



# The Future of India-US Trade

## India's Strategic Choices Against Trump's Trade Pressures

Shikha Tomar, Anisree Suresh, Anupam Manur

The US trade measures under the current Trump administration puts India at a cross road, to reform its own protectionist trade measures or retaliate with new tariffs. This paper analyses India's policy options, recommending for a gradual, phased liberalisation approach that incorporates both targeted tariff reductions and a proactive pursuit of a Free Trade Agreement (FTA) with the US.

*Recommended Citation:*

Shikha Tomar, Anisree Suresh, Anupam Manur, "The Future of India-US Trade", , , The Takshashila Institution



## Contents

|          |  |           |
|----------|--|-----------|
| <b>1</b> | <b>Executive Summary</b>                                     | <b>3</b>  |
| <b>2</b> | <b>India-US Trade Fact Sheet</b>                             | <b>3</b>  |
| 2.1      | Trade Relationship Overview . . . . .                        | 3         |
| 2.2      | Key Trade Statistics . . . . .                               | 4         |
| 2.3      | Friction Points in India-US Trade . . . . .                  | 6         |
| 2.4      | Policy Barriers and Trade Disputes . . . . .                 | 9         |
| 2.5      | WTO Disputes and Bilateral Frameworks . . . . .              | 10        |
| <b>3</b> | <b>India-US Trade under the Trump Administration</b>         | <b>12</b> |
| 3.1      | Trump 2.0 Policy Framework . . . . .                         | 12        |
| 3.2      | Historical Context: Trump 1.0 (2017-2021) . . . . .          | 13        |
| 3.3      | Current Trade Policy Approach . . . . .                      | 13        |
| 3.4      | Strategic Opportunities . . . . .                            | 14        |
| <b>4</b> | <b>Possible Policy Pathways for India-US Trade</b>           | <b>14</b> |
| 4.1      | Option 1 - Gradual, Phased-liberalisation Response . . . . . | 14        |
| 4.2      | Option 2 - Concede . . . . .                                 | 15        |
| 4.3      | Option 3 - Retaliatory Measures . . . . .                    | 15        |
| 4.4      | Option 4 - Do Nothing . . . . .                              | 16        |
| 4.5      | Scenario Analysis . . . . .                                  | 16        |
| <b>5</b> | <b>Conclusion</b>  | <b>17</b> |
| <b>6</b> | <b>Policy Recommendations</b>                                | <b>17</b> |
| 6.1      | Immediate Actions . . . . .                                  | 18        |
| 6.2      | FTA Strategy . . . . .                                       | 18        |

|                                   |           |
|-----------------------------------|-----------|
| 6.3 Strategic Framework . . . . . | 18        |
| <b>7 References</b>               | <b>19</b> |

### 1 Executive Summary

The global economic landscape is in flux, with protectionism and a transactional approach to trade becoming increasingly prevalent. This presents a significant challenge for India, which has historically deployed tariffs and non-tariff barriers as key instruments of its trade policy. The Donald Trump administration's aggressive tariff measures further exacerbate these challenges, necessitating India's strategic and carefully calibrated response.

India must undertake significant reforms to address challenges and unlock its full trade potential. This paper analyses India's policy options, recommending for a gradual, phased liberalisation approach that incorporates targeted tariff reductions and a proactive pursuit of a Free Trade Agreement (FTA) with the US. This evolving landscape sets the stage for bold, strategic measures to promote India's trade and further accelerate its journey toward economic growth.

*Image created using ChatGPT.*

This paper proposes that India should lower tariffs on select items by the April 2, 2025, deadline for Trump's reciprocal tariff threats while pursuing a zero-for-zero-based Free Trade Agreement (FTA) in line with the September deadline.

### 2 India-US Trade Fact Sheet

#### 2.1 Trade Relationship Overview

India and Australia signed an early harvest Free Trade Agreement in April 2023 to open new markets for exporters and service suppliers from both countries. The Australia-India Economic Cooperation and Trade Agreement (ECTA) is considered one of the critical pre-Free Trade Agreements signed between two key markets in the Indo-Pacific region with strong economic complementarities.

