.

On 7 July 2025, Trump issued an Executive Order (EO) extending the suspension of the reciprocal tariffs announced on 2 April until **1 August 2025**. The extension provides much-needed relief to Indian exporters and offers both governments additional time to resolve pending trade issues. It reflects a continued commitment by New Delhi and Washington to engage in constructive dialogue and work towards finalising an interim trade agreement.

This EO temporarily modifies the reciprocal tariff rates initially enacted under Executive Order 14257 dated 2 April 2025, and further modified by Executive Orders 14266 (9 April 2025) and 14298 (12 May 2025). These actions were undertaken pursuant to the powers vested in the President under the International Emergency Economic Powers Act (IEEPA), the National Emergencies Act, Section 604 of the Trade Act of 1974, and Title 3 of the US Code.

The suspension, applicable to the PRC and governed by Executive Order 14298, continues separately and is unaffected by the new order.

Our comments

The extension provides interim relief to exporters from aligned countries, including India, who were previously impacted by elevated tariff rates. Indian exporters, in particular, benefit from the additional time granted to continue trade under moderated tariff conditions. The move also opens up more space for the US and India to continue bilateral negotiations toward a mutually beneficial and stable trade framework.

However, the continuation of the national emergency declaration and the broader policy uncertainty mean that businesses must remain vigilant and responsive to evolving trade measures.

The exclusion of China from this relief reiterates the hardened stance of the US towards the PRC, while maintaining flexibility with other partners.

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