सत्यमेव जयते

REPORT NO.
200

PARLIAMENT OF INDIA
RAJYA SABHA

DEPARTMENT RELATED PARLIAMENTARY STANDING COMMITTEE ON COMMERCE

TWO HUNDREDTH REPORT

ON

Evaluation of India - US Trade Relations

(Presented to the Rajya Sabha on 6th August, 2026)
(Laid on the Table of Lok Sabha on 6th August, 2026)

Rajya Sabha Secretariat, New Delhi
August, 2026/ Shravana, 1948 (Saka)

Website : *https://sansad.in/rs*
E-mail : *rsc-comm@sansad.nic.in*

PARLIAMENT OF INDIA
RAJYA SABHA

DEPARTMENT RELATED PARLIAMENTARY STANDING COMMITTEE ON COMMERCE

TWO HUNDREDTH REPORT

Evaluation of India - US Trade Relations

(Presented to the Rajya Sabha on 6th August, 2026)
(Laid on the Table of Lok Sabha on 6th August, 2026)

सत्यमेव जयते

Rajya Sabha Secretariat, New Delhi
August, 2026/ Shravana, 1948 (Saka)

CONTENTS

[1] To be appended at later stage.

DEPARTMENT RELATED PARLIAMENTARY STANDING COMMITTEE ON COMMERCE

(Constituted *w.e.f.* 26th September, 2025)

1. Ms. Dola Sen — *Chairperson*

RAJYA SABHA

$ 2. Shri Sana Sathish Babu
3. Dr. Sangeeta Balwant
4. Shrimati Renuka Chowdhury
% 5. Dr. Bhagwat Karad
6. Shri Dhananjay Bhimrao Mahadik
% 7. Shrimati Rajani Ashokrao Patil
8. Dr. Vikramjit Singh Sahney
% 9. Dr. Kanimozhi NVN Somu
10. Shri Sadanand Mhalu Shet Tanavade
@ 11. Shri Biswajit Sinha (Rahul Sinha)
*12. Shri Dilip Kumar Ray
^ 13. Shri Praveen Chakravarthy
^ 14. Shri Khiangte Laltluangkima

LOK SABHA

15. Thiru D. M. Kathir Anand
16. Shri Ramesh Awasthi
17. Shri Prasun Banerjee
18. Shri Anand Bhadauria
19. Shri Sunil Bose
20. Shri Adhikari Deepak Dev
21. Dr. Nishikant Dubey
22. Shri Atul Garg
23. Shri K. Rajashekar Basavaraj Hitnal
24. Shri Praveen Khandelwal
25. Shri Kripanath Mallah
26. Shri Sribharat Mathukumilli
27. Dr. Prashant Yadaorao Padole
28. Shri Baijayant Panda
29. Shri Santosh Pandey
30. Dr. Shiv Pal Singh Patel
31. Shri Shreyas M. Patel
32. Shri Amra Ram
33. Shrimati Anita Subhadarshini
34. Shri Giridhari Yadav
35. Mr. Pathan Yusuf

SECRETARIAT

Dr. (Smt.) Rosey Sailo Damodaran, Joint Secretary
Smt. Nidhi Chaturvedi, Director
Shri Sreejith V., Deputy Secretary
Shri Dilip Yadav, Secretariat Assistant

$ Retired w.e.f 2nd April, 2026 & re-nominated to the Committee w.e.f 23rd July, 2026
% Retired w.e.f 2nd April, 2026
@ Nominated w.e.f 3rd June, 2026
*** Nominated w.e.f 3rd June, 2026 and Resigned w.e.f 18th July, 2026**
^ Nominated w.e.f 23rd July, 2026

PREFACE

I, the Chairman of the Department Related Parliamentary Standing Committee on Commerce, having been authorised by the Committee, present this Two Hundredth Report on the subject 'Evaluation of India - US Trade Relations'.

2. The Committee selected the subject for detailed examination on 7th November, 2025 and the same was notified *vide* Parliamentary Bulletin Part-II dated 17th November, 2025. As a part of examination of the subject, the Committee considered the subject in detail in its four meetings wherein it heard the views of representatives of Department of Commerce, Ministry of Commerce and Industry, Ministry of External Affairs, Department of Financial Services, Ministry of Finance, Ministry of Heavy Industries, Ministry of MSME, Ministry of Textiles, Department of Agriculture and Farmers Welfare, Ministry of Agriculture and Farmers Welfare, Department of Fisheries, Ministry of Fisheries, Animal Husbandry and Dairying, Ministry of Skill Development and Entrepreneurship (MSDE), Federation of Indian Export Organisations (FIEO), Confederation of Indian Industry (CII), Federation of Indian Chambers of Commerce and Industry (FICCI), Agricultural and Processed Food Products Export Development Authority (APEDA), National Bank for Agriculture and Rural Development and experts from agriculture (NABARD) sector.

3. The Committee undertook study visits to Visakhapatnam, Chennai and Coimbatore from 6th to 8th January 2026, and to Ahmedabad, Raipur and Bhubaneswar from 10th to 12th June 2026. Further, the Committee also undertook a local study visit to Indian Agricultural Research Institute, Pusa, New Delhi. During these visits, the Committee interacted with representatives of Marine, Automotive Components, Leather, Textiles, Gems and Jewellery, Agriculture and Processed Food, and Steel, Aluminium and Copper manufacturing, processing and exporting sectors, officials of respective State Governments, along with their respective industry associations, regional chapters of Chambers of Commerce, financial institutions and various other stakeholders.

4. The Committee considered the draft Report and adopted the same at meeting held on 5th August, 2026.

NEW DELHI;
5th August, 2026
14 Shravana , 1948 (Saka)

MS. DOLA SEN
Chairperson,
Department Related Parliamentary
Standing Committee on Commerce
Rajya Sabha.

ACRONYMS

ACMA	Automotive Component Manufacturers Association
ADD	Anti-Dumping Duties
AI	Artificial Intelligence
ASEAN	Association of Southeast Asian Nations
BPM/BPO	Business Process Management
BTA	Bilateral Trade Agreement
CAD	Computer Aided Design
CAGR	Compounded Annual Growth Rate
CAM	Computer Aided Manufacturing
CEO	Chief Executive Officer
CETPs	Common Effluent Treatment Plants
CHEMIXIL	Chemicals, Dyes and Inorganic Chemicals Export Promotion Council
CIFT	Central Institute of Fisheries Technology
CII	Confederation of Indian Industry
CLNDA	Civil Liability for Nuclear Damage Act
CMFRI	Central Marine Fisheries Research Institute
COMPACT	Catalyzing Opportunities for Military Partnership, Accelerated Commerce and Technology
DFARS	Defence Federal Acquisition Regulation Supplement
DGCI&S	Directorate General of Commercial Intelligence and Statistics
DGFT	Directorate General of Foreign Trade
DPIIT	Department for Promotion of Industry and Internal Trade
EEPC	Engineering Export Promotion Council
EFTA	European Free Trade Association
EIC	European Innovation Council
EO	Executive Order
ESG	Environmental, Social and Governance
EU	European Union
EV	Electric Vehicle
FDI	Foreign Direct Investment
FLOAT	Focus on Leather and Footwear
FORGE	Forum on Resource Geostrategic Engagement
FPOs	Farmer Producer Organisations
FTA	Free Trade Agreements
FTAs	Foreign Trade Agreements
FY	Financial Year
GAP	Good Agricultural Practices
GCCs	Global Capability Centres
GDP	Gross Domestic Product
GI	Geographical Indication
GJEPC	Gem and Jewellery Export Promotion Council

GPUs	Graphics Processing Units
GSP	Generalized System of Preferences
ICAR	Indian Council of Agricultural Research
iCET	Initiative on Critical and Emerging Technology
ICT	Information and Communication Technology
IEEPA	International Emergency Economic Powers Act
IPEF	Indo-Pacific Economic Framework
IT	Information Technology
JAA	Joint Aviation Authorities
LSSC	Leather Sector Skill Council
MATEXIL	Manmade & Technical Textiles Export Promotion Council
MMF	Manmade Fiber
MMPA	Marine Mammal Protection Act
MPEDA	Marine Products Export Development Authority
MRAs	Mutual Recognition Agreements
MRLs	maximum residue limits
MSME	Micro, Small, and Medium Enterprises
NABARD	National bank for Agricultural and Rural Development
NCR	National Capital Region
NFDB	National Fisheries Development Board
NOP	National Organic Program
NPOP	National Programme for Organic Production
ODI	Overseas Direct Investment
ODOP	One District One Product
OEMs	Original Equipment Manufacturers
PLI	Production Linked Incentive
PLI	Production Linked Incentive
PM MITRA	Pradhan Mantri Mega Intigrated Textile Region Apparel
QUAD	Quadrilateral Security Dialogue
R&D	Research & Development
RGA	Rapid Generation Advancement
RoDTEP	Remission of Duties and Taxes on Export Products
RoSCTL	Rebate of State and Central Taxes and Levies
RT	Reciprocal Tariffs
SIAM	Service Integration and Management
SPS	Sanitary and Phytosanitary
TBT	Technical Barriers to Trade
TEDs	Turtle Excluder Devices
TPF	Trade Policy Forum
UK	United Kingdom
US	United States
USA	United States of America
USD	United States Dollar

USDA	United States Department of Agriculture
USFDA	United States Food and Drug Administration
USMCA	United States-Mexico-Canada Agreement
USTR	United States Trade Representative
WTO	World Trade Organization
APEDA	Agricultural and Processed Food Products Export Development Authority

REPORT

1. INTRODUCTION

1.1. India and United States enjoy a comprehensive global strategic partnership covering almost all areas of human endeavor, driven by shared democratic values, convergence of interests on a range of issues, and vibrant people-to-people contacts. Over the last two decades, bilateral economic engagement has evolved from a relatively limited commercial relationship into one of the strategic economic partnerships globally. The United States today remains India's largest export destination and one of its largest trading partners, while India has emerged as a critical economic partner for the United States in the Indo-Pacific region. The bilateral relationship today extends well beyond conventional merchandise trade. It encompasses cooperation in technology, digital trade, semiconductors, clean energy, defence manufacturing, supply chains, pharmaceuticals, critical minerals and other emerging sectors of strategic importance.

1.2. In early 2025, the trade policy environment in the United States underwent a significant recalibration to revive domestic manufacturing, broader strategic economic considerations, and a focus on narrowing its trade deficit. As a result, the US adopted wide-ranging reciprocal tariffs of 10% to 50% on imports from several major trading partners, signalling a pronounced shift toward more protectionist trade measures. For India, the implications have been significant. The United States announced two tranches of additional tariffs on Indian imports, 25% on 30th July 2025, followed by another 25% on 6th August 2025.

1.3. This tariff escalation had materially eroded the competitiveness of affected Indian goods in the US market and had created new uncertainties for Indian exporters. The impact of these tariff measures was reflected immediately in India's bilateral trade with the US in FY2025-26. The policy environment faced fresh complexity in July 2026 when the Office of the U.S. Trade Representative (USTR) concluded its Section 301 investigation on forced labour practices, targeting 60 nations.

1.4. In view of the economic importance of the United States as India's largest trading partner and one of the most significant destinations for Indian merchandise and services exports, the Committee selected the subject "Evaluation of India–U.S. Trade Relations" to assess the implications of the recent U.S. tariff measures on India's key export-oriented sectors, particularly engineering goods, textiles and gems and jewellery which comprise nearly 70% of the vulnerable export base. The objective is to examine the opportunities and challenges arising from the evolving bilateral trade framework, evaluate the preparedness of Indian industry to respond to such challenges, and recommend appropriate policy measures for strengthening bilateral trade, which enhance the competitiveness of Indian exports, protecting employment and livelihoods, and safeguarding the Nation's long-term economic and strategic interests.

1.5. All the stakeholders informed the Committee that the Committee met including representatives of marine products and fishermen, leather, automotive, textiles including jute and cotton, gems & jewellery, chemicals and petrochemicals, steel, agriculture and agro-based industries across the country expressed their views and conveyed their concerns regarding the US tariff hike. In view of the above, the Committee recommends a review of the India-US trade relations in the interest of the country and its citizens.

2. Bilateral relations between India and United States

2.1 India and the United States share a 'Comprehensive Global Strategic Partnership' that spans a wide range of sectors, including trade and investment, defence and security, science and technology, energy, education, healthcare, and people-to-people exchanges. The partnership is built on shared democratic values, mutual trust, strategic interests, and strong institutional and public-level ties. During the India-U.S. Leaders' Summit on 13.02.2025, both nations reaffirmed their commitment to deepening trade ties with a new ambition— "Mission 500"—aiming to more than double bilateral trade to USD 500 billion by 2030. To realize this vision, the leaders announced plans to negotiate the first tranche of a mutually beneficial, multi-sector Bilateral Trade Agreement (BTA) by fall of 2025.

2.2 Negotiations for the BTA commenced as an outcome of India – U.S. Leaders' Summit of 13.02.2025 and continuous engagements have been held with U.S. both through Video Conference (VC) and in-person since 25.02.2025. The Confidentiality Agreement between India and The Unites States was signed on 24.03.2025 to reach an understanding on the approach for the protection and handling of documents and information exchanged in relation to the negotiations of the BTA. Both the countries finalised the detailed Terms of Reference (ToR) to enter negotiations of the BTA on 29th March 2025 during the first physical round of discussions held at New Delhi. Both sides have been engaged for concluding an agreement based on the principles of the ToR. Eight rounds of negotiations were held in-person during 25th – 29th March 2025, 23rd – 25th April 2025, 17th -24th May 2025, 4th – 10th June 2025, 14th -17th July 2025, 15th – 17th October 2025, 20th – 22nd April 2026 and 01st – 04th June 2026. Deputy USTR Rick Switzer also visited India from 09th-12th December 2025. The two sides have also remained engaged virtually for negotiations and monitoring of progress.

2.3 Further, India and the United States announced a trade deal on 2nd February 2026. A Joint Statement for the same was released on February 07 (Annexure I). On February 07, 25% additional ad valorem tariffs imposed by the U.S. on certain India's exports citing India's imports of Russian oil were removed. Pursuant to U.S. Supreme Court judgment dated 20th February 2026 invalidating reciprocal tariffs, the reciprocal tariffs are no longer in force. However, the US Government has issued Executive Orders imposing 10% tariffs on certain products from all countries under section 122 of US trade Act 1974.

2.4 Further, the Committee was apprised by the Department that the total Foreign Direct Investment from the U.S. to India from April 2000 to December 2025 is \$ 78.45 Billion which is almost 10% of cumulative FDI into India. Total Overseas Direct Investment from India to the U.S. from April 2000 to August 2025 is \$ 42.61 Billion.

2.5 **The Committee recommends that the Government conclude the proposed Bilateral Trade Agreement at the earliest while ensuring that India's interests are adequately protected. The Committee is of the view that the Department should also prepare a time-bound roadmap to achieve the objectives of the Mission 500 initiative by promoting trade in goods and services, encouraging investment, strengthening cooperation in critical technologies under Transforming the Relationship Utilizing Strategic Technology (TRUST) framework, improving supply chain resilience, improving supply chain and addressing both tariff and non-tariff market access issues barriers faced by Indian exporters.**

2.6 **The Committee observes that to ensure comprehensive implementation, the roadmap must explicitly focus on the strategic utilization of domestic Production Linked Incentive (PLI) schemes to enhance export infrastructure and scale cost-competitiveness against global supply shocks. Concurrently, priority must be given to fast-tracking Mutual Recognition Agreements (MRAs) for professional services, pharmaceuticals and agricultural standards to prevent arbitrary technical barriers to trade (TBT) at US ports. The Committee further suggests establishing an institutional mechanism to routinely review currency volatilities and logistics challenges is imperative to cushion MSME-led export sectors from sudden regulatory shifts. The Committee believes that this will help build a stronger, more balanced and mutually beneficial economic partnership between India and United States.**

3. Current Trade Scenario

U.S. Tariff Measures

3.1 The President of US has introduced through Executive Orders a slew of tariff measures on all countries citing inter-alia persistent and significant trade deficits, national security reasons, geopolitical concerns. Relevant details are as follows:

3.1.1 a) 01.02.2025: Imposition of additional tariffs viz.10% on China and 25% on Canada and Mexico on grounds of these countries' insufficient action on fentanyl trafficking into the U.S. United States-Mexico-Canada Agreement (USMCA) compliant goods were exempted in case of imports from Canada and Mexico. These were later increased to 35 % on Canadian imports and 20% for Chinese imports.

b) 02.04.2025: Quoted as "Liberation Day", imposition of Reciprocal Tariffs under International Emergency Economic Powers Act (IEEPA) on all countries with a baseline 10% tariff on nearly all US imports w.e.f. 05.04.2025 with country-specific (Annexure **I**) Reciprocal Tariffs ranging from 11% to 55% for 57 countries which was supposed to be effective from 09.04.2025. However, these were suspended until 01.08.2025, with an exception to China, the tariff on whom were increased to 125% and then brought down to 30% with additional 24% tariff on China suspended until 12.08.2025.

