

Trump's reciprocal tariffs

Impact on India



US issues notice implementing additional 25% tariffs on Indian goods from 27 August 2025

The US Customs and Border Protection (CBP), Department of Homeland Security, has issued a notice dated 25 August 2025, to give effect to US President Donald Trump's Executive Order 14329, dated 6 August 2025, imposing **an additional 25% ad valorem duty on all imports from India, effective 27 August 2025**. The measure, aimed at penalising India for directly or indirectly importing Russian oil, raises the overall tariff burden on Indian goods entering the US to **50%** when combined with the reciprocal tariffs already in place under EO 14257. The Harmonized Tariff Schedule of the United States (HTSUS) has been amended accordingly to implement this directive.

Key points for consideration

- **Effective date:** From 12:01 a.m. EDT, 27 August 2025, all Indian-origin imports into the US will attract an additional 25% ad valorem duty under new HTSUS heading 9903.01.84.
- **Tariff burden doubled:** The new duty is in addition to the 25% reciprocal tariff already applicable under EO 14257 (as amended), effectively raising tariffs on Indian goods to 50% in many cases. Further, these would be in addition to the existing duties applicable on Indian goods prior to the reciprocal tariffs.
- **Transitional relief:** Goods loaded and shipped before 27 August 2025 and entering the US before 17 September 2025 will be exempt, subject to importer certification under HTSUS heading 9903.01.85.
- **Exemptions:** The new duty does not apply to:
 - The goods exempted under 50 U.S.C. 1702(b) (such as humanitarian donations and informational materials).
 - The items listed in Annex II to EO 14257, including certain metals, vehicles, and copper products.
 - The goods properly classified under specified Chapter 98 HTSUS provisions.

- **Foreign Trade Zones (FTZs):** Indian goods admitted into US FTZs - on or after 27 August 2025 - must enter under privileged foreign status, ensuring that tariffs are imposed when released into consumption.
- **Indirect imports covered:** The definition of “indirect importing” of Russian oil includes sourcing through intermediaries or third countries, with the US Secretary of Commerce authorised to make determinations and recommend further actions.

Our comments

The decision by the US to go ahead with the implementation of double tariffs on Indian goods marks one of the sharpest escalations in trade tensions between the two countries in recent years. The action directly links commercial policy to geopolitical concerns, underscoring Washington's intent to use tariffs as leverage on India's energy sourcing choices.

The immediate consequence is likely to be a steep erosion in price competitiveness for Indian exporters in the US market, particularly in labour-intensive sectors, such as apparel, textiles, gems and jewellery, seafood, and engineering. While some exemptions exist, the wide coverage of the measure creates heightened uncertainty for exporters in pricing and contract negotiations.

For India, the measure poses both a challenge and an opportunity. On one hand, it could trigger short-term disruption in export orders and margins. On the other hand, it highlights the need to diversify export markets and actively leverage India's expanding FTA network. To cushion the impact and sustain competitiveness in the US market, the government must consider providing export incentives, especially to exporters to the US.

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