



## PHDCCI Analysis on Recent announcement by the US on tariffs

The U.S. government announced reciprocal tariffs vide Executive Order dated April 2, 2025, specifying base rate of tariff and country specific tariffs.

The U.S. government has announced that a universal base rate of 10% will apply to nearly all imports entering the U.S., effective April 5, 2025. India has been levied with a 26% tariff rate, effective from April 9, 2025.

Major exports commodities from India to US on which tariff has been levied will see a moderately negative impact (Table 1).

**Table 1: Sectoral impact of US tariff Order dated April 2, 2025**

Product	India's exports to U.S. (%)	Impact on Topline	Remarks
Precious/ semi-precious stones	9.93	Moderately Negative	Not Exempted
Electrical machinery and equipment	7.37	No Affect	Not Exempted
Pharmaceutical	7.07	Positive	Exempted
Petroleum products	6.27	Positive	Exempted
Textiles/ Apparels	3.72	Negative	Not Exempted
Marine Products	2.21	Moderately Negative	Not Exempted
Machinery and mechanical appliances	2.19	No Affect	Not Exempted
Vehicles, and parts and accessories thereof	1.52	Moderately Negative	25% tariff under separate Order
Articles of iron or steel	1.13	Moderately Negative	25% tariff under separate Order
Chemical products	0.69	Negative	Not Exempted

Source: Executive Order dated April 2, 2025, analysed by PHD Research Bureau

Lowest tariff was levied on India (26%) in comparison to its Asian peers. This provides tariff arbitrage which will keep India at a relative vantage point.

**Table 2: Tariff India vis-à-vis Asian peers**

Country	U.S.A Discounted Reciprocal Tariffs (%)
China	34
Vietnam	46
India	26
Japan	24
Indonesia	32
Thailand	36
Malaysia	24
Cambodia	49
Singapore	10
Philippines	17
New Zealand	10
Myanmar	44

Source: Executive Order dated April 2, 2025

### Products exempted from reciprocal tariffs

- Goods such as copper, pharmaceuticals, semiconductors, lumber, critical minerals, and energy products; etc.
- Goods on which additional tariffs have already been imposed / announced through other Executive Orders, i.e., steel, aluminum, automobiles and auto parts - a 25% additional tariff on these goods has already come into force, but for auto component (which is to be implemented no later than May 3, 2025).
- Goods imported from countries subject to higher tariff rates that do not have normal trade relations with the U.S. - Russia, North Korea, etc.
- Goods originating in Mexico and Canada, and traded with the U.S. under the USMCA - the trilateral FTA between the U.S., Canada, and Mexico.

**Table 3: Tariff application based on effective dates in the interim**

Effective Date	Event	Applicable Tariff
5-Apr-25	Goods shipped (exported) and in transit to the U.S.	Existing prevailing tariff
5-Apr-25	Entered for consumption, or withdrawn from warehouse for consumption	10%
April 6, 2025 - April 8, 2025	Goods shipped (exported) and in transit to the U.S.	10%
On or after April 9, 2025	Entered for consumption, or withdrawn from warehouse for consumption	26%

Source: Executive Order dated April 2, 2025

Given the strong hand holding by the Government of India, our country will continue to grow on its robust growth trajectory, navigating through the global trade dynamics being a low cost producer.

Please contact, for any query related to this mail, Mr. Sanat Kumar, Chief Economist at [chiefeconomist@phdcci.in](mailto:chiefeconomist@phdcci.in), PHD Chamber of Commerce & Industry.

Warm regards,



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