

## India Capitalizes on Tariff Rejig, Boosts Share in US Electronics, Agri, and Textiles Imports



India is strategically increasing its share in the United States' import markets for electronics, agricultural products, and textiles, benefiting from a significant tariff restructuring implemented by the US. A recent analysis, highlighted by a NITI Aayog report and confirmed by an Indian official on Monday, July 21, 2025, indicates a notable shift in global supply chains, with India emerging as a key beneficiary at the expense of major competitors like China and Canada.

This positive trend for Indian exporters is largely attributed to higher tariffs imposed by the US on goods from countries such as China (30%), Canada (35%), and Mexico (25%). These steeper duties make Indian products relatively more competitive and attractive in the American market. The NITI Aayog's "Trade Watch Quarterly" report stated that "India is expected to gain competitiveness in 22 out of the top 30 categories (HS 2 level), representing a market size of USD 2,285.2 billion."

In the electronics sector, India's share in US imports rose from 3.5% to 7.2% year-on-year in May, while China's share simultaneously dipped from 22% to 11%. This growth for India was notably driven by strong performances in smartphone and solar cell exports. Overall, India's electronics exports in the April-June quarter surged by 47% to \$12.41 billion.

Similarly, in textiles, China's share in US imports fell from 27% to 14%. During the same period, India's share in the US textile import market expanded from 9% to 12%, with Vietnam also seeing an increase from 14% to 18%. In the agriculture and marine products sector, despite no direct overlap in export commodities with China, India's share in US imports grew from 1.7% to 2.2%, even as China's share declined from 3.5% to 1.5%.

This evolving trade environment presents a "strategic window" for India to further expand its market share, particularly in labor-intensive sectors. However, it's not without challenges. India faces marginally higher average tariffs (1-3%) in six product categories, which are subject to ongoing negotiations with the US. While India's pharmaceuticals sector continues to maintain its strong 40% share in US generic drug imports, sectors like steel and chemicals face headwinds due to existing high US duties. For instance, Indian steel and aluminum exports are subject to 50% additional duties, and automobile exports face a 25% duty.

Ongoing bilateral trade negotiations between India and the US, currently in their fifth round, are critical. India is pushing for the removal of the 26% additional tariff imposed earlier this year, along with relaxations on steel, aluminum, and auto sector tariffs. In return, the US seeks duty concessions on industrial goods, electric vehicles, wines, petrochemicals, and certain agricultural products. The outcome of these discussions, particularly before the August 1 deadline for the suspension of additional Trump-era tariffs, will significantly shape the trajectory of India's growing export competitiveness in the US market.