3.1.2 On July 31, 2025, U.S. issued an Executive Order (EO) with Reciprocal Tariff rates for its trading partners. The EO notified country-specific additional ad valorem duty rates for certain U.S. trading partners including those which have agreed to, or are in the process of concluding trade agreements with the U.S. These tariffs are in the range of 15-41%, with the tariff on India being 25%. The Reciprocal Tariffs came into effect from 07.08.2025. Following a bilateral trade framework in early February 2026, this rate was briefly reduced from 25% to 18%, before the entire framework was struck down by the U.S. Supreme Court later that month.

3.1.3. The U.S. on August 06, 2025 imposed an additional ad valorem tariff of 25% on India citing its purchase of Russian oil. The tariffs took effect from August 27, 2025.

3.1.4. U.S. has imposed sectoral tariffs (under section 232 of the Trade Expansion Act, 1962) on the following items:

a. Steel and Aluminium: 50%
b. Automobiles and their components: 25%
c. Copper: 50%
d. Medium- and Heavy-duty Vehicles and their parts: 25%; and Buses: 25%
e. Softwood Timber and Lumber: 10%; Upholstered Wooden Furniture: 25% (effective from October 14 – December 31, 2025) and 30% (effective from January 01, 2026); and Kitchen Cabinets and Vanities: 25% (effective from October 14 – December 31, 2025)

3.1.5. In Feb 2026, the US supreme court order led to the removal of the reciprocal tariffs, this subsequently led to the imposition of 10% baseline tariffs under Section 122 of the Trade Act of 1974 for 150 days. At the same time, US has announced that it is initiating investigations under Section 301 of the Trade Act, 1974 on some products exported by India.

3.2 **Exempt Sectors**

The reciprocal tariffs and the tariffs related to Russian oil purchases were not applicable or exempted in following cases: -

- Certain critical minerals, hydrocarbons and their refined products and certain paper products
- Tea, Coffees, Spices, Bakery and Cocoa Products, Certain Fruits, Certain Processed foods
- Items currently subject to or proposed to be subjected to sectoral tariffs under the Section 232 of the Trade Expansion Act. Sectors like Steel, Aluminium, Auto, Phrmaceuticals, Semiconductors and their derivatives are covered under this.

3.3 Prior to U.S.-India Trade Deal: Macro picture of U.S. tariffs on India

3.3.1 The category wise breakup of the imposition of 25% reciprocal tariffs and additional 25% tariff on Indian exports to U.S. is given below:

Tariff Category	India's Export to U.S. (USD)	Additional Tariff	Major Sectors/Product Categories
Covered by India specific additional tariff	40.96 Bn (47.43%)	25% reciprocal tariff and additional 25% tariff w.e.f. 27 August 2025	Textile/Clothing, Leather & Footwear, Gems & Jewellery, Home Décor, Chemicals, Plastics & Rubbers, Mechanical Machinery, Electrical Machinery, Shrimps etc.
Covered by Section 232 Tariffs and imposed	14.48Bn (16.78%)	Steel and Aluminium: 50% , Automobiles and their components: 25%, Copper: 50%, Medium- and Heavy-duty Vehicles and their parts: 25%; and Buses: 25%, Softwood Timber and Lumber: 10%; Upholstered Wooden Furniture: 25% (effective from October 14 – December 31, 2025) and 30% (effective from January 01, 2026); and Kitchen Cabinets and Vanities: 25% (effective from October 14 – December 31, 2025)	Auto parts, Steel & Aluminium, Copper
Under investigation for section 232 Tariffs	26.60Bn (30.80%)	No additional Tariff- only MFN applies	Pharma, Electrical & Electronics, etc.

Tariff Category	India's Export to U.S. (USD)	Additional Tariff	Major Sectors/Product Categories
Exempt category	4.31 Bn (4.99%)	No additional Tariff- only MFN applies	Minerals, Paper & books, Spices, Tea, Coffee, Bakery & Cocoa Products, certain fruits, certain processed food etc.
Total value in USD Billion	86.35Bn*		

Source: Department of Commerce

Present volume of bilateral trade (goods and services)

3.4 Bilateral merchandise trade between India and USA increased from USD 120.34 billion in 2023 to USD 123.85 billion in 2024. During the same period, India's exports to the United States increased from USD 77.80 billion to USD 80.78 billion, while imports from the United States declined from USD 44.54 billion to USD 43.07 billion. As a result, India's trade surplus with the United States increased further. Trade between the two countries has remained strong despite global economic uncertainties and trade-related challenges.

India-USA Bilateral Trade - Goods

Years	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
India's Imports from U.S.	20.44	20.48	20.39	24.07	32.82	34.92	26.62	41.39	51.77	44.54	44.64	49.6
India's Export to U.S.	42.68	40.34	41.98	46.03	51.76	54.29	49.32	71.51	80.23	75.8	80.16	92.54
Trade Surplus	22.24	19.86	21.59	21.96	18.94	19.37	22.7	30.12	28.46	31.26	35.52	42.94

Source: Department of Commerce, Values in USD Billion

3.5 The Committee is of the view that the Government may continue its efforts to expand bilateral trade with the United States by addressing market access issues, reducing non-tariff barriers and supporting Indian exporters, particularly MSMEs. The Committee recommends that to shield vulnerable small-scale industries from volatile tariff actions, the Department must actively deploy localized financial buffers and export credit assistance programs.

3.6 The Committee notes with concern that foreign taxes on Indian goods are changing too fast and unpredictably. The Committee, therefore, recommends that the proposed Bilateral Trade Agreement

without compromising Indian exporters interest should be concluded at the earliest so that businesses in both countries can benefit from a stable and predictable trade environment. To ensure that the agreement is effective, the Committee is of the view that the Government negotiate for complete exemption for India's key export products such as generic medicines, critical minerals and smartphones from any future unexpected U.S. tariff increases. Further, the Directorate General of Foreign Trade (DGFT) must set up a special, fast-acting watch desk to track U.S. customs audits in real time, so that Indian exporters can get instant warnings about any new import rules.

3.7The Committee also recommends that the Ministry of MSME must give small businesses quick technical and financial support to upgrade their paperwork, proving exactly where their raw materials come from so that shipments do not get stuck or delayed at U.S. borders.

3.8**The Committee was informed by the Department that India's services exports to the United States stood at USD 51.20 billion, growing at a CAGR of 11.58 % since 2020. At the same time, India's services imports from the U.S. reached USD 47.32 billion, with a CAGR of 18.68%.In last one decade, the total trade in services with the U.S. has more than doubled, growing from USD 40.53 billion in 2014 to USD 98.52 billion in 2024. India's services imports from the U.S. are growing at a much faster rate (18.68% CAGR) than our services exports (11.58% CAGR).**

3.9The Department informed the Committee that USA accounted for 18.29 percent of India's total exports and remained India's largest export destination. However, the United States accounted for only 6.13 percent of India's imports, resulting in a significant trade surplus in India's favour. At the same time, India accounted for only 2.02 percent of total U.S. exports and 2.72 percent of total U.S. imports. Further, the Committee was apprised that Total Foreign Direct Investment from the U.S. to India from April 2000 to December 2025 is $ 78.45 Billion which is almost 10% of cumulative FDI into India. Total Overseas Direct Investment from India to the U.S. from April 2000 to August 2025 is $ 42.61 Billion

3.10 The Committee recommends that the Department should identify sectors where India's exports can grow further in the U.S. market. At the same time, efforts should be made to encourage greater U.S. investment in India's manufacturing, research and technology sector through FDI to promote made in India products.

3.11 The Committee also observes that while India enjoys a massive trade surplus, we only account for about 2% of total U.S. trade, which makes our exporters highly vulnerable to unilateral U.S. tariff penalties. Further, considering India's investments into the U.S. ($42.61 billion Overseas Direct Investment) are more than half of what the U.S. invests into India ($78.45 billion Foreign Direct Investment). The Department apprised the Committee that India has consistently maintained a trade surplus with the United States over the last decade. The trade surplus with US reached at USD 35.52 and USD 42.94 billion in 2024 and 2025 respectively which reflect continuous growth of India's exports to the USA.

3.12 The Committee feels that this trade surplus trend needs to be sustained. Further, the Committee is of the view the Department should closely monitor developments affecting India's Trade and Commerce, including tariff measures and non-tariff barriers in the United States and timely policy support be provided to sectors that face adverse impact due to tariff measures so that India's export growth is not impacted. The Committee recommends the Department to design a targeted strategy to boost high-value knowledge exports such as artificial intelligence, digital health and engineering research to maintain India's long-term competitive edge in services.

3.13 The Committee further recommends that the Department should actively leverage global 'friend-shoring' trends to deeply integrate Indian manufacturers into critical United States supply chains, particularly in electronics, semiconductors and clean energy. The Committee is of the view that alongside this, targeted investment promotion strategies must be deployed to attract U.S. FDI into India's manufacturing sector, thereby expanding the production capacity needed to sustain long-term export growth.

Top Export Sectors to the USA

Sl. No.	Sector	2023	2024	2025
1	Electrical Machinery and Equipment	9.89	12.58	25.74
2	Textile and Clothing	9.30	10.47	10.03
3	Pearls, Precious and Semi-Precious Stones	10.16	9.30	6.79
4	Pharmaceutical Products	7.55	8.87	9.73
5	Mechanical machinery	5.99	6.58	7.20
6	Mineral Fuels, Mineral Oils and Products	6.52	3.73	4.10
7	Iron Steel and Articles	3.26	3.46	3.91
8	Transport & Transport Equipment	3.25	3.47	3.14
9	Organic Chemicals	2.55	2.60	2.72
10	Plastics and Rubber	2.23	2.57	2.41

Source: Department of Commerce, Values in USD Billion

3.14 The Committee was inform that India's major exports to the United States include electrical machinery and equipment, Textile and Clothing, Pearls, Precious and Semi-Precious Stones, Pharmaceutical Products, Mechanical machinery, Mineral Fuels, Mineral Oils and Products, Iron Steel and Articles and others. These sectors have contributed significantly to India's export and employment generation.

3.15 The Committee notes the USA's high GDP rate has huge potential for Indian goods in both service and merchant sector. Therefore, the Committee recommends that the Department in coordination with concern stakeholders should focus on improving product quality, promoting innovation, strengthening logistics, skill development, logistic costs and help exporters to meet evolving U.S. regulatory standards. Further, the Committee is of the view that special attention be given to MSMEs to enable their effective participation in exports and to enhance their resilience to US tariff measures.

Top Import Sectors from the USA:

Sl. No.	Sector	2023	2024	2025
1	Mineral Fuels, Mineral Oils and Products	14.53	13.66	16.89
2	Pearls, Precious and Semi-Precious Stones	5.50	5.30	5.43
3	Machinery and Mechanical Appliances	3.74	4.18	4.70
4	Electrical Machinery and Equipment	2.33	3.14	4.73

5	Plastics and Rubber	2.00	1.85	1.79
6	Medical Devices	1.96	2.01	2.20
7	Aircraft, spacecraft, and parts thereof	2.10	2.07	0.67
8	Organic Chemicals	1.59	1.27	1.64

Source: Department of Commerce, Values in USD Billion

3.16 The Committee was informed that India's major imports from the United States include Mineral Fuels, Mineral Oils and Products, Pearls, Precious and Semi-Precious Stones, Machinery and Mechanical Appliances, Electrical Machinery and Equipment, Plastics and Rubber, Medical Devices. India's imports from the United States are concentrated in strategic and high-value sectors such as energy, defence, aviation, machinery, chemicals and medical equipment.

3.17 **The Committee is of the view that the Department should strengthen cooperation with United States in sectors such as semiconductors, clean energy, critical minerals and transfer of emerging technologies. The Committee is of the view that partnerships in these sectors will benefit domestic manufacturing capabilities and will also reduce excessive dependence on any single source of imports.**

3.18 The Committee recommends that the Department deploy a targeted sectoral approach that actively accelerates the high-growth momentum in Electrical Machinery and Equipment through dedicated industrial corridors, while simultaneously providing specialized technology-upgradation grants to arrest the decline in traditional, labour-intensive sectors like Textiles & Clothing and Pearls & Precious Stones to protect domestic employment.

3.19 The Committee further recommends to set up institutional pre-clearance mechanisms and joint testing facilities in India aligned with United States Food and Drug Administration (USFDA) guidelines to fast-track and secure the steady export growth observed in Pharmaceutical Products and Organic Chemicals.

3.20 The Committee is of the view that the stagnation in traditional exports requires urgent intervention and, therefore, recommends that the Department design a specialized market-linked incentive scheme to help textile and gems-and-jewellery exporters diversify their product designs to match evolving consumer preferences in the United States.

Trade Balance and Recent Trends

3.21 The Committee was informed that India's merchandise exports to the United States increased from USD 80.16 billion in 2024 to USD 92.54 billion in 2025, registering a growth of approximately 15.4 percent. During the same period, India's imports from the United States also rose from USD 44.64 billion to USD 49.60 billion, reflecting an increase of about 11.1 percent. As merchandise exports grew at a faster pace than imports, India's trade surplus with the United States expanded from USD 35.52 billion in 2024 to USD 42.94 billion in 2025, an increase of nearly 21 percent. Further, India’s bilateral merchandise trade with the United States was valued at USD 142.14 billion, compared to USD 124.80 billion in 2024. The U.S. accounted for 20.78 % of India’s total exports and was India’s largest export destination. In imports, the U.S. contributed 6.56% of India’s total imports. On the other hand, India accounted for 2.09 % of total U.S. exports and 3.07% of total U.S. imports.

3.22 **The Committee observes that trade between India and the United States has grown steadily despite US tariff measures. The expanding trade relationship reflects the complementary nature of the two economies and provides opportunities for further growth in merchandise trade.**

3.23 **The Committee is of the view that the Department should prepare a long-term strategy to increase India's share in the U.S. market. Further, the Committee is of the considered view that the Department should focus on diversification of export products, integration with global value chains, development of sustain supply chains, promotion of value-added manufacturing, and timely conclusion of the proposed Bilateral Trade Agreement. Further, regular consultations with industry and exporters may also be held to address emerging trade issues and improve India's competitiveness in international markets.**

3.24 The Committee further recommends the Department to formulate a dedicated framework for the digital economy and services sector, focusing on harmonizing cross-border data flows and protecting intellectual property rights to secure the growth of Indian Global Capability Centres (GCCs) and IT-enabled services in the United States market.

3.25 In view of the expanding multi-billion dollar trade volume, the Committee recommends the Department to actively pursue the establishment of a dedicated, fast-track bilateral institutional mechanism with United States trade authorities to proactively flag,

discuss and resolve trade frictions and compliance disputes before they escalate into restrictive tariff actions.

3.26 The Committee is of the view that sustaining the high growth trajectory requires robust domestic infrastructure. The Committee, therefore, recommends the Department to coordinate with the Ministry of Ports, Shipping and Waterways to create fast-tracked export corridors and automated customs clearance zones dedicated specifically to high-volume trade bound for the United States.

4. Sectoral Analysis

Auto Components, Machinery and Engineering Goods Sector

4.1 The automotive sector is one of India's largest export sectors and contributes significantly to manufacturing output and foreign exchange earnings. The sector comprises a large number of MSMEs and supports industries across India. Further, the Committee was apprised that the United States is the largest export market for India's auto component industry. India's exports of auto components to the United States have steadily increased over the last few years, while India's imports from the United States remained lower, resulting in a trade surplus in this sector. The Committee was informed by stakeholders that India had a trade surplus of 453 Million USD for auto components-reflecting strong demand for exports. In FY 2025 the Auto component industry grew by 9.6% and supply to Original Equipment Manufacturers (OEMs) increased up to 10%, driven by 8% rise in total vehicles production. However, the imposition of additional U.S. tariffs has adversely affected the competitiveness of Indian engineering exports, particularly auto components, machinery and commercial vehicle parts.

