Standing Committee Report Summary

Evaluation of India - US Trade Relations

- The Standing Committee on Commerce (Chair: Ms Dola Sen) presented its report on 'Evaluation of India-US Trade Relations' on August 6, 2026. The report examined the implications of the 2025 tariffs by USA on India's key export-oriented sectors. Key observations and recommendations include:
- **Bilateral relations with USA:** The Committee noted that India and USA aim to double bilateral trade by 2030, backed by negotiations on a Bilateral Trade Agreement (BTA). It recommended that the government conclude the BTA at the earliest while protecting India's interests, and strategically use production-linked incentive (PLI) schemes to enhance export infrastructure and scale cost-competitiveness against global supply shocks. It recommended that India should integrate itself deeply into critical supply chains for USA, and promote FDI from USA into India's manufacturing sector. It should also negotiate complete exemption for key exports such as generic medicines, critical minerals, and smartphones. A dedicated framework for digital economy and services sector should be formulated which harmonises cross-border data flows and protection of intellectual property rights. Further, mutual recognition agreements should be prioritised for professional services, pharmaceuticals, and agricultural standards to prevent arbitrary technical barriers to trade. It also recommended a fast-track institutional mechanism with US authorities to resolve trade frictions before they escalate, and develop dedicated export corridors and automated customs clearance zones for US-bound trade.
- **Automotive and engineering exports:** The Committee observed that in 2024-25, India recorded a trade surplus of USD 453 million in the auto components sector. It noted that imposition of additional tariffs by USA has affected the competitiveness of Indian engineering exports, particularly auto components, machinery and commercial vehicle parts. It recommended: (i) prioritising tariff reduction on engineering goods in the BTA, (ii) providing targeted financial subsidies and lower interest rates on export credits to small manufacturers, and (iii) incentivising sustainable manufacturing capacity in line with global standards.
- **Gems and jewellery:** The Committee noted that USA is the largest export destination for India's gems and jewellery sector. It noted that the 2025 tariff measures led to a decline of about 48% in Indian gems and jewellery exports to USA, while exports to the world declined by about 5%. It recommended: (i) targeted bilateral talks to secure tariff parity with competitors, (ii) providing a support package for the sector by way of export credit and insurance, (iii) establishment of jewellery trade and distribution hubs in Hong Kong, Thailand and United Kingdom to reduce single-market dependence, and (iv) monitoring/early-warning mechanism for tariff and non-tariff risks.
- **Textiles and apparel:** The Committee noted that tariffs have put Indian exporters at a disadvantage against China, Vietnam, and Bangladesh. USA accounted for 34% of India's knitwear exports, 59% of carpet exports, and 40% of handicraft exports in 2024-25. It recommended: (i) diversifying into technical textiles, man-made fibre products, sustainable textiles, and value-added apparel, (ii) creating man-made fibre manufacturing clusters, (iii) faster implementation of the Prime Minister Mega Integrated Textile Region and Apparel Parks, PLI, and Samarth schemes, and (iv) emergency relief for MSME exporters.
- **Marine and agricultural products:** Agricultural exports to USA fell from USD 5.8 billion in 2024-25 to about USD 5 billion in 2025-26 after the tariff increase. The Committee recommended: (i) protecting small and marginal farmers in any BTA, (ii) a pre-clearance protocol with US customs to prevent border rejections, and (iii) diplomatic protection for Indian Geographical Indication products. The Committee also noted that tariffs and trade remedies have raised India's marine sector duty to 58%, well above competitors. It recommended: (i) a support package for exporters, processors, and shrimp farmers, and (ii) high-level engagement on anti-dumping duties.
- **Chemicals and petrochemicals:** The Committee noted that exports of petrochemicals and polymers to USA declined by around 31% amid tariff escalation, while agrochemicals and pesticides declined by around 6%. It recommended: (i) creating a strict protection framework for India's essential oils sector, and (ii) diversification into specialty and performance chemicals.
- **Metals and minerals:** The Committee noted that USA has: (i) imposed tariffs of 25-50% on Indian steel, aluminium and copper, (ii) excluded Indian stainless steel from defence procurement, and (iii) raised anti-dumping duty on certain stainless-steel items. USA accounts for about 2.7% of India's finished steel exports. The Committee recommended: (i) pursuing long-term barrier-free access to aluminium and copper scrap to avoid future disruption, and (ii) leveraging National Critical Minerals Mission and the QUAD Critical Minerals Initiative to strengthen India's position in critical mineral value chains.

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