The India-US relationship has strengthened, especially in the last three decades, due to increased cooperation in strategic sectors such as defence and technology, shared interests in economic prosperity

---

Authors: - Shikha Tomar is a founder of a mental health start up called Ease and a Post-Graduate Programme in Public Policy student at the Takshashila Institution, Bengaluru, India. - Anisree Suresh is a Research Associate with the Geoeconomics Programme at the Takshashila Institution. - Anupam Manur is an economist and Assistant Professor at the Takshashila Institution.

---

and strategic convergences (with occasional divergences) in geopolitical affairs. Washington and New Delhi have built a relatively consistent relationship despite leadership changes on both sides.

However, their trade relations can be characterised by a trend of progression punctuated by points of contention, notably pertaining to tariffs.

### 2.2 Key Trade Statistics

The US is India's largest trading partner, and India is ranked the 10th largest trade partner of the US, with Mexico, Canada, and China among the top 5. The US is the only trading partner (among the top 10) with which India has a trade surplus.

**Table 1: US's trade volumes with EU, Mexico, Canada, China and India (Exports + Imports of goods) - in US\$ billion**

| Country        | Trade Volume (2024) | Rank |
|----------------|---------------------|------|
| European Union | 981.632             | 1    |
| Mexico         | 850.379             | 2    |
| Canada         | 770.385             | 3    |
| China          | 584.32              | 4    |
| India          | 129.315             | 10   |

According to data from the Ministry of Commerce (Government of India), India recorded a trade surplus (goods) of US\$ 36 billion in 2024. However, this figure differs from the US\$ 46 billion trade surplus reported by the US Department of Commerce (BEA) for 2024.

---

The relationship is conventionally founded on pillars such as shared democratic values (because of which the US identifies India as a natural ally), cooperation against China and joint contributions to global economic growth.

---

**Table 2: India-US Trade Factsheet 2024 in US\$ million**

| Category   | Value (US\$ millions) |
|--|-----------------------|
| <b>Exports to the US</b>                               | 80.8                  |
| <b>Imports from US</b>                                 | 44.4                  |
| <b>Trade Surplus</b>                                   | 36.4                  |
| <b>Major exported items from India to the US</b>       |                       |
| Electrical machinery and equipment and parts           | 12.6                  |
| Precious and semi-precious stones, gems, and jewellery | 9.3                   |
| Pharmaceutical products                                | 8.9                   |
| Nuclear reactors, boilers and machinery                | 6.6                   |
| Mineral fuels and oils and bi-products                 | 4.5                   |
| <b>Major items imported by India from the US</b>       |                       |
| Mineral fuels and oils and bi-products                 | 13.6                  |
| Precious and semi-precious stones, gems, and jewellery | 5.3                   |
| Nuclear reactors, boilers and machinery                | 4.2                   |
| Electrical machinery and equipment and parts           | 3.0                   |
| Aircraft, spacecraft and parts                         | 2.1                   |

As per data from India, the most exported items from India to the US are electrical machinery and

equipment, followed by precious and semi-precious stones.<sup>1</sup> Mineral fuels and oil constitute the largest share of India's imports from the US, with a significant increase over the past decade. Notably, India began importing oil from the US only in 2017. Today, India has emerged as a key market for US oil.

Over the last 10 years, India's trade surplus with the US has been widening gradually, and it has almost doubled in the previous decade, as evident from the trade balance data showing growth from \$23.9 billion in 2014 to \$45.6 billion in 2024.<sup>2</sup>

### 2.3 Friction Points in India-US Trade

With trade, the number of friction points between India and the US have increased too. Significant areas of friction between Washington and New Delhi are tariffs, Intellectual Property (IP) concerns, price caps on medical devices, India's discriminatory e-commerce policy, and most importantly, agricultural trade.