4.2 It has been informed the Committee that Indian products have been subjected to additional tariff, making them comparatively more expensive in the U.S. market. This has resulted in reduced export competitiveness, uncertainty in business planning and there is a shift by some U.S. buyers towards countries having preferential trade arrangements with the United States.

4.3 Stakeholder from Automotive sector informed the Committee that diversification to alternative markets cannot be achieved immediately. Many engineering and auto component products are manufactured according to the technical specifications of individual buyers and are integrated into established global supply chains. Entering new markets requires product redesign, fresh certifications, investment in tooling, compliance with different standards and development of new customer relationships.

4.4 The Committee was further apprised that despite global trade uncertainties, the Indian automobile and auto component industry has continued to grow. During FY 2024-25, the auto component industry reached a turnover of around USD 80 billion, exports increased to around USD 23 billion, and the sector generated employment for nearly 5 million persons directly. The industry has also strengthened its export performance and maintained a trade surplus, reflecting its growing manufacturing capability and increasing acceptance in global markets.

4.5 **The Committee is of the view that the Department should prioritize to conclude the proposed India–U.S. Bilateral Trade Agreement, with particular focus on reducing tariffs on engineering goods, auto components and other products related to automotive sector. The Committee feels that the removal of additional US tariffs on Indian exporters will improve India's competitiveness and this will further, provide the necessary predictability for exporters to formulate long-term business strategies. The Committee feels that this will also develop industrial cooperation and supply chain integration between the two nations.**

4.6 **The Committee further recommends competitiveness of the engineering sector should be strengthened. Therefore, the Committee is of the view that this can be achieved by promoting technology upgradation, automation, research and development, quality improvement and adoption of global manufacturing standards. The Committee believes that minimizing structural inefficiencies will significantly lower production costs, making Indian auto components highly competitive in the U.S. market even amidst fluctuating tariff regimes.**

4.7 The Committee is of the view that the Department may play an important role in facilitating business-to-business partnerships between Indian manufacturers and U.S. original equipment manufacturers (OEMs), Tier-1 suppliers and major buyers. The Committee recommends that the Department in coordination with the concerned Ministries should also support exporters through timely export credit, market diversification, trade finance, export compliance, logistics, overseas warehousing etc. The Committee further suggests that concurrently aggressive market access campaigns must be launched to promote engineering exports across alternative regions including Europe, Africa, Latin America, the Gulf region and other emerging markets to mitigate single-country dependency.

4.8 Recognizing the automotive sector comprises a vast network of MSMEs that lack the financial cushion to absorb tariff shocks, the Committee recommends the creation of a dedicated MSME Export Resilience Scheme. The Committee suggests that under the scheme Department should provide targeted financial subsidies, lower interest rates on export credits, and offer institutional technical guidance to help smaller manufacturers navigate complex compliance.

4.9 To directly address the challenge where Indian components cannot be immediately diverted to new markets due to rigid, buyer-specific technical specifications, the Committee recommends Government explore the establishment of a National Fund. The Committee is of the view that this fund should provide fiscal incentives and matching grants to Indian suppliers to offset the high capital costs associated with product redesign, fresh tooling investments, prototype development and obtaining foreign technical certifications required to enter new global supply chains.

4.10 To future-proof India's export economy and counter the shift of global buyers toward preferred trade partners, the Committee recommends creating a structured framework to help Indian suppliers adopt sustainable manufacturing practices. The Committee is of the view that Department should incentivize energy-efficient operations, carbon footprint

mapping and compliance with global Environmental, Social and Governance (ESG) standards, which are increasingly becoming mandatory prerequisites for entering premium Western supply chains.

4.11 To sustain the employment of the people directly dependent on this industry, the Committee recommends sustained capacity building program. The Committee suggests that the Department, in tandem with the Ministry of Skill Development, should establish advanced training centers focused on Industry 4.0 technologies such as smart automation, robotics, precision engineering and electric vehicle (EV) component manufacturing, as this will bridge the technical capability gap and ensure Indian components meet the next generation of global market demands. However, the Committee observes that the annual budget of Ministry of Skill Development and Entrepreneurship must be increased, otherwise the Skill development venture towards unemployment issue will not be effective in true sense.

Gems and Jewellery Sector

4.12 The Committee was apprised by the Jewellers Association that the Gems & Jewellery sector is a significant contributor to India–United States bilateral trade and supports employment, manufacturing, retail, and supply-chain activities in both countries. The United States is India's largest export destination for gems and jewellery products and remains a key sourcing market for diamonds, jewellery, gemstones, and precious metals.

Sr. No.	Particulars	Value
1.	U.S. Imports of Gems & Jewellery from India (2024)	US$11.58 Billion
2.	Total Bilateral Gems & Jewellery Trade (2024)	US$5.31 Billion
3.	U.S. Share in India's Gems & Jewellery Exports	US$16.89 Billion
4.	India's Share in U.S. Gems & Jewellery Imports	~30%
5.	India's Exports of Gems & Jewellery to U.S. FY 2023-24	~13%
6.	India's Share in Global Cut & Polished Diamond Processing	Over 90%

Source: Jewellers Association, Ahmedabad

4.13 The Committee notes that the United States continues to be the largest export destination for India's Gems and Jewellery sector. The sector exported USD 10.16 billion, USD 9.30 billion, and USD 6.79 billion in 2023, 2024, and 2025, respectively. Prior to the imposition of reciprocal tariff measures, Gems and Jewellery trade between India and United States were valued at about USD 14.6 billion in FY 2024-25. The U.S. market is particularly important for cut and polished diamonds, laboratory-grown diamonds and gold jewellery, where Indian manufacturers enjoy significant production capacity and established business relationships in the sector.

Sl. No.	Sector	2023	2024	2025
3	Pearls, Precious and Semi-Precious Stones	10.16	9.30	6.79

Source: Department of Commerce, Values in USD Billion

4.14 Further the Committee was apprised that the tariff measures introduced by the United States in 2025 have had a significant adverse impact on the sector. India's exports of Gems and Jewellery to the United States declined sharply by nearly 48 percent, whereas global exports of the sector declined by only 5.4 percent during the same period. This clearly indicates that the contraction in exports to the United States was much steeper than the overall slowdown in global exports and highlights the sector's high dependence on the U.S. market.

India's Exports of Gems and Jewellery

Country		Values in US $ Million		Growth (%)	
April-Mar 24	**April-Mar 25**	**April-Mar 26**	**April-Mar 25**	**April-Mar 26**	
World	**32708**	**29819**	**28209**	**-8.83**	**-5.4**
USA	**9907.6**	**9937.2**	**5082.3**	**0.29**	**-48**

Source: CMIE, Economic Outlook

4.15 The Committee was apprised that India remains one of the leading suppliers of Gems and Jewellery to the United States, accounting for 13.63 percent of total U.S. imports in this sector. However, India faces intense competition from countries such as Switzerland, Canada, South Africa and Mexico, which enjoy relatively lower tariff as compare to India. The Committee has been informed that the higher tariff burden on Indian products may lead to diversion of sourcing by international buyers, thereby affecting India's market share and export earnings.

HS Codes	Product Description	US Global Imports	US Imports from India	India's Share in US imports	Major Suppliers to the US (Market Share in US Imports)
		(Value in US$ Million in 2024)		%	
71	Natural Or Cultured Pearls, Precious or Semiprecious Stones, Pre. Metals, Clad with Pre. Metal and Articles Thereof; Imit. Jewllery; Coin	87201.2	11884.2	13.63	Switzerland (17.0%), India (13.6%), Canada (10.4%), South Africa (9.7%), Mexico (6.7%)

Source: Department of Commerce

4.16 Further, the Committee was informed that Gems and Jewellery sector is highly integrated with global supply chains and depends on long-standing relationships with international retailers, wholesalers and buyers and the tariff uncertainty has resulted in postponement and cancellation of export orders, delayed investment decisions, disruption of supply chains and financial stress, particularly for MSMEs and continued uncertainty may adversely affect employment in this labour intensive sector.

4.17 The stakeholders informed that while exports of cut and polished diamonds and laboratory-grown diamonds have witnessed a sharp decline, certain product categories such as silver and platinum jewellery have shown encouraging growth during the later part of FY 2025-26. The Committee also notes that exports to markets such as Hong Kong and the United Kingdom have increased, which indicates the product diversification and market diversification can reduce excessive dependence on a single market.

Commodities	2024–25 (USD mn)	2025–26 (USD mn)	% Growth/Decline (Y-o-Y)	Apr-25 (USD mn)	Apr-26 (USD mn)	% Growth/Decline (Y-o-Y)
Cut & Pol Diamonds	4,898.36	1,855.24	-62.13	356.06	87.85	-75.33
Pol. Lab Grown	694.19	298.01	-57.07	70.21	16.70	-76.22

Commodities	2024–25 (USD mn)	2025–26 (USD mn)	% Growth/Decline (Y-o-Y)	Apr-25 (USD mn)	Apr-26 (USD mn)	% Growth/Decline (Y-o-Y)
Diamonds						
Coloured Gemstones	101.00	40.00	-60.39	3.41	2.85	-16.42
Pol. Synthetic Stone	14.09	12.97	-8.00	0.86	1.14	31.75
Worked Pearls	0.14	0.06	-57.14	0.01	0.01	—
Gold Jewellery (Plain & Studded)	3,043.74	2,297.65	-24.51	180.23	263.43	46.16
Plain Gold Jewellery	219.77	151.60	-31.02	16.49	11.08	-32.77
Studded Gold Jewellery	2,823.97	2,146.05	-24.01	163.74	252.35	54.12
Silver Jewellery	340.69	291.62	-14.40	21.11	29.71	40.74
Platinum Jewellery	98.76	103.96	5.27	5.60	10.53	88.04
Imitation Jewellery	35.84	33.13	-7.56	2.64	3.87	46.41
Articles of Gold, Silver & Others	33.57	26.26	-21.78	2.12	2.28	7.55
Others	714.57	157.78	-77.92	7.28	27.38	276.10
Gross Exports	9,974.95	5,116.68	-48.70	649.53	445.75	-31.37

Source : DGCI&S

4.18 The Committee was apprised by the Stakeholders that United States continues to be the largest export destination for India's gems and jewellery sector and remains one of the most important markets for the industry. Prior to the reciprocal tariff by USA, India's exports of gems and jewellery products to the U.S. were valued at approximately USD 9.97 bn in FY 2024-25, accounting for 33.27% of the country's total gems and jewellery exports. The U.S. market is significant for key product categories such as cut and polished diamonds, laboratory-grown diamonds, and studded gold jewellery, where India has developed strong manufacturing and sourcing capabilities. Supported by a large consumer base, strong purchasing power, and well-established retail networks, the United States continues to provide substantial opportunities for Indian exporters and remains an important partner in India's gems and jewellery trade.

4.19 The Committee was informed by stakeholders that Global diamond market has experienced a significant slowdown, due to weak global demand, falling polished diamond prices, rising competition from lab-grown diamonds, and US tariff pressures. The stakeholders also added that Global diamond exports have fallen from USD 58.37 bn in 2024 to USD 45.98 bn in 2025. Despite this, India has retained its position as the top Carnet de Passages en Douane (CPD) exporter in the world in 2025.

4.20 The Committee recommends that the Department should engage with stakeholders to identify new trading partners and further its efforts to enhance competitiveness, market diversification and product diversification. These initiatives will help strengthen the long-term growth of India's gems and jewellery exports.

4.21 The Committee is of the view that the Department may provide a comprehensive support package for the sector by way of export credit, interest equalisation, export insurance, working capital support and trade finance especially for MSMEs. The Committee is of the considered view that financial institutions and banks should ensure timely availability of affordable credit so that exporters can effectively manage temporary disruptions arising from global trade uncertainties.

4.22 The Committee considers that greater emphasis should be made on value addition, branding, hallmarking, design innovation and advanced manufacturing technologies. The Committee is of the view that special incentives may be provided for high-value products such as laboratory-grown diamonds, designer jewellery, branded jewellery and precious metal jewellery. The Committee also recommends strengthening research, design development and skill upgradation so that India can move further up the global value chain and enhance export earnings.

4.23 The Committee also recommends that the Department establish a dedicated monitoring mechanism to regularly assess the impact of tariff and non-tariff barriers on the Gems and Jewellery sector. The Committee is of the view that an early warning system may be developed to identify emerging trade risks, monitor changes in international market conditions and facilitate timely policy interventions. The Committee also recommends continuous consultations with industry associations, Export Promotion Councils and other stakeholders to ensure that

support remains responsive on time to the evolving needs of the sector.

4.24 The Committee recommends the Department to initiate targeted bilateral trade talks with the United States to address 48% crash in Indian gems and jewellery exports caused by the 2025 tariff measures. The Committee is of the view that securing tariff parity with global competitors like Switzerland, Canada and Mexico is absolutely critical in arresting India's market share loss.

4.25 The Committee also recommends that Indian Missions abroad, in coordination with GJEPC and industry associations, should organise buyer-seller meets, trade exhibitions and business delegations to promote Indian gems and jewellery products. Further, efforts should be made to diversify India's export markets by expanding exports to the Gulf region, Europe, East Asia, ASEAN, Africa and Latin America.

4.26 The Committee is concerned that prolonged trade uncertainty will trigger layoffs in this highly labour intensive sector. To prevent this, the Committee is of the view that a State-backed export invoice discounting window should be established, in order to keep MSMEs financially operational to safeguard the livelihoods of millions of workers.

4.27 The Committee recommends establishing "India Jewellery Trade and Distribution Hubs" in expanding markets such as Hong Kong, Thailand and the United Kingdom. The Committee notes that spontaneous market diversification by exporters is already occurring in these regions to bypass high U.S. tariffs. The Committee believes that setting up secure consignment warehousing and duty-free storage capabilities in these alternative hubs will institutionalize these gains. The Committee is also of the view that reducing single-market dependency is the most effective long-term shield against global geopolitical risks.

Steel, Aluminium and Copper Sector

4.28 United States has imposed Section 232 tariffs of 25% on Indian stainless steel, significantly reducing its competitiveness in the

American market. Additionally, Indian stainless steel is excluded from the Defence Federal Acquisition Regulation Supplement (DFARS), preventing participation in US defence contracts despite India's status as a major defence partner. Furthermore, anti-dumping duties (ADD) on Indian welded stainless-steel pipes have been increased from 8% to 35%, coupled with quantity restrictions, effectively eliminating Indian exports in this segment. Similarly, high tariffs on aluminium persist even after India removed retaliatory duties on American products, limiting the scope for market expansion in the US metals sector.

Tariff Category	India's Export to US (USD)	Additional Tariff	Major Sectors/Product Categories
Covered by Section 232 Tariffs and imposed	8.9 Bn (10.2%)	25% on Auto parts, 50% on Steel & Aluminium, Copper	Auto parts, Steel & Aluminium, Copper

Source: Department of commerce

4.29 Steel, aluminium and copper sectors supply critical raw materials and intermediate products to automobiles, engineering, construction, defence, renewable energy, electronics and other strategic industries. A large number of MSMEs are engaged in downstream processing and value-added manufacturing in these sectors, making their continued growth vital for India's manufacturing competitiveness.

4.30 United States remains an important trading partner for India's steel and non-ferrous metal industries. While India's exports to the United States include finished steel products, aluminium products, copper rods, wires, tubes, pipes and other value-added products, India imports aluminium and copper scrap from the United States, which serves as an important raw material for domestic downstream industries. Bilateral trade between India and US bilateral trade has expanded steadily over the past few years and reflects the complementary nature of the two economies.

