Trump's reciprocal tariffs

Impact on India

US imposes additional 25% tariff on Indian imports over indirect Russian oil trade links, effective from 27 August 2025

On 6 August 2025, US President Donald Trump issued an Executive Order (EO) imposing a 25% additional ad valorem tariff on all imports from India into the US, citing India's direct or indirect import of Russian Federation oil. This action builds upon EO 14066 (8 March 2022) and EO 14024 (15 April 2021), which declared a national emergency in response to Russia's actions in Ukraine. The US has now determined that India's continued engagement with Russian-origin crude oil undermines US foreign policy and national security interests.

Key announcements

The key provisions under the Executive Order dated 6August 2025 impacting India are as follows:

- The US government finds that India is directly or indirectly importing Russian Federation oil, including via third-country intermediaries. Hence, all Indian-origin imports into the US will be subject to a new 25% ad valorem duty, **effective from 27 August 2025 (12:01 a.m. EDT)**.
- This duty is in addition to the existing 25% reciprocal tariff already imposed on India under EO 14257 (dated 2 April 2025) as modified vide an order dated 31 July 2025), bringing the total additional duty to 50% on applicable goods.
- Goods already in transit prior to the effective date (loaded and departed before 27 August and entering the US before 17 September 2025) are exempt under transitional provisions.
- The new 25% duty does not apply to the goods covered under exemptions in 50 U.S.C. 1702(b) or the items listed in Annex II of EO 14257.
- Imports through foreign trade zones (FTZs) must now be admitted under the "privileged foreign status" unless qualifying for a "domestic status."
- "Indirect importing" includes sourcing Russian-origin oil through intermediaries or via third countries, as determined by the US Secretary of Commerce.
- The Secretary of Commerce, in coordination with other federal agencies, is tasked with monitoring oil trade practices and recommending further action, including tariffs on other countries.

Our comments

The latest imposition of an additional 25% ad valorem duty over and above the existing reciprocal tariff effectively doubles the US import duty on select Indian goods to 50%. This escalation is likely to dent India's export competitiveness, as these are expected to make Indian goods far costlier in the US. Based on early estimates, products such as shrimps, organic chemicals, apparel, textiles, diamonds, gems and jewellery, machinery and mechanical appliances, furniture, etc., are likely to have a very high impact.

While pharmaceuticals have been kept outside the ambit of these tariffs for now, the ongoing investigation suggests that no sector is entirely insulated from future action.

This move signals a broader shift in US trade policy, where tariff measures are increasingly being aligned with geopolitical considerations. Indian exporters will need to adopt a more agile and risk-aware strategy in response.

These developments highlight the critical need for Indian businesses to diversify export destinations, reduce overdependence on any one market, and actively leverage India's widening FTA network to de-risk supply chains and sustain long-term export momentum.

Connect with us on

@Grant-Thornton-Bharat-LLP

@GrantThorntonIN

@GrantThorntonBharat

@GrantThorntonBharatLLP

@Grantthornton_bharat

GTBharat@in.gt.com

© 2025 Grant Thornton Bharat LLP. All rights reserved.

Grant Thornton Bharat LLP is registered under the Indian Limited Liability Partnership Act (ID No. AAA-7677) with its registered office at L-41 Connaught Circus, New Delhi, 110001, India, and is a member firm of Grant Thornton International Ltd (GTIL), UK.

The member firms of GTIL are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered independently by the member firms.

GTIL is a non-practicing entity and does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate, one another and are not liable for one another's acts or omissions.