Tariff barriers to trade and investment have been a concern in the India-US relationship as, despite economic progress, India remains a relatively closed market.<sup>3</sup> India's weighted tariff differential with the US is around 4.88 per cent. The US's weighted average tariff for India is 2.8%, while India's is around 7.67%, which is in a similar range to that of other developing nations such as Brazil and South Korea. India's simple average most-favoured nation (MFN) tariff is 15.9 per cent.<sup>4</sup>

However, sectors like agriculture, meat, and processed food in India have the largest weighted average tariff differentials of 33 percent (when compared to the US), followed by sectors such as automobiles, diamonds, gold, and other products. India also has high tariffs for select items like processed food, alcohol, shoes, etc. Within agriculture, alcohols and wines run the highest tariff differential of around 122 per cent, followed by dairy products, fish, meat, frozen, processed, and live animal products.

**Table 3: Weighted average tariffs in 2024: Sector wise**

---

Weighted mean applied tariff is the average of effectively applied rates weighted by the product import shares corresponding to each partner country. The Simple average Most Favoured Nation (MFN) tariff rate means the normal non-discriminatory unweighted average of all applied tariff rates for all products subject to tariffs, calculated across all traded goods.

---



## The Future of India-US Trade

| Sector   | Tariffs faced by US Exporters<br>in India (%) | Tariffs faced by Indian Exporters<br>in the US (%) | Tariff<br>differential (%) |
|--|---|--|----------------------------|
| Agriculture, meat<br>and<br>pro-<br>cessed<br>food | 37.66   | 5.29   | 32.37                      |
| Automobiles  | 24.14   | 1.05   | 23.10                      |
| Diamonds, gold<br>and<br>prod-<br>ucts             | 15.45   | 2.12   | 13.32                      |
| Chemicals and<br>Phar-<br>ma-<br>ceuti-<br>cals    | 9.68  | 1.06   | 8.63                       |

## The Future of India-US Trade

| Sector   | Tariffs faced by US Exporters<br>in India (%) | Tariffs faced by Indian Exporters<br>in the US (%) | Tariff<br>differential (%) |
|--|---|--|----------------------------|
| Electrical,<br>Tele-<br>com,<br>and<br>elec-<br>tron-<br>ics<br>prod-<br>ucts  | 7.64  | 0.41   | 7.24                       |
| Medical,<br>leather,<br>paper,<br>glass,<br>ships,<br>Air-<br>craft<br>and<br>re-<br>main-<br>ing<br>cate-<br>gories | 9.7   | 2.79   | 6.91                       |
| Plastics,<br>arti-<br>cles   | 9.95  | 4.38   | 5.56                       |

## The Future of India-US Trade

| Sector  | Tariffs faced by US Exporters<br>in India (%) | Tariffs faced by Indian Exporters<br>in the US (%) | Tariff<br>differential (%) |
|---|---|--|----------------------------|
| Machinery,<br>com-<br>puters                              | 6.6   | 1.3  | 5.29                       |
| Products<br>of<br>iron,<br>steel<br>and<br>base<br>metals | 4.54  | 2.06   | 2.48                       |
| Textile<br>and<br>cloth-<br>ing                           | 10.37   | 8.99   | 1.37                       |
| Ores,<br>Miner-<br>als<br>and<br>petroleum                | 2.31  | 6.67   | -4.36                      |
| <b>Total</b>  | <b>7.67</b>                                   | <b>2.79</b>  | <b>4.88</b>                |

### 2.4 Policy Barriers and Trade Disputes

The US Trade Representative (USTR) 2022 report on Foreign Trade Barriers identifies that India's programs, such as "Make in India" (2014) and "Atmanirbhar Bharat" (2020), which intend to re-

duce imports and promote domestic industry, are policy barriers against expanding India-US trade relations.<sup>5</sup>

As part of these programs, India has increased the Basic Customs Duty on toys from 20 per cent to 60 per cent in 2020 and later to 70 per cent in 2023, along with increasing tariffs on other product categories.<sup>6</sup> In the 2020 budget, India raised duty rates on a wide range of products, including electronics, auto parts, and food items, to support local manufacturing. India additionally imposed a nominal health cess on imports of medical devices.