4.31 Sectoral Impact of tariff on Iron, Steel and Aluminium as follows:

Sectors (Ch)(US$ mln)	Description	2023-24	2024-25	2025-26	CAGR %
72	IRON AND STEEL	475.58	587.5	740.9	-7%
73	PRODUCTS OF IRON AND STEEL	2793.58	3115.8	3015.5	-1%

74	COPPER AND PRODUCTS	292.11	360.0	341.0	3%
76	ALUMINIUM PRODUCTS	945.66	860.0	1094.1	0%
87	AUTO AND COMPONENTS	2647.58	2590.4	2467.3	-5%
75	NICKEL AND ARTICLES THEREOF	21.54	23.39	28.98	21%
78	LEAD AND ARTICLES	2.61	1.32	0.31	-49%
79	ZINC AND ARTICLES	6.75	7.23	6.09	-29%
80	TIN AND ARTICLES	0.14	0.23	0.72	65%
81	OTHER BASE METALS;	34.4	53.5	67.49	19%
82	TOOLS IMPLEMENTS AND FORKS, OF BASE METAL	284.01	314.49	293.78	2%
83	MISCELLANEOUS ARTICLES OF BASE METAL.	222.62	254.9	264.16	8%
84	NUCLEAR REACTORS, BOILERS, MACHINERY	6166.55	6692.43	7190.2	6%
85	ELECTRICAL MACHINERY AND EQUIPMENT	11081.15	15899.62	25682.64	56%
86	RAILWAY OR TRAMWAY LOCOMOTIVES	68.88	74.49	88.58	20%
88	AIRCRAFT, SPACECRAFT	500.83	456.76	516.43	4%
89	SHIPS, BOATS AND FLOATING STRUCTURES	53.07	306.37	7.14	-51%
90	OPTICAL, PHOTOGRAPHIC PARTS AND ACCESSORIES	899.98	949.09	1273.42	5%

Source: DGCI&S

4.32 United States has imposed additional tariffs under Section 232 on steel, aluminium and certain copper products, with tariff rates increasing from 25 percent to 50 percent during 2025. U.S. has initiated Section 301 investigations covering steel, aluminium, chemicals, automobiles, semiconductors and several other manufacturing sectors. Section 301 tariffs remain an active and evolving tool, primarily targeting unfair trade practices. These tariffs range from 7.5% to 100% depending on product categories, including high duties on EVs, semiconductors, and critical technologies. As of June 2026, there has been a significant development: the United States, through the Office of the U.S. Trade Representative (USTR), has proposed expanding Section 301 tariffs to nearly 60 economies, including India, citing concerns related to forced labour practices and inadequate enforcement mechanisms. Under this proposal, an additional tariff of 10%–12.5% may be imposed, with 12.5% applicable to countries deemed non-compliant. As the Section 122 tariffs (10% global tariff) are set to expire around July 2026, section

301 tariffs got further expansion, indicating a clear shift from temporary, broad-based tariffs to more targeted, country-specific measures under Section 301. These developments have increased uncertainty for Indian exporters, affected price competitiveness and influenced sourcing decisions of U.S. buyers. Stakeholders from the industry apprised the Committee that prolonged trade restrictions may weaken investment sentiment and adversely impact MSMEs engaged in value-added steel products.

4.33 India's Steel Trade with USA: The details of India's Steel Trade with USA during the last four financial year are as under: -

Table 1: India's Exports to USA

Value in USD Million

HS CODE	**72 - Iron & Steel**	**73 - Articles of Iron & Steel**	**Chpt. 72 (% Share of USA)**	**Chpt. 73 (% Share of USA)**
2022-23	908.98	3,091.51	6.78%	31.51%
2023-24	475.58	2,793.58	4.01%	28.11%
2024-25	587.52	3,115.81	6.35%	30.61%
2025-26	740.86	3,015.46	7.18%	28.97%
Source: ***Ministry of Steel***				

Table 2: India's Imports from USA

Value in USD Million

HS CODE	**72 - Iron & Steel**	**73 - Articles of Iron & Steel**	**Chpt. 72 (% Share of USA)**	**Chpt. 73 (% Share of USA)**
2022-23	1,153.57	273.59	6.51%	5.71%
2023-24	1,045.77	283.94	5.61%	5.55%
2024-25	838.32	303.25	4.82%	5.77%
2025-26	676.87	362.48	4.30%	6.31%
Source: ***Ministry of Steel***				

4.34 The Committee was apprised by the Ministry of Steel that India is a net exporter of finished steel, exports to the United States during FY 2025-26 were only about 179.5 thousand tonnes, accounting for approximately 2.7% of India's total finished steel exports. This indicates that the U.S. is not a major destination for Indian steel exports in volume terms. thereby limiting the immediate adverse impact of higher U.S. tariffs on India's overall steel production and export performance. The major markets exporting to USA during 2025 were China, Canada & Mexico. While India ranked 7th & accounted for 5% share in US global imports of Steel (Chpt. 72 & 73) during 2025(Table 3). India's relatively smaller share in U.S. imports further suggests that the direct trade impact of Section 232 measures on Indian steel exports is likely to be contained.

Countries exporting Steel to USA as follows:-

S. No.	Exporters	2023	2024	2025	% Share
1	China	12.33	13.71	9.70	14%
2	Canada	14.31	13.14	9.10	13%
3	Mexico	11.59	10.65	8.53	12%
4	Brazil	4.95	5.30	4.41	6%
5	Taipei, Chinese	4.42	4.65	4.26	6%
6	Korea, Republic of	5.38	5.41	4.11	6%
7	India	3.39	3.32	3.77	5%
8	Germany	4.07	4.22	3.57	5%
9	Japan	3.26	3.10	2.72	4%
10	Viet Nam	1.74	2.48	2.24	3%
	Others	20.98	19.67	18.91	27%
	World	**86.42**	**85.65**	**71.33**	**100%**
Source: Ministry of Steel					

4.35 The Committee was also informed that exports to the United States during FY 2025-26 were only about 179.5 thousand tonnes, accounting for approximately 2.7% of India's total finished steel exports. This indicates that the U.S. is not a major destination for Indian steel exports in volume terms. thereby limiting the immediate adverse impact of higher U.S. tariffs on India's overall steel production and export performance. The major markets exporting to USA during 2025 were China, Canada & Mexico. While India ranked 7th & accounted for 5% share in US global imports of Steel during 2025.

4.36 The Committee was apprised by the Ministry of Mines that India–US trade in non-ferrous metals like aluminium and copper has been substantial over the last three years. India imports aluminium scrap and copper scrap from US, reflecting its demand by India’s downstream metal industries. In FY 2025-26, aluminium waste and scrap accounted for India’s largest share of non-ferrous metal imports (around 68%) from US while copper waste and scrap imports accounted for the second largest share (around 19%). India’s non-ferrous metal exports are primarily driven by primary aluminium and value-added aluminium products.

4.37 Further, the Committee was also apprised that exports of secondary aluminium products consistently accounted for India’s largest share of exports to US in FY 2025-26, while exports of primary aluminium rose significantly from around 43,000 tons in FY 2023-24 to over 82,000 tons in FY 2025-26. In the copper sector, India mainly exports downstream copper articles and secondary copper products (over 22,000 tons in FY 2025-26) such as rods, wires, sheets, tubes, and pipes, reflecting India's strength in downstream non-ferrous metal products. On whole, bilateral trade in aluminium and copper demonstrates a pattern wherein India imports non-ferrous metal scraps from the US while exporting downstream and finished metal products to the US market.

4.38 The Committee feels that the priority should be given to resolve tariff-related issues concerning steel, aluminium and copper and chemical products under the proposed India–U.S. Bilateral Trade Agreement. Moreover, Department should actively engage with the United States to safeguard the interests of domestic industry in relation to Section 232 tariffs and Section 301 investigations while ensuring stable and predictable market access for Indian exporters. The Committee recommends that the Department must proactively engage with US authorities to secure long-term, barrier-free access to US aluminium and copper scrap, ensuring that any future US export restrictions on waste and scrap do not disrupt the raw material supply chain of India's downstream industries.

4.39 The Committee further recommends that the Department strengthen the global competitiveness of these sectors by promoting technology upgradation, automation, research and development, energy efficiency and production of high-value products. The Committee is of the view that greater emphasis should be placed on reducing logistics costs, improving port infrastructure so that Indian products remain globally competitive. The Committee recommends that in order to sustain this competitiveness, the Department should establish a dedicated task force to help Indian exporters align with evolving international environmental standards, such as carbon border adjustments, ensuring that Indian non-ferrous products meet the sustainability benchmarks required for the US market.

4.40 The Committee recommends that special assistance be provided to MSMEs engaged in downstream steel, aluminium and copper industries through easier access to affordable credit,

export finance, technology acquisition and international quality certification. The Committee also recommends strengthening domestic recycling infrastructure, particularly for aluminium and copper scrap, to reduce input costs and improve resource efficiency.

4.41 The Committee also recommends leveraging India’s downstream manufacturing strengths to attract U.S. FDI into joint ventures for high-end, value-added non-ferrous products. The Committee is of the view that this alignment will integrate Indian manufacturers into the US aerospace, defence and electric vehicle (EV) supply chains, transforming the bilateral relationship from a transactional scrap-for-finished-goods trade into a robust, high-technology co-manufacturing partnership.

4.42 The Committee further recommends strategic initiatives such as the National Critical Minerals Mission, Forum for Resilient Global Processing and Extraction (FORGE), India–US Strategic Mineral Recovery Initiative, Indo- Pacific Economic Framework (IPEF) and the QUAD Critical Minerals Initiative to strengthen India's position in global critical mineral and metal value chains. The Committee urges that greater focus should be placed on attracting investment in mineral exploration, processing, recycling, rare earths, battery materials and advanced manufacturing technologies.

4.43 The Committee also recommends that the Department should facilitate regular consultation with industry associations and exporters, enabling timely policy interventions to protect India's export competitiveness and enhance the resilience of India's manufacturing sector.

Marine Sector

4.44 The seafood sector is one of India's export-oriented sectors, contributing to foreign exchange earnings, coastal employment and livelihood generation of coastal States. India's seafood sector has demonstrated remarkable growth and resilience, with exports more than doubling over the last decade from ₹30,213 crore in 2013-14 to ₹62,408 crore in 2024-25, which includes shrimp exports worth ₹43,334 crore. The USA is a major importer of Indian shrimp with a share of ₹18,742 crore (43.45%) in terms of USD value, making it a critical market for India's seafood industry. Indian seafood exports, including shrimp, enjoy MFN status in the U.S., but remain subject to special trade measures. A 5.77% Countervailing Duty and a 2.49% Anti-Dumping Duty, totalling 8.26% were imposed. Despite this, India has remained competitive in the U.S. market.

4.45 In April 2025, the U.S. imposed a 10% reciprocal tariff on Indian goods, signalling a more stringent trade enforcement approach affecting seafood exports. Further, in August 2025, the U.S. sharply escalated tariffs, first adding 25% on August 1 and another 25%, raising the total reciprocal tariff to 50%, with full implementation on August 27. For India, the 25% tariff from 1st August raises the total duty burden to about 33.26%, and the full 50% rate from August 27 pushes it to nearly 58.26%.

4.46 The Committee was apprised by Department of Fisheries that India's seafood sector demonstrated remarkable resilience by sustaining exports, mitigating market shocks, and strengthening competitiveness despite challenging global conditions. DGCIS data for April-October 2024 (pre-tariff) versus April-October 2025 (post-tariff) shows strong, targeted diversification. Despite 58% effective duties, India's seafood exports recorded 21 % growth in value (₹35,107.6 crore to 42,322.3 crore) and 12% growth in quantity (9.62 Lakh MT to 10.73 Lakh MT). Frozen shrimp exports increased 17% in value (₹24,752 crore to ₹28,934 crore) and 6% in volume (4,39,206 MT to 4,66,833 MT).

4.47 The State-Wise Production, Export Entities & Exports: 2024-25 of Seafood Sector

State	Production (MT)		Export Entity				Exports		
	Marine	Aquaculture	Exporters (Nos)	Processing plants (Nos)	Capacity (Qty in MT/day)	Cold Storage Capacity (MT)	Qty (MT)	Value Rs (in Crores)	Value USD Million
Goa	61,000	292	14	14	1,090	9,741	45469	788.81	94.33
Gujarat	8,23,000	45,445	201	135	7,015	86,262	282158	5889.29	702.75
Maharashtra	2,11,000	2,036	144	54	5,140	70,869	227866	7343.38	876.41
Karnataka	6,04,000	2,420	57	54	5,278	33,406	242143	3440.57	410.77
Kerala	6,33,000	2,571	213	117	4,948	99,183	179660	6941.36	829.42
Tamil Nadu	5,65,000	41,399	208	57	2,758	33,380	130315	7034.59	840.11
Andhra Pradesh	1,90,000	9,63,849	179	108	6,324	1,26,705	366182	21245.90	2536.77
Odisha	1,30,000	43,039	60	39	2,,069	35,278	92169	4668.01	558.04
West Bengal	1,73,000	62,180	184	49	2074	29,636	114529	4321.07	517.3
Others	1,60,000	209*	48	5	0	0	17679	735.47	87.83
Total	**35,30,000**	**11,63,440**	**1,308**	**632**	**36,696**	**5,24,460**	1698170	62408.45	7453.73

Source : MPEDA

4.48 Top 10 Destinations Apr-Nov 2024 Vs 2025

		Apr to Nov 2024		Apr to Nov 2025*		Change %	
Sl. No.	Country Name	Qty. MT	Val.US$ (Mln.)	Qty. MT	Val.US$(Mln.)	Qty.	Val.US$
1	USA	236061	1835.46	199146	1930.38	-15.64	5.17
2	CHINA	273326	889.28	283885	985.55	3.86	10.83
3	VIETNAM	68372	223.85	129201	419.52	88.97	87.41
4	JAPAN	68985	282.40	60940	287.87	-11.66	1.94
5	BELGIUM	22705	139.82	38665	263.85	70.29	88.71
6	THAILAND	93709	215.05	86207	237.16	-8.01	10.28
7	CANADA	17059	131.19	18740	154.43	9.86	17.72
8	SPAIN	29565	139.50	30739	148.65	3.97	6.56
9	ITALY	22851	107.98	21359	112.76	-6.53	4.43
10	RUSSIA	12626	82.63	13837	102.70	9.59	24.29
	OTHER Total	292123	950.02	360313	1117.03	23.34	17.58
	% Share of Top 10 Destinations	74.32	80.99	71.01	80.61		
	Grand Total	1137381	4997.18	1243033	5759.92	9.29	15.26

Source : MPEDA

4.49 India's Export To USA

ITEM WISE EXPORT OF MARINE PRODUCTS TO USA					
Q: Quantity in M T, V: Value in $: US Dollar Million					
ITEM		2023-24	2024-25	Share % 2024-25	Change (%) 2024-25 v/s. 2023-24
FROZEN SHRIMP	Q:	297571	311948	89.93%	4.83%
	$:	2342.58	2512.71	92.55%	7.26%
FROZEN FISH	Q:	3512	4322	1.25%	23.08%
	$:	28.07	32.20	1.19%	14.72%
FR CUTTLE FISH	Q:	1817	1514	0.44%	-16.68%
	$:	11.08	8.66	0.32%	-21.87%
FR SQUID	Q:	5615	4960	1.43%	-11.66%
	$:	37.81	32.76	1.21%	-13.34%
DRIED ITEM	Q:	69	197	0.06%	186.31%
	$:	0.56	1.03	0.04%	85.67%
LIVE ITEMS	Q:	3	0	0.00%	-89.65%
	$:	0.04	0.03	0.00%	-20.39%
CHILLED ITEMS	Q:	392	360	0.10%	-8.21%
	$:	5.96	6.79	0.25%	13.96%
OTHERS	Q:	20213	23566	6.79%	16.59%
	$:	123.07	120.76	4.45%	-1.88%
Total	Q:	329192	346868	100.00%	5.37%
	$:	2549.15	2714.94	100.00%	6.50%
In 2024-2025 (April to March), exports to the USA grew by 6.50% in USD and 5.37% in MT.					

Source : MPEDA

4.50 The United States remains India's single largest export destination for marine products, accounting for about 36 percent of India's seafood exports, with exports valued at nearly USD 2.7 billion during FY 2024-25. Frozen shrimp alone constitutes over 92 percent of India's seafood exports to the United States and approximately 90 percent in quantity terms. The Committee was also apprised that the India-US shrimp trade represents a deeply integrated value chain, with India importing SPF broodstock, aquaculture inputs and specialised feed from the United States while exporting processed shrimp and value-added seafood products. This dependence makes the sector vulnerable to changes in U.S. trade policy.

4.51 Competitor Nations: The *ad valorem* and additional reciprocal tariffs imposed on India and its competitors are tabulated below

Country	Reciprocal tariff – base rate %	Anti Dumping Duty(%)*	Countervailing Duty (%)*	Total duty rates for shrimp from 1.8.2025 (%)	% change vis-a-vis India rate
Ecuador	15	0	3.78	18.78	-39.48
Indonesia	19	3.90	**	22.90	-35.36
Thailand	19	**	NA	19.00	-39.26
Vietnam	20	25.76	2.84	48.60	-9.66
India	50	2.49	5.77	58.26	--

Source : MPEDA

4.52 The Committee has been informed about the imposition of cumulative tariff on Indian shrimp exports, including reciprocal tariffs, anti-dumping duty and countervailing duty have substantially eroded India's price competitiveness *vis-à-vis* competing exporters such as Ecuador, Indonesia, Thailand and Vietnam, which face relatively lower tariff incidence. Further, the adverse impact of the tariff measures extends beyond exporters and directly affects shrimp farmers, hatcheries, processing units, women workers and coastal communities. Stakeholders from the sector informed the Committee that declining export orders have reduced prices, increased inventory, disrupted production planni ng and created financial stress across the chain. Several seafood processing units have reported operational difficulties particularly in Andhra Pradesh. The Committee is also concerned that several seafood exporters may face serious viability challenges if the present tariff regime continues. Further, the Committee was informed that inadequate subsidy to aquaculture farmers, concessional loan provisions for exporters facing financial strain and resolution of traceability issues.

