



**KAMARAJ IAS ACADEMY**  
Only IAS Academy by Grandson of "Perunthalaivar Kamarajar"

# US to Remove Additional 25% Duty on Indian Goods from February, 2026

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The United States Government announced that it will remove the additional 25 per cent tariff previously imposed on Indian goods. The **move follows an interim trade framework agreed upon between India and the United States, aimed at strengthening bilateral economic ties and reducing trade barriers.**

## Key Points of the Development

**Tariff Removal:** The United States will eliminate the additional 25 per cent levy on Indian imports. This surcharge was imposed in August 2025 as part of elevated duties linked to geopolitical and trade tensions.

**Context of Previous Duties:** The extra 25 per cent tariff had been added on top of a reciprocal 25 per cent duty, leading to effectively up to 50 per cent tariffs on many Indian export goods entering the US market. This had weighed on Indian exporters.

**India's Commitments:** The tariff rollback follows India's commitment to stop directly or indirectly importing Russian oil and an agreement to expand defence cooperation with the United States over the next decade.

**Interim Trade Framework:** The United States and India also announced a framework for an interim trade deal, with the US reducing tariffs on many Indian goods and India agreeing to lower barriers on US industrial and agricultural imports. This is seen as a precursor to a comprehensive bilateral trade agreement (BTA).

**Impact on Tariff Levels:** Under this interim framework, overall tariffs on Indian exports to the US are targeted to be reduced to about 18 per cent, down from near or over 50 per cent previously in some categories.

## Additional Facts:

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### **Bilateral Trade Context:**

The United States has historically been one of India's largest trading partners; in 2025, it accounted for around 18 per cent of India's exports and significant bilateral flows.

The interim trade framework launched negotiations that began in February 2025 toward a more comprehensive Bilateral Trade Agreement (BTA).

### **Sectoral Impact:**

Reduced tariffs are expected to **benefit labour-intensive and export-oriented sectors** such as textiles, apparel, leather, chemicals, machinery and organic chemicals by improving competitiveness in the US market.

**Sensitive agricultural and dairy items** (e.g., wheat, rice, poultry, milk, fresh fruit) are generally excluded from liberalisation to protect domestic producers.

### **Strategic Implications:**

The tariff rollback reflects a de-escalation of trade tensions and signals stronger economic and strategic cooperation between India and the US in the backdrop of global geopolitical realignments.

India's shift in energy sourcing commitments (reducing Russian oil imports) also has implications for geopolitical and energy diplomacy.

### **Export Competitiveness:**

With removal of punitive tariffs, Indian exporters may regain pricing competitiveness vs regional competitors like Vietnam and Bangladesh in some commodity exports.