These unilateral measures have eventually led to the revocation of India's beneficiary status in the US's Generalised System of Preferences (GSP) program on the grounds that India failed in providing equitable and reasonable market access for American goods and investments.

Non-tariff barriers (NTB) have also been a cause of growing concern in the India-US trade relationship. For instance, it requires an import license to import livestock products, and a few other items, such as some pharmaceuticals, can only be imported through government trading monopolies.<sup>7</sup>

In 2017, India's decision to issue cap prices for coronary stents and knee implants was highly scrutinised by American firms, as it is a critical item of export for the US. Although India allowed a 10 per cent increase in prices in 2019, it reinstated the price caps on medical devices in 2020. As part of the National Medical Device Policy 2023, India extended the price cap on oxygen and five other medical devices.<sup>8</sup>

India has also been added to the watchlist of intellectual property violators, as stated in Trump's Trade Policy Agenda for 2025.<sup>9</sup> The Trump administration has been repeatedly calling India the "Tariff King".<sup>10</sup>

### 2.5 WTO Disputes and Bilateral Frameworks

India and the US have been disputing over various trade measures at the World Trade Organisation (WTO) over the last few decades. India has initiated disputes against the US in the WTO on steel

---

Generalised System of Preferences (GSP) is a trade preference program that provides nonreciprocal, duty-free treatment for certain U.S. imports from eligible developing countries. GSP expired on December 31, 2020.

---

## The Future of India-US Trade

and aluminium products, solar products, and domestic content requirements and subsidies provided by the US.<sup>11</sup>

The US, in turn, has taken India to the Grievance Redressal Committee on issues pertaining to India's import measures against American goods and export subsidies. However, the two countries have been able to settle a few of their WTO disputes using frameworks such as the Trade Policy Forum (TPF), which was launched in 2005 to enable redressal of trade and investment issues bilaterally.

The two countries became founding members of the Indo-Pacific Economic Framework for Prosperity (IPEF) upon its launch in May 2022, although IPEF is not a traditional trade agreement and does not encompass tariff reductions or reciprocal commitments. However, the future trajectory of IPEF under the Trump administration appears uncertain as he may consider withdrawing from IPEF, referring to it as "Trans-Pacific Partnership Two."<sup>12</sup>

**Table 6: US Trade - Balance of Trade (Goods) - Country wise in US\$ bn**

| Country           | 2018       | 2019       | 2020       | 2021       | 2022       | 2023       | 2024       | % change between<br>2018 to 2024 |
|-------------------|------------|------------|------------|------------|------------|------------|------------|----------------------------------|
| China             | -<br>417.3 | -<br>341.7 | -<br>307.4 | -<br>352.1 | -<br>381.1 | -<br>278.7 | -<br>295.2 | -29.26%                          |
| Mexico            | -<br>83.7  | -<br>106.4 | -<br>116.3 | -<br>111.4 | -<br>135.8 | -<br>161.4 | -<br>181.5 | 116.80%                          |
| European<br>Union | -<br>169.4 | -<br>178.8 | -<br>183.9 | -<br>219.2 | -<br>204.4 | -<br>201.6 | -<br>236.7 | 39.80%                           |
| India             | -<br>21.0  | -<br>23.6  | -<br>24.3  | -<br>33.8  | -<br>38.6  | -<br>43.2  | -<br>45.6  | 116.98%                          |

## The Future of India-US Trade

| Country | 2018      | 2019      | 2020      | 2021      | 2022      | 2023      | 2024      | % change between<br>2018 to 2024 |
|---------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|----------------------------------|
| Canada  | -<br>23.9 | -<br>30.9 | -<br>18.7 | -<br>54.5 | -<br>86.8 | -<br>72.3 | -<br>70.6 | 194.87%                          |

The primary statistic of concern from the US's perspective is that its overall trade deficit with India has increased by 117 per cent between 2018 and 2024. Between 2018 and 2024, the US reduced its trade deficit with China by 30 per cent, but the trade deficit increased manifolds for Mexico, the EU, India, and Canada.