4.53 The Committee was apprised by the stakeholders that, apart from tariff measures, Indian seafood exports continue to face several non-tariff barriers relating to food safety, sustainability and environmental compliance. These include requirements concerning Turtle Excluder Devices (TEDs), Marine Mammal Protection Act (MMPA) compliance, traceability, antibiotic residue monitoring, sanitary and phytosanitary standards and food safety certification.

4.54 The Committee notes the initiatives taken by the Department of Fisheries, MPEDA, CIFT, EIC and other agencies in

strengthening traceability systems, promoting sustainable fishing practices, developing indigenous Turtle Excluder Devices, obtaining Marine Mammal comparability. The Committee is of the view that sustained efforts will be required to ensure continued access to premium export markets.

4.55 The Committee is also of the view that India possesses considerable untapped potential for expanding marine exports through diversification into value-added seafood products, mariculture, seaweed cultivation, offshore cage farming and advanced processing technologies. The Committee observes that institutions such as Marine Products Export Development Authority (MPEDA), Central Marine Fisheries Research Institute (ICAR-CMFRI), Central Institute of Fisheries Technology (ICAR CIFT) and National Fisheries Digital Platform (NFDB) have developed technologies relating to captive breeding, disease-resistant species, post-harvest processing, food safety and value addition. The Committee recommends that greater emphasis be made on ready-to-cook and ready-to-eat seafood products, cold-chain infrastructure, branding and certification can significantly enhance export earnings.

4.56 The Committee further recommends the formulation of a comprehensive support package for the marine products sector, including concessional export credit, working capital assistance, interest subvention, credit guarantee support and restructuring facilities for exporters, processors, hatcheries and shrimp farmers affected by trade disruptions. The Committee also recommends that financial institutions and banks effectively implement relief measures for MSMEs engaged in seafood exports. Further, the Committee is also of the view that the Department must initiate, high-level bilateral trade dialogues with the United States Trade Representative (USTR) to specifically contest the arbitrary inflation of anti-dumping and countervailing duties, aiming to secure a predictable tariff framework that safeguards the margins of primary coastal producers.

4.57 The Committee recommends that combined efforts be made by MPEDA, the Department of Fisheries and the Ministry of Commerce towards market diversification. The Committee is of

the view that this is achievable by expanding exports to the European Union, United Kingdom, Japan, South Korea and other emerging markets. The Committee also feels that emphasis should be given on promotion of value-added seafood products, branding and development of the domestic seafood market to reduce excessive dependence on a single export destination. The Committee is of the view that to address supply vulnerabilities, the Department should implement a Self-Reliance Scheme to promote the domestic breeding of Specific Pathogen Free (SPF) broodstock and the indigenous manufacturing of specialized feed, effectively ending India's reliance on the US for aquaculture inputs.

4.58 The Committee is of the view that substantial investment is needed in modern processing facilities, testing laboratories, fish cage farming and certification. The Committee further opines that efforts should also be made to accelerate the nationwide implementation of Turtle Excluder Devices. The Committee believes that the Department should focus on enhancing exports to other markets and increasing domestic consumption of shrimp through targeted promotional campaigns which is a way to cushion the resultant shortfalls in exports, which otherwise may deter the farmers from stocking and production, potentially creating a chain reaction to the related sectors.

4.59 The Committee recommends that the Department must rapidly subsidize and enforce the mandatory rollout of the ICAR-CIFT developed Turtle Excluder Devices (TEDs) across all mechanized trawlers to get US National Oceanic and Atmospheric Administration (NOAA) certification, thereby overturning the ongoing US ban on Indian wild-caught shrimp and reclaiming lost market share.

Textiles and Apparel Sector

4.60 The United States has traditionally been a major sourcing destination for Indian apparel industry, as well as for our competing countries such as China, Vietnam and Bangladesh. Until the recent tariff imposition, the US market provided a level playing field for all major exporting nations. However, the introduction of tariffs has disrupted this balance, placing Indian exporters at a distinct disadvantage. Competing countries now enjoy significantly lower tariff rates, enabling them to offer garments at much more competitive prices. Many long-standing US buyers still are keen to continue sourcing from India due to its strong reputation for quality, reliability and compliance. However, competing countries now enjoy lower tariff rates, enabling them to offer products at much lower prices than Indian manufacturers. As a result, US buyers are are now demanding price reductions of 25–30% to offset the tariff burden. This has forced exporters to absorb substantial cost pressures. Exporters are already operating on wafer-thin margins and such steep concessions have triggered a severe liquidity crisis. Over the past three months, several exporters have continued production and shipments at discounted prices solely to retain buyers, hoping that the tariff issue would be resolved shortly. The Committee was informed that while a few financially strong exporters can temporarily absorb these losses, nearly 90% of Tiruppur exporters are unable to sustain operations under the current conditions.

4.61 To reduce the US tariff pressure, exporters are actively exploring alternative markets to reduce dependence on the US. The FTAs with the UK and EFTA, along with ongoing negotiations with the EU, present promising opportunities. However, entering new markets typically requires a lead time of 6–12 months for buyer engagement, product development, sampling, and order conversion. Moreover, the purchasing power of the US remains significantly higher than most other destinations. For instance, the combined knitwear imports of all 27 EU countries do not match the import volume of the US Knitwear imports.

a.	All-India Knitwear Exports (2024–25)	: ₹65,179 crore
b.	Knitwear Exports to US (2024-25)	: ₹22,486 crore (34%)
c.	Knitwear Exports to EU (2024-25)	: ₹19,199 crore (29.4%)
d.	Knitwear Exports to UK (2024-25)	: ₹5,583 crore (8.5%)
e.	Knitwear Exports to UAE (2024-25)	: ₹5,403 crore (8.2%)

Therefore, replacing the US market in the short term is challenging and exporters require sustained policy support, trade facilitation and marketing assistance to build resilience.

4.62 Further, the global textile fibre mix has shifted decisively toward MMF, with man-made fibres accounting for about 72 % of global fibre consumption, compared to natural fibres and India is a major MMF textiles producer and exporter, ranking as the second-largest producer of MMF after China and the sixth-largest MMF exporter globally, supplying US $4.6-4.8 billion worth of MMF textile exports in recent trade cycles. The Government projections envisage a ~75 % increase in MMF textile exports by 2030, targeting US $11.4 billion on the back of Production Linked Incentive (PLI) schemes and improved market access. While India's MMF exports are diversified geographically, the US remains a key destination market where Indian MMF products compete with suppliers from Vietnam, Turkey, Bangladesh and others.

4.63 Moreover, India's technical textile exports have shown strong momentum, with exports approaching US$ 1 billion to the US in the FY 2025 and a steady compound annual growth rate in recent years. Growth drivers include rising global demand for functional textiles, enhanced processing capabilities, and policy support under the National Technical Textiles Mission and PLI. Although specific US bilateral export figures for Technical Textiles are less frequently published in trade releases, this segment's expansion globally and in Indian export policy suggests increasing penetration into value-added markets including the US especially for PPE, industrial fabrics and composites.

4.64 Stakeholders from the sector informed the Committee that nearly 91 percent of affected firms are MSMEs, while over 85 percent have reported cancellation or postponement of export orders, inventory accumulation, liquidity constraints and significant decline in turnover. Many exporters informed the Committee that buyers in the United States are demanding price reductions of 25–30 percent compelling Indian exporters to absorb substantial losses merely to preserve long-standing commercial relationships.

4.65 The Committee was also informed by the stakeholders that apart from tariff-related challenges, the sector continues to face structural issues relating to high logistics costs, comparatively lower labour productivity, technology gaps, delayed financial assistance, rising compliance costs and dependence on cotton-based products.

4.66 The Committee was highlighted that India is one of the world's leading exporters of handmade carpets and floor coverings, with the United States accounting for nearly 58.6 percent of India's carpet exports. The industry supports lakhs of artisans and weavers across Bhadohi, Mirzapur, Srinagar, Jaipur and Panipat.

4.67 The Committee was also informed that the United States is the largest export market for Indian handloom products. Major centres such as

Karur, Panipat, Varanasi, Kannur and the North Eastern Region depend significantly on exports of home textiles, floor coverings and traditional handloom products.

4.68 The Committee was apprised by stakeholders that the handicrafts sector provides livelihood to millions of artisans, women and rural households, with the United States accounting for nearly 40 percent of India's handicraft exports. Traditional clusters such as Moradabad, Saharanpur, Jodhpur and others are vulnerable to decline in U.S. demand.

4.69 The Committee is of the view that greater diversification towards technical textiles, man-made fibre products, sustainable textiles, home furnishings and high-value apparel will be necessary to enhance India's long-term competitiveness in international markets. The Committee also notes the need for faster implementation of initiatives such as PM MITRA Parks, the PLI Scheme and the Samarth Scheme to modernise the sector and strengthen productivity. The Committee recommends the Ministry of Textiles to establish specialized man-made fibre (MMF) manufacturing clusters within new PM MITRA parks in order to move away from reliance on cotton. The Committee believes that this initiative aims to provide MSMEs with immediate, localized access to synthetic materials, aligning production with high global demand.

4.70 The Committee is of the view that the Government strengthen support under Remission of Duties and Taxes on Exported Products (RoDTEP, Rebate of State and Central Taxes and Levies (RoSCTL), the Interest Equalisation Scheme and other export promotion measures. The Committee believes that liquidity support for MSMEs must be enhanced through concessional working capital, export credit, credit guarantee cover and faster disbursement of financial assistance. The Committee holds the view that banks and financial institutions should ensure timely sanction of export credit and extend adequate support to viable exporters facing temporary stress due to tariff-related disruptions. The Committee urges that the Government to intensify efforts to promote technical textiles, man-made fibre products, sustainable textiles and value-added apparel.

4.71 The Committee recommends exploring the establishment of a scheme which aims to create an emergency relief program under the RoSCTL to compensate MSME textile exporters for price reductions demanded by US buyers. The Committee is of the view that this measure seeks to prevent business closures and the potential loss of jobs by providing a financial cushion during the crisis.

4.72 The Committee recommends that the Ministry must partner with industry bodies to set up government-subsidized textile warehousing hubs within major US shipping entry points. The Committee is of the view that by holding ready-to-sell inventory locally in the US and establishing green-channel fast customs corridors at Indian ports, Indian exporters can drastically slash their long delivery lead times, bypass heavy middle-agent pricing demands and successfully match the aggressive turnaround speeds of global competitors.

4.73 The Committee is concerned that higher tariffs and declining demand in the U.S. market may significantly reduce artisan incomes and employment while enabling competing suppliers such as Turkey, Pakistan, Nepal and China to expand their market share. The Committee, therefore, recommends that adequate marketing support may be extended for carpet exporters through trade fairs, branding, Geographical Indication (GI) promotion, buyer-seller meets, and design development.

4.74 The Committee is concerned that prolonged tariff uncertainty may adversely affect traditional weaving communities and MSME exporters. Therefore, the Committee recommends enhanced assistance may be provided for international exhibitions, branding, GI promotion, digital marketing, product diversification, design innovation and export promotion of handloom products. The Committee also recommends that support should also be extended to traditional weaving clusters for improving quality and expanding exports to new markets.

4.75 The Committee recommends that the Department take concerted measures to expand artisan welfare, strengthen cluster infrastructure, promote branding and GI products, facilitate digital commerce and direct export platforms, support design development, product innovation and international marketing so that India's

traditional crafts remain globally competitive while preserving the country's rich cultural heritage.

Agriculture and Processed Food Sector

4.76 It has been informed to the Committee that agriculture and processed food products constitute one of the most important pillars of India's export economy, this contributes to foreign exchange earnings, employment generation and rural livelihoods. The sector supports millions of farmers, Farmer Producer Organisations (FPOs), agri-startups, processors, exporters and MSMEs across the country. The United States continues to be one of India's largest agricultural export destinations accounts for around 11–12 percent of India's agricultural exports. India's exports of agricultural products to the United States increased from USD 3.27 billion in 2015-16 to USD 5.82 billion in 2024-25, before declining to about USD 5.03 billion in 2025-26 following the imposition of additional tariff measures. Despite the decline in exports during FY 2025-26, India continues to maintain a substantial agricultural trade surplus with the United States. The United States remains one of the world's largest agricultural import markets, presenting significant opportunities for Indian exporters in high-value agricultural and processed food products.

4.77 India's agricultural exports to the United States are concentrated in a limited number of products. During FY 2025-26, marine products accounted for nearly 46 percent of agricultural exports to the U.S., followed by spices, basmati rice, miscellaneous processed food items, dairy products, Ayush and herbal products, cereal preparations, processed fruits and juices, castor oil and guar gum

4.78 The Committee was apprised that APEDA-scheduled products constitute an important component of India's agricultural exports. During FY 2025-26, exports of APEDA products to the United States amounted to approximately USD 1.53 billion, with basmati rice, miscellaneous processed food, natural honey, cereal preparations, processed vegetables, guar gum, processed fruits and juices and cocoa products accounting for a substantial share of exports.

4.79 The Committee was apprised by stakeholders that sanitary and phytosanitary (SPS) measures, maximum residue limits (MRLs), traceability requirements, food safety regulations certification procedures continue to pose significant barriers to Indian exports, particularly fruits, vegetables, spices, organic produce and processed food products. Exporters also informed the Committee that the rejection of consignments due to residue residue and documentation deficiencies by the Department of Commerce results in substantial financial losses and affects India's reputation in international markets. The Committee was also apprised that India is predominantly an agrarian economy with a population of approximately 140 crore. In this context, the plight of small and marginal farmers, who constitute a large proportion of the farming community, merits special consideration. The Committee was, further, informed that India has long been dependent on imports of agricultural equipments, fertilizers, pesticides and chemicals, etc., from the USA. As pricing is determined by the exporting country, it has placed, considerable cost pressure on the huge number of small and marginal farmers in the country affecting the agricultural sector.

4.80 With advances in science and technology, the adoption of technology-driven practices and precision agriculture is being advised. However, this must be pursued keeping in view the ground realities of Indian agriculture, particularly the interests of large and huge number of small and marginal farmers. Accordingly, the Committee recommends that in the context of India-US trade relations concerning agriculture, agricultural produce, and agro-based products, adequate safeguards be put in place to ensure a level playing field for Indian farmers, consistent with the overall agricultural scenario of the country and the overall economic situation of the farmers as well.

4.81 The Committee is of the view that the Department develop quality infrastructure through establishment of modern testing laboratories, internationally accredited certification facilities, digital traceability systems, residue monitoring laboratories and integrated cold-chain infrastructure. The Committee recommends that promotion of adoption of Good Agricultural Practices (GAP), residue-free cultivation and internationally accepted food safety standards to improve acceptance of Indian agricultural products in premium markets may be made. The Committee also recommends that the Department must explore the possibility of creating a pre-clearance protocol with US customs and the Food and Drug Administration (FDA), ensuring all major agricultural shipments are pre-tested at Indian ports to eliminate the high rate of food

safety rejections at American borders to curb the substantial financial losses faced by exporters.

4.82 The Committee further recommends strengthening the organic agriculture ecosystem by simplifying certification procedures under the National Programme for Organic Production (NPOP) and addressing procedural issues relating to USDA National Organic Program (NOP) Transaction Certificates in consultation with stakeholders. The Committee is of the view that support should also be provided for promotion of organic clusters and certification of organic products. The Committee believes that the Department and APEDA must pursue diplomatic defence mechanisms in the US market to protect unique Indian Geographical Indication (GI) products, like Basmati rice, against misleading local branding by global competitors, thereby preserving India's premium pricing power.

