

Trump Tariffs Escalate, Threatening Key Indian Exports with 50% Duty



Indian exporters are on high alert as the United States, under President Donald Trump, has imposed a steep 50% tariff on a broad range of goods from India. The move, which combines an existing 25% levy with an additional 25% penalty, is a direct response to India's continued purchase of discounted Russian oil. Key sectors, including leather, gems and jewelry, and textiles, which are major export drivers for India, are expected to be hit hardest by the new tariff structure.

The executive order, signed by President Trump, outlines the new tariffs as a measure to address what the U.S. government views as support for Russia's economy. The total 50% tariff rate is one of the highest imposed by the U.S. on any trading partner. This places India at a significant disadvantage compared to its regional competitors, such as Bangladesh, Vietnam, and China, which face considerably lower tariff rates on their exports to the American market.

Industry representatives are expressing serious concern about the impact on their businesses. The gems and jewelry sector, which saw exports to the U.S. reach approximately \$10 billion in the last fiscal year, has been particularly vocal. The Gem & Jewellery Export Promotion Council has stated that a 50% duty makes it "impossible" for the industry to remain competitive. As a

result, some companies are already exploring alternative strategies, including establishing manufacturing units in countries with lower U.S. tariffs, such as Dubai and Mexico.

The Federation of Indian Export Organisations (FIEO) has called the tariff hike "extremely shocking," estimating that the move will affect over 55% of India's exports to the U.S. market. The organization warned that the cost burden could render Indian exporters 30-35% less competitive. Many export orders are already on hold as buyers reassess their sourcing decisions in light of the higher costs.

The Indian government, through the Ministry of External Affairs, has labeled the tariffs "unfair, unjustified, and unreasonable." It has reiterated that India's energy and trade policies are driven by national interest and that it will take all necessary actions to protect its economy. While the new tariffs are set to take effect in a matter of weeks, the government and industry are working to find a resolution to mitigate the potential economic fallout.