### 3 India-US Trade under the Trump Administration

#### 3.1 Trump 2.0 Policy Framework

As a continuation of his policies, in his second term, Trump has proposed a way to fix the growing trade deficit the US has with various countries. He has set April 2, 2025, as a deadline for reciprocal tariffs on all countries, including India. This means that the US will impose similar levies on each other's goods, following his campaign promise to address the unfair trade practices by other countries.

The US-India FTA is currently under discussion and is expected to be finalised by September and to conclude before the 2025 QUAD Leaders' Summit. However, the threat of reciprocal tariffs looming over India, along with the US's hike of steel and aluminium tariffs, has put India under pressure to take a strategic decision - retaliate or open up its economy through the bilateral Free Trade Agreement.

### 3.2 Historical Context: Trump 1.0 (2017-2021)

During his first term, in 2018, Trump announced that the US would impose a 25 per cent tariff on steel and a 10 per cent tariff on aluminium imports from a national security lens. These sectors roughly covered 2.3 per cent of India's exports to the US.<sup>13</sup> Later, the US also revoked India's beneficiary status under the US Generalised System of Preferences (GSP) in 2019, affecting duty-free exports worth US\$ 6 billion, or up to 12 per cent of Indian exports to the US.<sup>14</sup>

During the Trump 1.0 era, India adopted a more retaliatory approach to US tariffs. However, the overall impact on trade with the US was positive, and India's exports to the US rose by 22 per cent during this time. However, the US trade deficit with India grew from US\$22 billion in 2017 to US\$33.1 billion in 2021.

### 3.3 Current Trade Policy Approach

President Trump began his second term in office with huge plans to shift the nature of US foreign policy from being a leader of liberal economic order to an "America First" approach. Trump has been actively using tariffs as a tool of foreign policy since his first term to coerce or nudge America's 'frenemies' and allies towards helping its national interests.

The 'America First' Trade policy highlights that to establish an "America First" approach in its trade, it has to "address unfair and unbalanced trade", i.e. the trade deficits it has with its top trading partners, especially China, Mexico, Canada, the EU and India.<sup>15</sup> Apart from India, the rest are its top 5 trading partners and the US's trade deficit has been increasing with all these countries.

Since the commencement of Trump's second term, the US has threatened and imposed a series of tariffs, from universal baseline tariffs to country-specific tariffs. His administration has implemented 20 per cent tariffs on all imports from China and Mexico (with a few temporary exceptions for Mexican imports), 25 per cent on Canadian imports and 25 per cent on steel and aluminium imports.<sup>16</sup>

As per the joint statement released during PM Narendra Modi's visit to the US in February 2025,

plans are in place to negotiate the first tranche of a multisectoral Bilateral Trade Agreement (BTA) by September 2025.<sup>17</sup> The US has repeatedly stated that it does not seek tariff relief on individual items but rather a “macro, large-scale, broad-based trade agreement”, which includes agriculture.<sup>18</sup>

### 3.4 Strategic Opportunities

However, in Trump’s first term and possibly in the second term, India may become a strategic ally in the shifting world order, especially with the competition and contestation in the US-China relationship continuing. At the same time, US relations with the EU, Canada, and Mexico may continue to be strained, with Trump accusing them of over-leveraging America’s resources.

As their relationship faces impending challenges, these entities are increasingly seeking alternative allies and trade partners, which offers India an opportunity to capitalise on the geopolitical tensions and possible shifts in trade relations to become a major exporting nation.