4.83 The Committee recommends that India is an agrarian economy and requires policies that adequately support agriculture and agro-based industries. The Committee recommends that financial institutions and banks further expand support for export-oriented agriculture by strengthening credit flow, rural warehousing, integrated pack houses, food processing infrastructure, Farmer Producer Organisations and agri-logistics. Further, the Committee is of the view that greater collaboration between ICAR, agricultural universities, APEDA and industry should be encouraged to develop export-oriented crop varieties, improve productivity and strengthen India's competitiveness in global agricultural markets. The Committee also recommends that Ministry of Agriculture should finance and set up automated Irradiation and Vapour Heat Treatment (VHT) facilities near major export cargo hubs to ensure strict US phytosanitary import mandates for fresh fruits and vegetables.

4.84 Stakeholder from the agriculture sector apprised the Committee that climate change is becoming one of the greatest challenges facing farmers in India. Drought, rising temperatures, emerging diseases, insect pests, and other environmental stresses are reducing crop productivity across almost every agricultural region of the country. As a result, farmers urgently need improved crop varieties that are more resilient, productive, and better adapted to changing climatic conditions for daily food requirements and the food processing industry. One of the world's most advanced solutions to this challenge is Speed Breeding, also known as Rapid Generation Advancement (RGA). This cutting-edge technology enables the development of new crop varieties in up to 80% less time than conventional breeding methods. It significantly accelerates the breeding of climate-resilient, high-yielding, disease-resistant, and stress-tolerant varieties of wheat, rice, maize, mustard, tomato, beans, and many other cereals, oilseeds, pulses, vegetables, and horticultural crops**.**

4.85 Further, the Committee was apprised by the stakeholders that Conventional crop breeding generally requires a minimum of 10 years to develop a new variety, followed by an additional 5 to 7 years before quality seed reaches farmers for commercial cultivation. The latest globally validated technology, namely Speed Breeding or Rapid Generation Advancement (RGA), enables the rapid development of new crop varieties with climate resilience, including tolerance to drought, floods, diseases, and other environmental stresses.

4.86 The Committee is of the view that the establishment of Speed Breeding and Rapid Generation Advancement (RGA) facilities, integrated with advanced environmental control systems and emerging Artificial Intelligence (AI)-enabled technologies, is the need of the hour to accelerate crop breeding and improve precision farming. The Committee, therefore, recommends that the Department establish and strengthen such state-of-the-art facilities across major agricultural research institutions to expedite the development of high-yielding, climate-resilient and pest-resistant crop varieties.

4.87 The Committee believes that developing such infrastructure would significantly reduce the breeding cycle, enable researchers to develop superior crop varieties in a shorter time frame and facilitate the timely availability of improved seeds to farmers. The Committee therefore, recommends that comprehensive plan for the phased establishment of Speed Breeding and Rapid Generation Advancement (RGA) facilities on a zonal basis across the country, taking into account the diverse agro-climatic conditions of different regions may be explored.

4.88 The Committee further, recommends promoting Geographical Indication (GI) products, district-specific agricultural products and One District One Product (ODOP) initiatives through targeted branding, international promotion and dedicated export facilitation.

The Committee is of the view that greater support should also be extended for branding Indian spices, basmati rice, honey, processed foods, organic products and horticultural produce in premium overseas markets.

4.89 The Committee also recommends that the Government may establishing a permanent Agricultural Trade Facilitation Cell under the Department of Commerce in coordination with APEDA, ICAR, NABARD and State Governments to monitor tariff barriers, SPS issues, residue standards, logistics bottlenecks and emerging market opportunities.

Leather Sector

4.90 The Committee was apprised that Leather and footwear sector is one of India's most important labour-intensive industries, contributing significantly to manufacturing output, merchandise exports and employment generation. The sector provides direct and indirect employment to nearly 4.5 million persons, with a substantial proportion comprising women workers and persons from economically weaker sections. The leather industry has developed strong manufacturing capabilities across the entire value chain, including finished leather, footwear, leather garments, leather goods, saddlery and harness, making India one of the world's leading leather-producing countries. Annual turnover of leather industry is around USD 19 billion, including exports of approximately USD 5.6 billion, and supports a large ecosystem of MSMEs located in Tamil Nadu, Uttar Pradesh, West Bengal, Telangana, Punjab, Haryana, Delhi-NCR and Maharashtra. United States is the single largest export destination for India's leather and footwear industry.

4.91 India's exports of leather, leather products and footwear to the United States increased from about USD 763 million in 2020 to nearly USD 1.26 billion in 2024, reflecting the growing acceptance of Indian products in the U.S. market. Further, India's share in the total U.S. imports of leather and footwear remains only 2.9 percent, indicating substantial untapped export potential. The United States imported leather and footwear products worth over USD 43 billion during 2024, thereby offering significant opportunities for expansion of India's exports.

4.92 Export Performance in the past five years

The Council for Leather Exports apprised the Committee that USA is the largest market for Indian footwear and leather industry, with exports growing exponentially from USD 0.76 billion in 2020 to USD 1.26 billion in 2024, as shown below.

USA'S IMPORT OF LEATHER, LEATHER PRODUCTS & FOOTWEAR AND INDIA SHARE [2020-21 - 2024-25] - Mn USD					
DETAILS	**2020**	**2021**	**2022**	**2023**	**2024**
Leather					
USA Import	447.26	575.26	554.25	457.12	448.22
India's Export	9.4	8.46	7.46	5.37	7
% Share of India	**2.10%**	**1.47%**	**1.35%**	**1.17%**	**1.56%**
Leather Footwear					
USA Import	8495.16	10824.68	15092.38	11587.8	11871.45
India's Export	279.96	536.36	586.19	376.64	415.6
% Share of India	**3.30%**	**4.95%**	**3.88%**	**3.25%**	**3.50%**
Footwear Components					
USA Import	237.16	343.94	421.26	308.74	321.99
India's Export	0.69	3.8	3.22	0.58	0.37
% Share of India	**0.29%**	**1.10%**	**0.76%**	**0.19%**	**0.11%**
Leather Garments					
USA Import	223.1	276.02	387.27	336.92	346.39
India's Export	41.87	62.25	74.09	63.63	71.29
% Share of India	**18.77%**	**22.55%**	**19.13%**	**18.89%**	**20.58%**
Leather Goods					
USA Import	3537.22	5051.53	5958.97	4876.78	4772.66
India's Export	258.79	453.63	415.61	388.66	454.2
% Share of India	**7.32%**	**8.98%**	**6.97%**	**7.97%**	**9.52%**
Saddlery & Harness					
USA Import	525.69	766.63	815.94	578.17	590.57
India's Export	41.45	64.97	59.63	47.61	51.55
% Share of India	**7.88%**	**8.47%**	**7.31%**	**8.23%**	**8.73%**
Non Leather Footwear					
USA Import	12771.6	17239.29	22452.94	14895.2	16194.47
India's Export	12.87	28.77	26.88	14.14	45.26
% Share of India	**0.10%**	**0.17%**	**0.12%**	**0.09%**	**0.28%**

USA'S IMPORT OF LEATHER, LEATHER PRODUCTS & FOOTWEAR AND INDIA SHARE [2020-21 - 2024-25] - Mn USD					
Non Leather Goods					
USA Import	5885.77	7830.05	10280.62	8128.6	8578.57
India's Export	108.15	193.17	204.96	180.99	204.23
% Share of India	**1.84%**	**2.47%**	**1.99%**	**2.23%**	**2.38%**
Fur & Fur Products					
USA Import	147.7	183.55	213.87	159.24	146.47
India's Export	9.52	19.26	12.8	9.86	5.98
% Share of India	**6.45%**	**10.49%**	**5.98%**	**6.19%**	**4.08%**
Total					
USA Import	32270.63	43090.95	56177.50	41328.56	43270.79
India's Export	762.70	1370.67	1390.84	1087.48	1255.48
% Share of India	**2.36%**	**3.18%**	**2.48%**	**2.63%**	**2.90%**

Source : Council For Leather Exports

4.93 The Committee was informed by stakeholders that withdrawal of Generalized System of Preferences (GSP) benefits by the United States in 2019 had reduced the competitiveness of Indian leather products. Thereafter, the imposition of additional reciprocal tariffs has further increased the effective tariff burden on Indian exports. Consequently, Indian exporters now face substantially higher duties than major competing countries such as Vietnam, Indonesia, Cambodia, Thailand and the European Union. This tariff disadvantage has significantly affected India's price competitiveness in one of its most important export markets.

4.94 Overall Exports from Indian footwear and leather sector - Value in Million US$

PRODUCT	APRIL-OCT	APRIL-OCT	% VARIATION	% Share	% Share
	2024-25	2025-26		2024-25	2025-26
FINISHED LEATHER	269.29	231.18	-14.15%	8.19%	6.99%
LEATHER FOOTWEAR	1188.93	1182.79	-0.52%	36.15%	35.77%
FOOTWEAR COMPONENTS	145.3	165.82	14.12%	4.42%	5.01%
LEATHER GARMENTS	218.91	250.91	14.62%	6.66%	7.59%
LEATHER GOODS	785.82	765.91	-2.53%	23.90%	23.16%
SADDLERY AND HARNESS	123.45	136.34	10.44%	3.75%	4.12%

NON-LEATHER FOOTWEAR	136.08	146.35	7.55%	4.14%	4.43%
NON- LEATHER GOODS	416.36	424.41	1.93%	12.66%	12.83%
FUR & FUR PRODUCTS	4.41	3.15	-28.57%	0.13%	0.10%
TOTAL	3288.55	3306.86	0.56%	100.00%	100.00%

Source : Council For Leather Exports

4.95 The Committee was informed by the stakeholders that reciprocal tariff has led to an adverse impact on exports. Exports from Indian footwear and leather sector showed 4.88% growth during April – August 2025 (i.e. increased from USD 2348.35 million in April – August 2024 to USD 2462.89 million in April – August 2025), but this growth slowed down to 0.56% , during April – October 2025.

4.96 The Committee was also apprised by stakeholders of the industry that additional tariff measures by USA have resulted in cancellation and postponement of export orders, increased uncertainty in business planning and diversion of sourcing by international buyers towards competing countries. Several global brands sourcing from India have reportedly begun exploring alternative manufacturing destinations owing to the widening tariff differential. There are nearly 99 percent of enterprises in the leather and footwear sector which are Micro, Small and Medium Enterprises (MSMEs). These enterprises possess limited financial capacity to absorb additional tariff costs or prolonged disruptions in export demand. During interactions with stakeholders, the Committee was informed that many MSMEs are facing liquidity constraints, cancellation of confirmed orders, accumulation of inventories and rising working capital requirements. Therefore, continued trade uncertainty may disproportionately affect MSMEs, which form the backbone of the leather export ecosystem.

4.97 Stakeholders from the leather industry informed the Committee that if the present situation continues, more than 530 exporters engaged in exports to the United States may be affected, with potential adverse implications for nearly 4.23 lakh workers dependent upon export-oriented manufacturing. Further the Committee was apprised by the stakeholders that prolonged disruption may adversely affect employment generation and rural industrialization.

4.98 The Committee was apprised by stakeholders that despite the present challenges, the Indian leather industry possesses significant long-term strengths. These includes one of the world's largest tanning capacities, increasing adoption of environmentally sustainable manufacturing practices, Common Effluent Treatment Plants (CETPs), Zero Liquid Discharge systems in several clusters and growing capabilities in design, product development and value addition. Further, during interaction with stakeholders, considerable emphasis was placed on the need to enhance value addition in the leather sector. Although India possesses a strong raw material base and well-established manufacturing capabilities, a significant proportion of exports continues to comprise mid-value products.

4.99 The Committee is of the view that greater emphasis should be placed on production of premium footwear, branded leather goods, fashion accessories, sports footwear, safety footwear and high-end leather products to improve Indian export to International markets. The Committee also feels that India's capabilities in design, product development and craftsmanship provide a strong foundation for moving towards higher-value exports.

4.100 Further, the Committee notes the initiatives undertaken by the Leather Sector Skill Council (LSSC) for skilling and upskilling workers in advanced manufacturing processes. The Committee is of the view that greater adoption of automation, CAD/CAM systems, robotics, Artificial Intelligence, digital product development, 3D printing and smart manufacturing technologies will be necessary to improve productivity, product quality and manufacturing efficiency.

4.101 The Committee observes the fact that in the leather industry environmental sustainability has become an important determinant of market access in developed countries such as Europe. The Committee notes that buyers increasingly require compliance with internationally accepted standards relating to environmental protection, carbon footprint, traceability, wastewater treatment and responsible sourcing. The Committee acknowledge the efforts made by the industry in establishing Common Effluent Treatment Plants (CETPs), adopting Zero Liquid Discharge systems and promoting environmentally sustainable leather processing. The Committee urges that continued investment in green manufacturing technologies internationally recognized sustainability certification will be necessary to maintain India's competitiveness in premium

markets. The Committee recommends that the Department should make efforts to tap the green manufacturing resources and sensitise the stakeholders.

4.102 The initiatives undertaken by the Departments for promoting the leather and footwear sector, including the Focus on Leather and Footwear (FLOAT) Programme, export promotion mission and financial support for technology upgradation, infrastructure development and skilling. The Committee was apprised that timely implementation of these initiatives can significantly enhance manufacturing capacity, generate employment and strengthen India's position as a global manufacturing hub for leather and footwear products.

4.103 The Committee was also informed by stakeholder that India's export growth in EU market depends on the firming-up of Free trade agreement (FTA) with 0% duty. Countries like Russia, Australia, Canada, Japan & UAE provide some potential for enhancing exports. However, in the immediate future, none of these markets can replace the huge US market, as the US is the largest importing country of leather, leather products and footwear. In the footwear sector alone, USA has a per capita consumption of 7-8 pairs per annum, as compared to 5 pairs in Japan and 3 pairs in Russia. Also, these alternate markets have their own major suppliers like China, ASEAN and EU and some of them have FTAs also with our competing countries, which gives duty advantage to our competitors, as detailed below:-

a. EU - FTA with Vietnam and additional GSP benefits for Bangladesh (Anything but Arms), Pakistan (GSP +) Indonesia. For India, GSP continues only for leather and footwear
b. Japan - FTA with ASEAN – geographical proximity
c. Australia – FTA with China, ASEAN with 0% duty

4.104 **The Committee notes that the leather and footwear sector has substantial potential to contribute to the objectives** of **'Make in India'**, **'Atmanirbhar Bharat' and employment-led manufacturing growth. The Committee believes that with appropriate policy support, improved market access, technology adoption, investment promotion and enhance value addition, India can significantly increase its share in the global leather and footwear market and emerge as one of the world's leading sourcing destinations. The Committee therefore, recommends that efforts be made to secure**

preferential or duty-free market access for leather, leather products and footwear so as to restore India's competitiveness in the U.S. market. The Committee further recommends that targeted relief to exporters may be provided through export credit, interest equalisation, working capital support, export credit guarantees and other trade facilitation measures, particularly for MSMEs. The Committee is of the view that banks and financial institutions should ensure timely availability of affordable finance to viable exporters affected by temporary trade disruptions.

4.105 The Committee recommends investment in research and development, automation, Industry 4.0 technologies, robotics, CAD/CAM systems, digital product development and advanced manufacturing processes. Further the Committee is of the view that simultaneously, the Leather institutions should strengthen industry-oriented skill development programmes to prepare a highly skilled workforce. The Committee further recommends that the leather institutions must introduce specialized technical modules on sustainable synthetic polymers and eco-friendly non-leather product fabrication, realigning the skill ecosystem with the massive US demand for athletic and casual non-leather footwear.

4.106 The Committee further recommends that Indian Missions abroad, in coordination with the Leather Councils, Exports and industry associations, actively facilitate buyer-seller meets, trade fairs, business delegations and investment promotion activities. The Committee further recommends that exporters should be assisted in expanding their presence in Europe, the United Kingdom, Japan, Australia, the Gulf region, Latin America and Africa so as to diversify export destinations.

4.107 The Committee further recommends strengthening support for MSMEs by facilitating easier access to testing facilities, quality certification, digital commerce platforms and international compliance standards. The Committee is of the view that cluster-based infrastructure, common facility centres and logistics support should also be expanded to improve the competitiveness of smaller exporters.

4.108 The Committee further recommends establishing a dedicated mechanism, in consultation with the concern Council and

other stakeholders, to continuously monitor international tariff measures, non-tariff barriers, changing consumer preferences to enable timely policy interventions and strengthen India's long-term competitiveness in the global leather and footwear industry.

