



# US will impose reciprocal tariffs from April 2: Trump

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## Context

U.S. President Donald Trump criticised the **high tariffs charged by India** and other countries, terming them as “**very unfair**” and announced **reciprocal tariffs from April 2 on nations that impose levies on American goods**.

Mr. Trump made these remarks in an address to the Joint Session of the Congress on Tuesday. It was the first address of his second term in the White House. Mr. Trump was sworn in as the 47th President of the U.S. on January 20.

“If yodon’t make your product in America, however, under the Trump administration, yowill pay a tariff and in some cases, a rather large one,” Mr. Trump said. “Other countries have used tariffs against us for decades and now it’s our turn to start using them against those other countries. On average, the European Union, China, Brazil, India, Mexico and Canada — have yoheard of them? And countless other nations charge us tremendously higher tariffs than we charge them,” the U.S. President said.

## Status of Trade between India & USA

### Trade in numbers

Tables show top exports and imports between the U.S. and India from April 2024 to Nov. 2024

India’s total exports to the U.S.

**\$52.9 billion**

#### TOP EXPORTS TO U.S.

Electrical machinery	\$7.6bn
Precious stones/metals	\$6.3bn
Pharmaceuticals	\$5.9bn



India’s total imports from the U.S.

**\$29.6 billion**

#### TOP IMPORTS FROM U.S.

Mineral fuels and oils	\$9.9bn
Precious stones/metals	\$3.2bn
Nuclear reactors & boilers	\$2.8bn

## What are Reciprocal Tariffs?

Reciprocal tariffsrefertothe UStaxingthe importingnation by the same tax ratewithwhich they are taxing the US.

This systemwouldbringUS tariffs on importsin linewithothernations'tax rates

Tariffequivalenceacrossvariousproducts couldraisethe average tariff rateof the United Statesbyabouttwo percentage points.

## Possible Impact on India

**Higher tariffs:** India is one of the countries with significantly higher relative tariff rates and hence is vulnerable to retaliatory tariffs. India's weighted average effective tariff on US exports to India is 9.5% compared with a 3% tariff rate on India's exports to the US.

**Weak sectors:** It could hit India's **automobile, textile, and other industries**. For instance, if India were to slap a 25% tariff on US automobiles, the US would then slap a 25% tariff on US imports of Indian autos.

**Wider impact:** Tariffs reciprocal would lead to the door opening to "**a general tariff increase**" on emerging economies that charge high tariffs on US goods.