## 4 Possible Policy Pathways for India-US Trade

India is presented with complex challenges in navigating the tariff policies imposed and threatened by the US. India has several potential strategic options:

### 4.1 Option 1 - Gradual, Phased-liberalisation Response

- India could offer measured tariff relief on specific products of interest to the US, such as automobiles, electronics, chemicals and pharmaceuticals, by the April 2 deadline. This will signal the willingness to engage constructively and open up India’s market for foreign goods and services.
- Simultaneously, India should clearly articulate its commitment to pursuing a Free Trade Agreement (FTA) with the US, emphasising a “zero-for-zero” tariff approach for most trade lines.



- However, India should negotiate for a gradual and selective opening-up of India's agriculture and dairy sectors. Within agriculture and dairy, India can reduce the overall tariff range, while selectively allowing imports in areas such as whey protein, processed food, almonds and alcohol. This might allow India to maintain protection for its key sensitive sectors within agriculture and dairy, while allowing free trade in other sectors.
- This approach might help to de-escalate immediate tensions while providing a framework for comprehensive trade negotiations.

### 4.2 Option 2 - Concede

- India concedes to all demands of the US and adopts the “zero for zero” strategy across all lines of trade, including agriculture. This would involve a rapid and comprehensive dismantling of tariffs on all imports.
- India commits to and tries to close the FTA with aggressive timelines.
- This option prioritises resolving trade tensions quickly and securing an FTA with the US. It could lead to improved bilateral relations and increase trade flows. However, India might face difficulties in materialising the political will to completely liberalise sectors such as agriculture and dairy, considering strong lobbies exist for these sectors.

### 4.3 Option 3 - Retaliatory Measures

- India could retaliate against US tariffs with equivalent tariffs on key US product lines. This would involve mirroring tariffs, with India matching current and future tariffs on a range of goods in a retaliatory manner. This will lead to a possible trade war between the US and India, closing the channels for negotiations for an FTA.
- In conjunction, India could also undertake a review of its existing tariff structure and agree to reductions where deemed suitable with other trading partners. This will help Indian exports

shift away from US markets to other countries.

### 4.4 Option 4 - Do Nothing

- India could choose not to take immediate action in response to the threats, instead opting to observe how events unfold. India should assess the actions of other countries and the evolving US trade policy before finalising its approach.
- During this period, India could prepare to mitigate the potential impact of US tariffs by exploring alternative markets and diversifying its export destinations.
- This approach should allow India to avoid hasty decisions and adapt its strategy based on unfolding geopolitical events. However, this will risk India's opportunity to secure a free trade deal with the US and have it incurred the full brunt of US tariffs.

### 4.5 Scenario Analysis

The analysis considers three main scenarios based on how other major trading partners (Mexico, Canada, EU) respond to US tariff threats:

**Scenario 1: All countries retaliate firmly** - Most favorable option: Gradual, phased response - This gives India leeway not to compromise on sensitive sectors while potentially benefiting from reduced US pressure if other countries successfully push back

**Scenario 2: Only a few countries retaliate** - Most favorable option: Gradual, phased response - Allows India flexibility while maintaining good relations with the US

**Scenario 3: Mexico, Canada, and EU concede** - Most favorable option: Gradual, phased response - Even if others concede, this approach maintains India's strategic autonomy while avoiding isolation

Overall, as per the analyses, the best course of action for now will be a gradual, phased response to the US, which keeps the India-US relationship warm and gives India enough leeway to evaluate, reflect on, and modify its stance in coming months as things unfold in the new global order.

## 5 Conclusion

Akin to the 1990s India's liberalisation event that acted as a catalyst for action, the current situation could be a pivotal trigger that can give impetus to expedite much-needed reforms in India's trade system. The trade pressures from the Trump administration have also opened up a strategic opportunity for India to reassess its tariff structures. India has an option to reduce its tariffs.

By selectively reducing tariffs, India can enhance its trade competitiveness, attract investment, and fully capitalise on export opportunities. Irrespective of how global events unfold in the future, India needs to review, reflect and address both trade and non-trade barriers to enhance its trade competitiveness and resilience.