Chemical & Petrochemicals Sector

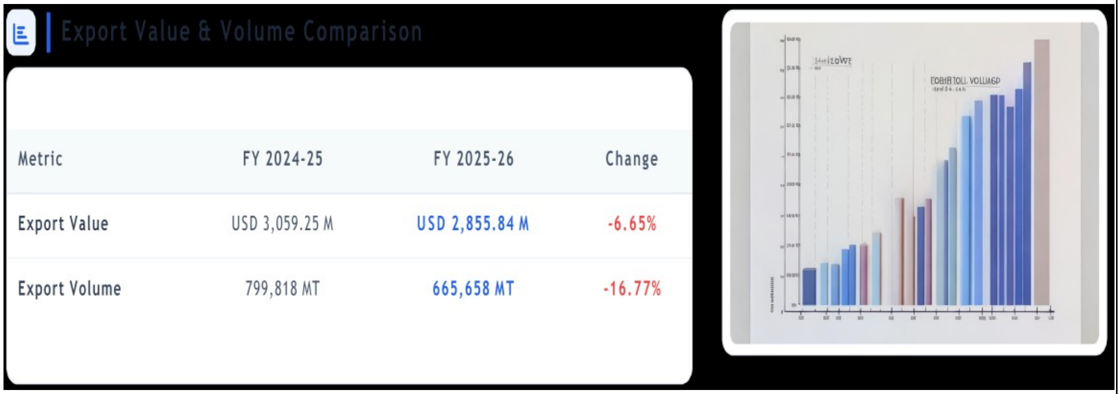
4.109 Chemical and Petrochemical sector is one of India's largest manufacturing industries and an important contributor to industrial production, merchandise exports and employment generation. The sector encompasses a wide range of products including organic chemicals, inorganic chemicals, agrochemicals, petrochemicals, polymers, dyes and dye intermediates, pigments, specialty chemicals, essential oils, cosmetics, soaps, toiletries, lubricants and castor oil derivatives. The Chemical & Petrochemicals sector accounts for annual exports of approximately USD 28–30 billion and provides direct employment to over 2 million persons, besides supporting a large ecosystem of MSMEs engaged in downstream manufacturing and exports.

4.110 India is 3rd largest producer of agrochemicals after United States and China & 13th largest exporter in the world, 2nd in Asia United States remains India's largest export destination for chemical products. India is No. 1 in production in global markets of Essential oils and India is the largest producer and exporter in the world supplying over 85% of total global needs. India’s global exports of chemicals and allied products stood at USD 39.99 billion in 2025. In 2025, the USA imported chemical products worth USD 193.42 billion from the world, of which imports from India were valued at USD 6.36 billion. India accounted for a 3.28% share in total US imports of these products. Further, the committee was also apprised by stakeholders that India’s exports under various Chapters of Chemicals and Petrochemicals has collectively contributed Rs. 53,760 Crores in exports to the USA in FY 2025-26, whereas India’s imports from USA has been Rs. 46,180 Crores in the same year. Hence, the bilateral trade of Chemicals and Petrochemicals between India and USA is Rs. 99,940 Crores with a trade surplus of Rs. 7,580 Crores.

4.111 USA imports from India in last 5 years are as follows

Year	2021	2022	2023	2024	2025
USA Imports from India	5.61	7.10	5.82	5.71	6.36

4.112 Overall Export Performance: FY 2024-25 vs FY 2025-26.

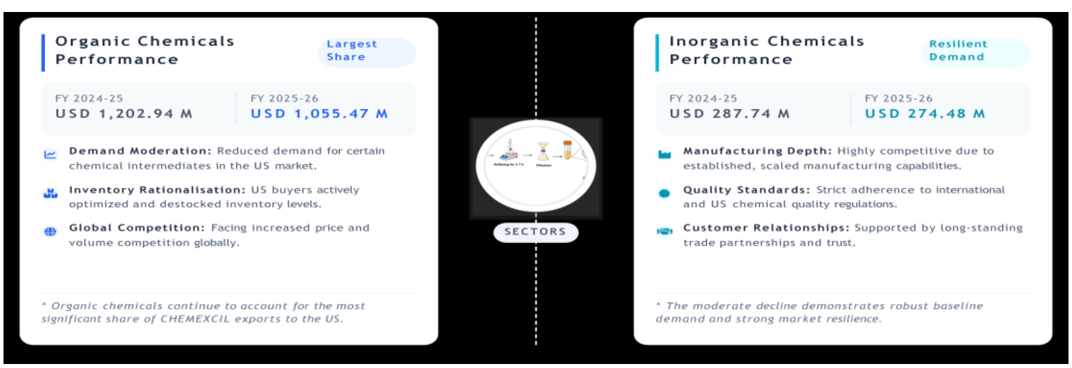


Metric	FY 2024-25	FY 2025-26	Change
Export Value	USD 3,059.25 M	USD 2,855.84 M	-6.65%
Export Volume	799,818 MT	665,658 MT	-16.77%

Source: Chemixil

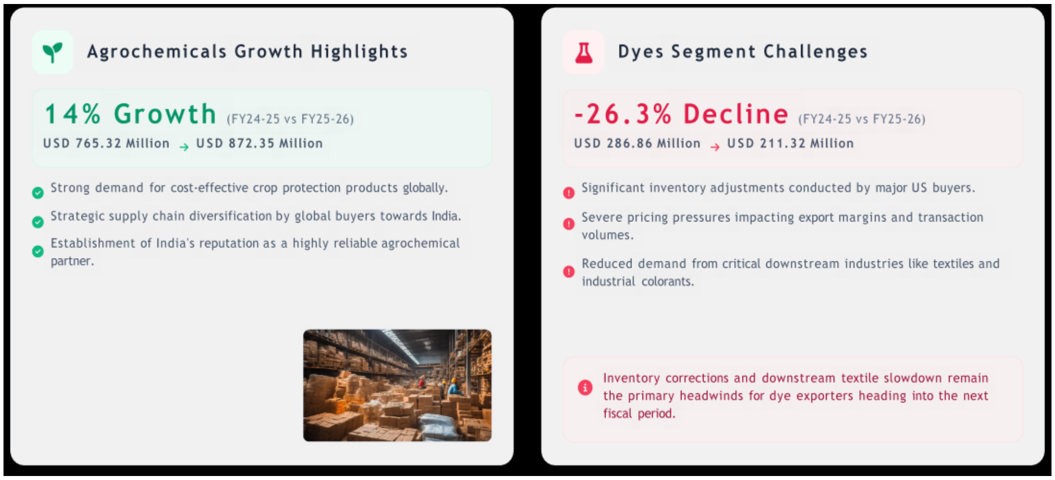
4.113 The Committee notes during 2025, India's exports of chemicals and allied products to the United States were valued at approximately USD 6.36 billion**,** accounting for about 13.59 percent of India's global chemical exports. The Committee also notes that India's chemical exports to the United States have increased steadily over the last five years, reflecting the growing acceptance of Indian chemical products in global markets.

4.114 Commodity-wise Export Performance: Organic & Inorganic Chemicals



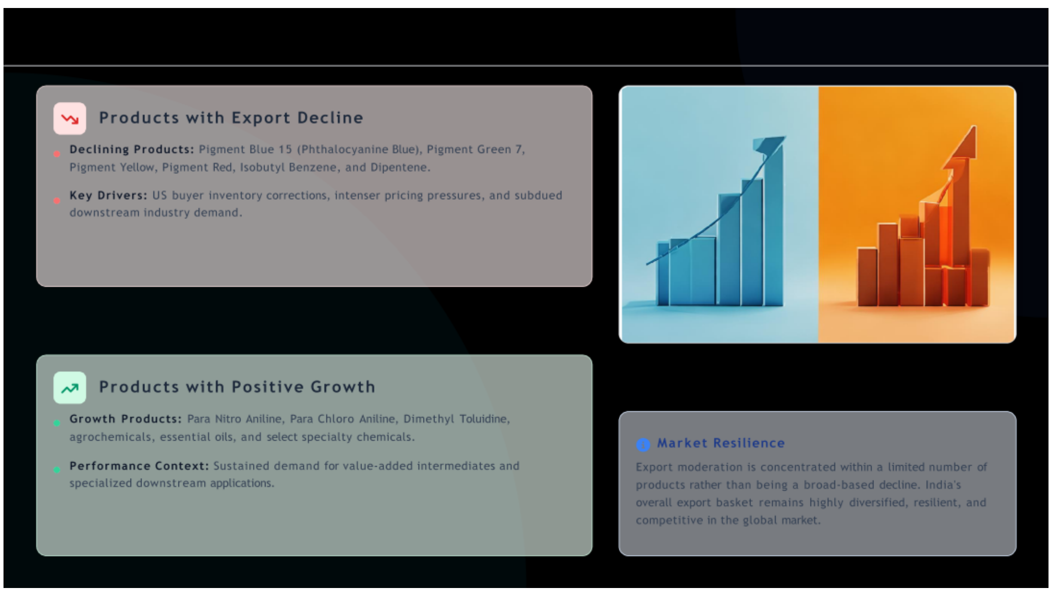
Source: Chemixil

4.115 Commodity-wise Export Performance: Agrochemicals & Dyes/Dye Intermediates



Source: Chemixil

4.116 Top Export Products Performance



Source: Chemixil

4.117 The Committee notes that India's exports to the United States are concentrated in a few major product categories. Organic chemicals account for nearly 50 percent of total exports, followed by miscellaneous chemicals, essential oils, agrochemicals, dyes, colouring matter and inorganic chemicals. While such concentration reflects India's manufacturing strengths.

4.118 The Committee is of the view that greater diversification into specialty chemicals, performance chemicals and other high-value products would improve export resilience and reduce dependence on a limited range of products.

4.119 Stakeholders informed the Committee that India has established a strong global position in several segments of the chemical industry. India is the third-largest producer of agrochemicals after the United States and China, the largest producer and exporter of essential oils, supplying over 85 percent of global demand, and has developed internationally competitive capabilities in organic chemicals, specialty chemicals and chemical intermediates. These strengths provide significant opportunities for expanding India's presence in global value chains.

4.120 The Committee was apprised by stakeholders from Industry that the chemical sector has demonstrated resilience. The imposition of additional tariff measures by the United States has adversely affected exports of certain product categories. Exports of petrochemicals and polymers to the United States declined by around 31 percent, while exports of agrochemicals and pesticides registered a decline of around 6 percent during the period of tariff escalation.

4.121 The Committee was informed that prolonged tariff uncertainty may adversely affect investment decisions, export growth and long-term competitiveness. The Committee was, further, apprised that decline in exports was not uniform across all product categories. Products such as Pigment Blue 15, Pigment Green 7, Pigment Yellow, Pigment Red, Isobutyl Benzene and Dipentene experienced a decline owing to inventory rationalisation by U.S. buyers, subdued downstream demand and pricing pressures. However, exports of agrochemicals, essential oils, Para Nitro Aniline, Para Chloro Aniline, Dimethyl Toluidine and selected specialty chemicals recorded encouraging growth, demonstrating the resilience and diversification of India's chemical industry.

4.122 The Stakeholders apprised that chemical industry is increasingly becoming a technology and innovation-driven sector, with growing demand for specialty chemicals, green chemicals, performance chemicals and high-value intermediates. Further, logistics and supply chain efficiency have become critical determinants of export competitiveness. Timely delivery of chemical products, particularly hazardous and specialty chemicals, requires dedicated warehousing, specialised transport infrastructure and efficient port handling facilities.

4.123 **The Committee feels that India's long-term competitiveness in the chemical sector will depend on continuous investment in research and development, innovation, advanced manufacturing and development of high-value specialty chemicals. The Committee therefore, recommends that the Government accord the highest priority to resolving tariff-related issues affecting chemical and petrochemical products under the proposed India–United States Bilateral Trade Agreement. The Committee further recommends that efforts be made to secure stable and predictable market access for Indian chemical exports while addressing tariff and non-tariff barriers through continuous bilateral engagement.**

4.124 **The Committee recommends to leverage its ₹7,580 Crore trade surplus in chemicals with the US as a strategic tool to negotiate reduced tariffs on Indian petrochemicals and agrochemicals, which have faced significant export declines. The Committee further recommends a formalized, high-level institutional mechanism under the Trade Policy Forum (TPF) to secure predictable market access and prevent future sudden tariff escalations.**

4.125 **The Committee further recommends that the Government formulate a comprehensive strategy for promoting specialty chemicals, performance chemicals, green chemicals and high-value intermediates, with particular emphasis on research and development, innovation and technology upgradation. The Committee is of the view that financial incentives may also be considered for promoting production of high-value chemical products with greater export potential.**

4.126 **The Committee recommends building dedicated chemical logistics infrastructure, including chemical parks, specialised storage terminals. The Committee further recommends expeditious implementation of overseas warehousing and fulfilment centres proposed under the Export Promotion Mission to facilitate timely deliveries and improve customer service in key export markets.**

4.127 The Committee recommends creating a strict protection framework for India's essential oils sector, which commands 85% of the global market. The Committee is of the view that Government should set up a National Essential Oils Excellence Centre to implement quality checks and GI tagging to stop fake products in the global market. The Committee further recommends targeted brand-building campaigns should be funded through the Market Access Initiative (MAI) scheme to shift Indian essential oil exports from raw bulk shipments to high-margin, retail-ready formulations for the global cosmetics, therapeutics and flavoring industries.

4.128 The Committee is of the view that greater support be extended to MSME exporters through easier access to export credit, interest equalisation, working capital support, export credit guarantees, quality certification assistance and overseas product registration support. The Committee notes that special consideration should also be given to first-time exporters and enterprises located in Districts as Export Hubs to broaden India's export base.

4.129 The Committee recommends creating a financial scheme to help smaller MSME factories to cover the high costs of international safety and product registrations. The Committee further recommends that the overseas warehouses planned under the Export Promotion Mission must include specialized, temperature-controlled storage units safe for hazardous chemicals, allowing small Indian exporters to deliver goods faster to global buyers.

4.130 The Committee further recommends promoting environmentally sustainable manufacturing by encouraging adoption of green chemistry, resource-efficient production processes, waste recycling, circular economy practices, renewable energy and internationally recognised environmental certifications. The Committee believes that greater focus should be placed on attracting foreign investment, strengthening domestic manufacturing capabilities and integrating Indian enterprises into global chemical supply chains. Further, the Committee is of the view that greater emphasis should be placed on branding, quality assurance, digital trade facilitation and international standards compliance to enhance reputation as a trusted global supplier of chemical products.

5. Merchandise & Service Trade

5.1 The Committee has been apprised by the stakeholders that United States has consistently remained India's largest trading partner and export destination, reflecting the depth and maturity of the bilateral economic relationship. Merchandise trade between the two countries is characterised by a high degree of complementarity, with India exporting a diversified basket of manufactured goods, pharmaceuticals, engineering products, chemicals, gems and jewellery, agricultural products, textiles and marine products, while importing advanced machinery, energy products, electronic components, industrial raw materials and technology-intensive goods. The diversified trade basket has enhanced the resilience of bilateral trade and reduced dependence on a limited number of commodities.

5.2 Major Indian Exports to the United States

Sector/Commodity	Importance
Electrical Machinery & Equipment	Largest export category to the U.S., including electronic equipment and components.
Engineering Goods & Machinery	Industrial machinery, auto components, transport equipment and engineering products form a major share of exports.
Gems & Jewellery	Cut and polished diamonds, laboratory-grown diamonds, gold jewellery, silver jewellery and precious stones. The U.S. is the largest market for India's gems and jewellery exports.
Pharmaceuticals	Generic medicines, pharmaceutical formulations and healthcare products are among India's leading exports to the U.S.
Organic Chemicals	Insecticides, heterocyclic compounds, amine compounds, colouring matter and specialty chemicals.
Textiles & Apparel	Garments, home textiles, made-ups and fabrics.
Marine Products	Primarily shrimp exports, which constitute the largest agricultural export item to the U.S.
Agricultural Products	Spices, basmati rice, honey, cereal preparations, processed fruits and juices, guar gum, coffee and herbal products.
Leather & Footwear	Finished leather products, footwear and accessories.
Handicrafts, Carpets & Home Décor	Traditional handicrafts, carpets, furniture and artisanal products.

5.3 Major Indian Imports from the United States

Commodity	Importance
Electronic Components	One of India's major imports from the U.S. for manufacturing and technology sectors.
Telecom Equipment & Computer	Telecommunications equipment, computer hardware and peripherals.

Hardware	
Industrial Machinery	Capital goods and specialised machinery for manufacturing industries.
Organic Chemicals	Inputs for pharmaceuticals, chemicals and manufacturing sectors.
Plastic Raw Materials	Key industrial inputs for plastics and downstream industries.
Iron & Steel Products	Industrial raw materials and intermediate products.
Fresh Fruits & Nuts	Almonds, pistachios, walnuts, apples and other horticultural products.
Cotton & Cotton Waste	Important raw material for India's textile industry.
Vegetable Oils	Particularly crude soybean oil and related products.
Energy Products	Crude oil, LNG and other energy products constitute a growing component of imports from the U.S. (as reflected in the India–U.S. Energy Security Partnership).

