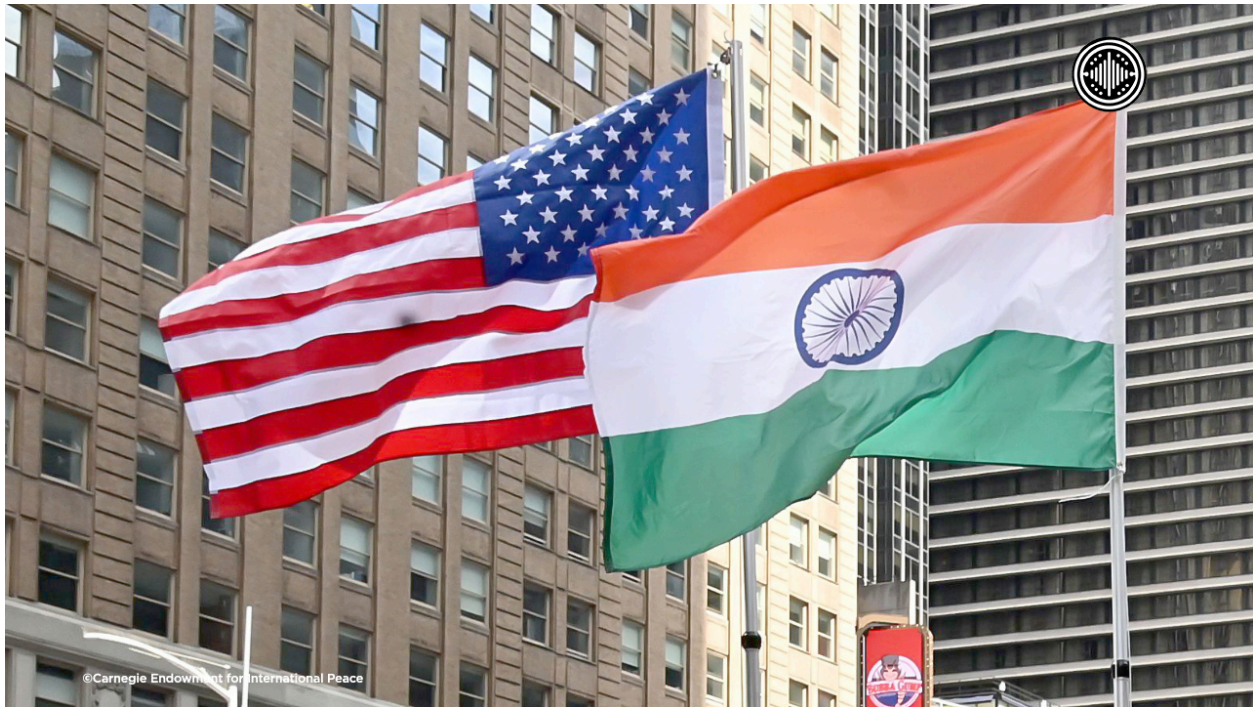


GTRI Warns Trump Tariffs Could Slash Indian Exports by \$26 Billion



A new report by the Global Trade Research Initiative (GTRI) warns that the 25% reciprocal tariffs imposed by the Trump administration could reduce India's exports to the United States by nearly 30% in the 2025-26 fiscal year. This dramatic decline could see exports fall from \$86.5 billion to approximately \$60.6 billion, representing a potential loss of \$25.9 billion. The tariffs, implemented on August 1, position India as one of the most heavily penalized nations among Asian exporters, second only to China.

According to the GTRI report, labor-intensive sectors are expected to be the hardest hit. These tariffs place India at a significant disadvantage compared to regional competitors such as Vietnam, Bangladesh, and Mexico, who face lower or zero duties on their exports to the US. Key sectors at risk include garments, textiles, shrimp, jewelry, and engineering goods. For instance, knitted and woven garments from India now face tariffs of up to 39%, substantially higher than the rates for Vietnam and Bangladesh.

The report highlights that the new tariff regime lacks the exemptions granted to other countries, with only a few sectors like pharmaceuticals, energy products, and semiconductors spared. Even in these exempted areas, the GTRI notes that there are risks, as the Trump administration has signaled a potential for future penalties. The tariffs are expected to erase India's price advantage in crucial sectors like shrimp exports, where a 25% duty on Indian products would nullify its competitive edge over countries like Canada and Chile, which benefit from free trade agreements with the US.

In response to the tariffs, the GTRI has proposed a five-point action plan for the Indian government. The recommendations include reviving the Interest Equalization Scheme to lower borrowing costs for small and medium-sized enterprises (MSMEs) and encouraging a strategic shift towards building and promoting homegrown brands. The think tank's founder, Ajay Srivastava, has cautioned that redirecting exports to other markets will be a difficult and complex task. The government has held meetings with various export sectors to explore support measures, signaling an active effort to mitigate the economic impact of the new trade barriers.