In today's specific context, the US stands as India's most vital economic partner, with a trade surplus in India's favour. India should focus on keeping its relationship with the US warm, and adopt a gradual, phased approach as the most optimum strategic path forward. India should respond before the April 2 deadline with some tariff reliefs, signalling its commitment to constructive engagement. This would pave the way for continued negotiations on an FTA, where both sides can comprehensively address sensitive sectors and complex issues.

## 6 Policy Recommendations

If India chooses to follow a gradual, phased approach to opening up, it could consider the following:

### 6.1 Immediate Actions

- **Immediate reductions in tariffs** on specific goods and services that are a priority for the US. This includes automobiles, electronics, and pharmaceuticals.
- **For sectors with strong lobbies** and which require strong political will to undertake consistent opening up like agriculture and dairy, India should adopt a phased approach. India can begin by reducing the overall tariff range in these sectors. Simultaneously, India can selectively allow imports in specific sub-sectors within agriculture and dairy. Examples include whey protein, processed foods, almonds, and alcohol.

### 6.2 FTA Strategy

- **In FTA negotiations**, India should advocate for a “zero-for-zero” approach towards a majority of the tariff lines. This means both countries would eliminate or significantly reduce tariffs on most traded goods.
- **India should assess and make a choice** on whether different products require tariff relief based on trade partners or whether the right approach would be to maintain uniform global tariffs.

### 6.3 Strategic Framework

- **Establish clear and aggressive timelines** for FTA negotiations with the US to maintain momentum and demonstrate commitment. Ensure that India has enough state capacity to undertake swift and quality negotiations.
- **India can categorise products** into three broad categories to guide its tariff strategy:
  - **Abundance** – Items where India has strong production capabilities and can compete globally. Tariffs on these items can be reduced or eliminated. For example, textiles, pharma-

ceuticals, etc.

- **Deficit** – Essential goods that require increased domestic availability. Tariffs may need to be adjusted to facilitate imports. For example, oils, electrical machinery, chemicals, etc
  - **Sensitive** – Sectors that impact vulnerable sections of Indian society and require political will to undertake systematic opening up, like agriculture and dairy. These sectors can be opened gradually with a well-crafted strategy to prevent any adverse impacts. Additionally, market access should be granted on a reciprocal basis to the US.
  - **Even while considering an FTA** with the US, India should continue to diversify its export markets to reduce overdependence on any single country.
- 

## 7 References

### Endnotes

### Notes

<sup>1</sup>IBEF. “Exploring India US Trade and Economic Relations.” India Brand Equity Foundation, February 2025. <https://www.ibef.org/indian-exports/india-us-trade>.

<sup>2</sup>United States Census Bureau. “Trade in Goods with India.” United States Census Bureau. Accessed March 16, 2025. <https://www.census.gov/foreign-trade/balance/c5330.html>.

<sup>3</sup>Congress.gov. “India-U.S. Relations: Issues for Congress.” March 29, 2025. <https://www.congress.gov/crs-product/R47597>.

<sup>4</sup>World Trade Organization. “India - Member Profile.” WTO Tariff and Trade Data. Accessed March 29, 2025. <https://ttd.wto.org/en/profiles/india>.

<sup>5</sup>United States Trade Representative. “2022 National Trade Estimate Report on Foreign Trade Barriers.” USTR, March 1, 2022. <https://ustr.gov/sites/default/files/2022%20National%20Trade%20Estimate%20Report%20on%20Foreign%20Trade%20Barriers.pdf>.

<sup>6</sup>PIB. “Indian Toy Industry Witnesses 52% Decline in Imports and 239% Rise in Exports in FY 2022-23 in Comparison to FY 2014-15.” PIB, January 4, 2024. <https://pib.gov.in/PressReleasePage.aspx?PRID=1993109>.

<sup>7</sup>Department of Animal Husbandry and Dairying. “Official Gazette - Government of India Notification,” July 7, 2001. <https://caa.gov.in/uploaded/doc/livestockimport.pdf>.

<sup>8</sup>BS Web Team. “Pocket-Friendly Health: Price Caps on Critical Medical Devices Extended.” Business Standard, July 4, 2023. [https://www.business-standard.com/india-news/pocket-friendly-health-price-caps-on-critical-medical-devices-extended-123070400163\\_1.html](https://www.business-standard.com/india-news/pocket-friendly-health-price-caps-on-critical-medical-devices-extended-123070400163_1.html).

<sup>9</sup>USTR. “The President’s 2025 Trade Policy Agenda.” USTR, January 2025. <https://ustr.gov/sites/default/files/files/reports/2025/President%20Trump%27s%202025%20Trade%20Policy%20Agenda.pdf>.

<sup>10</sup>Biswas, Soutik. “Trump Tariffs: Will Import Duty War Push India to Open Its Markets?” BBC News, March 19, 2025. <https://www.bbc.com/news/articles/cd0nr05yxmzo>.

<sup>11</sup>WTO. “India: Dispute Settlement News Archive.” WTO. Accessed March 29, 2025. [https://www.wto.org/english/news\\_e/archive\\_e/country\\_subj\\_arc\\_e.htm?country1=IND&subj1=DS](https://www.wto.org/english/news_e/archive_e/country_subj_arc_e.htm?country1=IND&subj1=DS).

<sup>12</sup>Ludwikowski, Mark, R. Kevin Williams, Sally Alghazali, Mark R. Ludwikowski, and R. Kevin Williams. “Trade Policy Following Trump’s 2024 Election Victory.” Reuters, November 19, 2024. <https://www.reuters.com/legal/legalindustry/trade-policy-following-trumps-2024-election-victory-2024-11-19/>.

## The Future of India-US Trade

---

<sup>13</sup>Bown, Chad P. “Trump’s Mini-Trade War with India.” PIIE, July 8, 2019. <https://www.piie.com/blogs/trade-and-investment-policy-watch/trumps-mini-trade-war-india>.

<sup>14</sup>Ministry of Commerce & Industry. “Withdrawal of India’s GSP Benefits by USA.” PIB, June 1, 2019. <https://pib.gov.in/Pressreleaseshare.aspx?PRID=1573061>.

<sup>15</sup>The White House. “America First Trade Policy.” The White House, January 20, 2025. <https://www.whitehouse.gov/presidential-actions/2025/01/america-first-trade-policy/>.

<sup>16</sup>York, Erica, and Alex Durante. “Trump Tariffs: The Economic Impact of the Trump Trade War.” Tax Foundation, March 25, 2025. <https://taxfoundation.org/research/all/federal/trump-tariffs-trade-war/>.

<sup>17</sup>The White House. “United States-India Joint Leaders’ Statement.” The White House, February 13, 2025. <https://www.whitehouse.gov/briefings-statements/2025/02/united-states-india-joint-leaders-statement/>.

<sup>18</sup>Sen, Amiti. “US Throws Challenge of ‘Macro, Large Scale’ Trade Agreement to Include Agriculture before India.” BusinessLine, March 7, 2025. <https://www.thehindubusinessline.com/economy/us-throws-challenge-of-macro-large-scale-trade-agreement-to-include-agriculture-before-india/article69303801.ece>.



The Takshashila Institution is an independent centre for research and education in public policy. It is a non-partisan, non-profit organisation that advocates the values of freedom, openness, tolerance, pluralism, and responsible citizenship. It seeks to transform India through better public policies, bridging the governance gap by developing better public servants, civil society leaders, professionals, and informed citizens.

Takshashila creates change by connecting good people, to good ideas and good networks. It produces independent policy research in a number of areas of governance, it grooms civic leaders through its online education programmes and engages in public discourse through its publications and digital media.

©The Takshashila Institution, 2025