Key Services Traded Between India and the United States

5.4Major Indian Services Exports to the United States

Service Category	Key Components
Information Technology (IT) Services	Software development, application maintenance, cloud services, cybersecurity, AI solutions, data analytics and IT consulting
Business Process Management (BPM/BPO)	Customer support, back-office operations, accounting, payroll processing and knowledge process outsourcing
Professional & Consulting Services	Legal, engineering, architectural, management consulting and technical services
Financial Services	Fintech services, financial analytics, risk management, auditing and accounting services
Research & Development (R&D) Services	Pharmaceutical research, engineering design, product development and innovation services
Telecommunications & Digital Services	Telecom support, digital platforms, e-commerce support and data processing services
Healthcare Services	Telemedicine, medical transcription, clinical research and healthcare IT services
Educational Services	Online education, training, certification and academic collaboration services

5.5Major Services Imported by India from the United States

Service Category	Key Components
Technology & Software Services	Enterprise software, cloud computing, digital platforms and technology licensing
Financial Services	Banking, investment advisory, insurance and capital market services
Intellectual	Royalties, licensing fees, patents, trademarks and technology

Property (IP) Services	transfer
Professional Services	Legal, management consulting, accounting and technical advisory services
Research & Innovation Services	Advanced R&D, scientific collaboration and innovation support
Transport & Logistics Services	Air transport, shipping, logistics and supply chain management services
Audio-Visual & Entertainment Services	Film, media, streaming and digital content services
Education Services	Higher education, professional training and academic programmes

5.6 It has been informed to the Committee that India's export basket to the United States has undergone significant transformation over the years. While traditional sectors such as textiles, gems and jewellery, leather products and agricultural commodities continue to remain important contributors, emerging sectors including electronics, engineering goods, specialty chemicals, pharmaceuticals and digital products have witnessed substantial growth. This diversification reflects the increasing sophistication of India's manufacturing capabilities and its growing integration into global value chains. Engineering goods and electrical machinery have emerged among the largest contributors to India's exports to the United States.

5.7 It has been apprised to the Committee that these sectors have benefited from increasing global demand, supply chain diversification and India's expanding manufacturing ecosystem. Continued policy support under initiatives such as Make in India, the Production Linked Incentive (PLI) Schemes and improvements in logistics infrastructure can further strengthen India's position as a preferred manufacturing destination. Pharmaceuticals continue to constitute one of the most strategically important components of bilateral trade. Indian pharmaceutical companies have established themselves as reliable suppliers of affordable generic medicines, formulations and healthcare products to the United States. The sector has significantly strengthened healthcare cooperation between the two countries while contributing to India's export earnings and global reputation as the 'Pharmacy of the World'.

5.8 The stakeholders further informed the Committee that chemicals and petrochemicals have emerged as another important pillar of bilateral merchandise trade. India has developed strong capabilities in organic chemicals, agrochemicals, specialty chemicals and essential oils, enabling it to become an important supplier to the U.S. market. However, stakeholders informed the Committee that tariff uncertainties, regulatory compliance requirements and increasing competition from other exporting countries continue to pose challenges to sustained export growth. The Committee was, further, apprised that emphasis may be placed on promoting value-added chemical products and strengthening long-term supply chain partnerships.

5.9 It has been highlighted to the Committee thatLabour-intensive sectors such as textiles, apparel, leather and footwear, gems and jewellery, handicrafts, carpets and marine products continue to play an important role in India's exports to the United States. These sectors not only generate substantial foreign exchange earnings but also provide employment to millions of workers, particularly women and MSMEs. Further, improving market access for these sectors through the proposed Bilateral Trade Agreement would have a significant multiplier effect on employment generation and inclusive economic growth. India's imports from the United States are largely technology-intensive and industrial in nature, comprising electronic components, telecommunications equipment, specialised industrial machinery, organic chemicals, plastic raw materials, energy products, cotton and advanced manufacturing inputs. These imports complement India's domestic manufacturing ecosystem by providing essential raw materials, capital goods and technologies required for industrial expansion.

5.10 Further it has been informed that Services trade has emerged as one of the strongest pillars of the India–United States economic partnership and has become an important driver of bilateral economic growth. India's comparative advantage in information technology, business process management, engineering services, financial services, research and development, healthcare and digital services has enabled Indian enterprises to establish a significant presence in the United States market. Stakeholders are of the view that rapid digitalisation of businesses and growing demand for technology-enabled services are expected to create new opportunities for Indian service providers in emerging areas such as artificial intelligence, cloud computing, cybersecurity, data analytics and digital engineering.

5.11 India imports several high-value knowledge-intensive services from the United States, including enterprise software, technology licensing, intellectual property, financial services, management consultancy, advanced research and innovation services. Such collaboration has contributed to technology transfer, innovation, industrial modernisation and skill development in India. Deeper cooperation in research, innovation and emerging technologies would further strengthen the competitiveness of industries in both countries.

5.12 It has also been apprised to the Committee that uncertainty in export demand, volatility in currency exchange rates with 1 USD at approximately 95 INR [as of August 2026] and fluctuations in commodity prices collectively increase costs and cause difficulties for exporters. The Committee further notes that while international prices of crude oil and natural gas have been on a declining trend for the past few years, domestic prices of petrol, diesel, and cooking gas including CNG and LPG have continued to rise in India during the same period. This divergence is putting pressure on India's commerce and overall economy. The Committee also observes that the US tariff, which was increased substantially a few months ago and subsequently reduced to some extent, still stands at 18%. This is significantly higher than the earlier rate of 3%. This elevated tariff regime continues to impact India's exports and the economy.

5.13 The Committee recommends that we shall rethink and review our India-US trade relations considering these factors meticulously and there should also be a level playing field in these respects.

5.14 The Committee considers India-US partnership as an important opportunity for India to emerge as a trusted global manufacturing and supply chain hub. The Committee recommends that Initiatives such as Make in India, the Production Linked Incentive (PLI) Schemes, the National Logistics Policy, PM GatiShakti, and other measures aimed at improving India's manufacturing competitiveness should be prioritised. The committee is of the view that these initiatives will encourage more participation of global companies in India's manufacturing.

5.15 Despite the growth in bilateral trade, several challenges continue to constrain its full potential such as tariff and non-tariff barriers, complex regulatory requirements, product standards, logistics costs, customs procedures, market access constraints, compliance costs and limited participation of MSMEs in global value chains.

5.16 The Committee is of the considered view that addressing these structural challenges would significantly enhance India's export competitiveness and facilitate more balanced and sustainable

growth in bilateral trade. The Committee also notes that while India has achieved considerable diversification in its export basket, continued efforts are required to expand exports of high-value manufactured goods and technology-intensive products, while simultaneously strengthening services exports and reducing excessive dependence on a few markets and product categories.

5.17 **The Committee recommends that sustained policy support be extended to adversely impacted sectors that have demonstrated strong export potential in the United States, including engineering goods, electronics, pharmaceuticals, chemicals, gems and jewellery, textiles, marine products, agriculture and leather. Further, the Committee is of the view that a comprehensive strategy to strengthen India's position as a global hub for services exports by promoting digital trade, Global Capability Centres (GCCs), artificial intelligence, cloud computing, cybersecurity, fintech, engineering services and research and development. The Committee believes that strengthening India's knowledge economy will significantly contribute to long-term export growth.**

5.18 **The Committee is of the opinion that dedicated policy interventions be introduced to facilitate greater participation of** MSMEs **in bilateral trade through improved access to export finance, digital platforms, quality certification, international marketing support, skill development and integration into global supply chains. Further, the Committee considers that commercial diplomacy be strengthened through sector-specific trade missions, enhanced market intelligence and closer engagement with Indian Missions abroad to identify emerging opportunities, resolve market access issues and promote Indian products and services in the United States and other international market.**

5.19 **The Committee recommends that the Government may intensify accelerate efforts to position India as a preferred global manufacturing and supply chain hub by addressing structural challenges relating to logistics costs, infrastructure gaps, regulatory compliance, and access to affordable finance. Special emphasis may be placed on strengthening domestic manufacturing capacities in strategic sectors.**

6. Investment Relations

Foreign Direct Investment (FDI)

6.1 The Committee has been informed that Foreign Direct Investment (FDI) has emerged as a significant pillar of the India–United States economic partnership, strengthening bilateral trade, promoting technology transfer, enhancing productivity, and generating employment in both countries. The United States is among the leading sources of FDI into India, with investments spanning sectors such as information technology, telecommunications, financial services, manufacturing, e-commerce, renewable energy, pharmaceuticals, and research and development. U.S. investments have contributed significantly to India's industrial growth, innovation ecosystem, and integration into global value chains.

6.2 It has been apprised to the Committee that India has also emerged as an important investor in the United States. Indian companies have made substantial investments across sectors including information technology services, pharmaceuticals, automotive components, steel, hospitality, and manufacturing. These investments have supported job creation, innovation, and economic activity across several U.S. states. The growing presence of Indian enterprises in the United States reflects the increasing maturity of India's private sector and the deepening economic interdependence between the two countries. The United States remains one of the largest destinations for overseas direct investment (ODI) by Indian companies. The robust flow of investments in both directions underscores the confidence of businesses in the economic potential of both countries and complements the growing bilateral trade relationship.

6.3 Bilateral investment flows have played a crucial role in strengthening the India–U.S. strategic partnership by facilitating technology transfer, innovation, skill development, and employment generation. Increasing investment linkages have also contributed to the development of resilient supply chains and deeper integration of businesses across both economies.

6.4 **The Committee recommends that continued efforts should be made to attract higher levels of international investment in priority sectors such as advanced manufacturing, semiconductors,**

artificial intelligence, clean energy, critical minerals, defence production, biotechnology, and digital infrastructure. The Committee is of the view that efforts should be intensified to address regulatory bottlenecks, simplifying investment procedures, ensuring policy stability, and expediting the mutually beneficial Bilateral Trade Agreement (BTA) to enhance investor confidence and unlock the full potential of bilateral investment cooperation.

6.5 The Committee further recommends that bilateral investment should be encouraged to promote technology transfer, collaborative research and development, innovation and skill development through greater partnerships between Indian and U.S. enterprises, academic institutions and research organizations, thereby maximizing the long-term developmental benefits of investment flows.

7. Institutional Framework and Agreements

Trade Policies and Bilateral Mechanisms

7.1 The Committee has been highlighted by the stakeholders that India and the United States have established a comprehensive institutional framework to facilitate trade, investment, technology cooperation, and economic engagement. Over the years, both countries have developed multiple bilateral mechanisms to address market access issues, promote trade facilitation, strengthen supply chains, and enhance regulatory cooperation. The ongoing negotiations on the proposed Bilateral Trade Agreement (BTA) and the recently announced Interim Trade Agreement framework reflect the commitment of both countries to deepen economic integration and expand mutually beneficial trade. Regular engagement between government agencies, industry representatives, and business forums has contributed to the resolution of trade-related concerns and the identification of new areas of cooperation.

Role of the World Trade Organization (WTO)

7.2 The Committee has been apprised that both both India and the United States are founding members of the World Trade Organization (WTO) and remain important stakeholders in the multilateral trading system.

The WTO provides a rules-based framework for international trade, dispute settlement, trade negotiations, and transparency in trade measures. India and the United States have engaged through WTO mechanisms on issues relating to tariffs, subsidies, intellectual property rights, agriculture, services trade and dispute resolution. While differences have occasionally arisen on specific trade issues both countries continue to recognise the importance of a predictable, transparent, and rules-based global trading system.

7.3 The Committee recommends that the Department should actively engage in WTO negotiations to safeguard its developmental interests in agriculture, fisheries, food security, and services sector. The Committee further recommends that India should continue to work closely with like-minded WTO members to strengthen a transparent and predictable multilateral trading system while advocating reforms that adequately reflect the interests and concerns of developing countries.

India–U.S. Trade Policy Forum (TPF)

7.4 India–U.S. Trade Policy Forum (TPF), established in 2005, serves as the principal platform for addressing bilateral trade and investment issues. The Forum is co-chaired by India's Minister of Commerce and Industry and the United States Trade Representative (USTR). It provides a structured mechanism for discussing market access concerns, tariff and non-tariff barriers, intellectual property rights, investment and services issues. The TPF has played an important role in facilitating dialogue, resolving trade irritants, and identifying opportunities for expanding bilateral trade and investment cooperation.

7.5 The Committee recommends that the Trade Policy Forum be utilised more proactively to address long-pending market access barriers affecting Indian exports and representation from industry associations, MSMEs, export promotion councils, and sectoral experts be incorporated into the consultation process to ensure that trade negotiations adequately resolve stakeholder concerns. The Committee further recommends that the Trade Policy Forum should adopt a time-bound mechanism for reviewing and monitoring the resolution of trade-related issues,

with periodic assessment of progress made under various sectoral working groups.

8. Key Challenges in Trade Relations

Tariff and Non-Tariff Barriers

8.1 Stakeholders informed the Committee that despite the steady growth in bilateral trade and economic cooperation, tariff and non-tariff barriers continue to pose significant challenges to India–U.S. trade relations. Recent tariff measures imposed by the United States on several Indian products have raised concerns regarding market access and export competitiveness, particularly for labour-intensive. Higher tariff rates increase the cost of Indian products in the U.S. market, thereby affecting export volumes, profitability, and employment generation in export-oriented industries.

8.2 In addition to tariffs, Indian exporters frequently face various non-tariff barriers in the form of stringent quality standards, sanitary and phytosanitary (SPS) measures, technical regulations, certification requirements, labelling norms, traceability obligations, and customs compliance procedures. These requirements often increase compliance costs and create challenges for small and medium enterprises seeking access to the U.S. market.

8.3 The Committee notes that while both countries have established institutional mechanisms such as the India–U.S. Trade Policy Forum and Commercial Dialogue to address trade-related issues, several market access concerns remain unresolved. The Committee is of the view that the persistence of tariff and non-tariff barriers has the potential to constrain the full potential of bilateral trade and investment relations, particularly at a time when both countries have set an ambitious target of achieving bilateral trade of USD 500 billion by 2030 under the "Mission 500" initiative.

8.4 The Committee recommends that the Government continue to proactively engage with the United States to address trade disputes through dialogue, consultation, and mutually acceptable solutions. The Committee is of the view that efforts may be made to strengthen institutional mechanisms for dispute resolution and to ensure that sector-specific concerns are raised in a timely manner. The

Committee further recommends that particular emphasis be made on addressing non-tariff barriers, including quality standards, SPS measures, certification requirements, labelling norms and customs compliance procedures, through enhanced regulatory cooperation and mutual recognition of standards and conformity assessment procedures, wherever feasible, so as to reduce compliance costs for Indian exporters, particularly MSMEs.

9. Emerging Areas of Cooperation in India–U.S. Trade Relations

9.1 The Committee has been apprised that digital economy has emerged as one of the most dynamic areas of cooperation between India and the United States. Both countries are major players in the global digital ecosystem and have increasingly collaborated in areas such as information technology services, digital payments, artificial intelligence (AI), cloud computing, cybersecurity, data analytics, and digital public infrastructure. India's strong digital capabilities, coupled with the technological leadership of the United States, provide significant opportunities for expanding bilateral trade and investment in the digital domain. The growing presence of Indian technology companies in the United States and the investments of U.S. technology firms in India have further strengthened economic coorporation between the two countries.

9.2 Stakeholders informed the Committee that Initiative for Critical and Emerging Technology (iCET) was launched by the National Security Advisors in Washington, DC on 31 January 2023 to facilitate strategic technology collaborations in critical and emerging technologies, co-development, and co-production, connect the respective innovation ecosystems especially in AI, quantum, telecom, space, biotech, semiconductors, emerging defence technologies and biotech. The second iCET meeting was held in New Delhi on 13-14 June 2023. An inter-sessional review of iCET was held in New Delhi on December 4, 2023, between the US Principal Deputy National Security Advisor Jon Finer and the Indian Deputy National Security Advisor Vikram Misri. The second iCET Summit, chaired by the two NSAs, was held in New Delhi on 17 July 2024.

9.3 It has been informed by the stakeholders that India – US launched new initiative – the "U.S.-India COMPACT (Catalyzing Opportunities for Military Partnership, Accelerated Commerce & Technology) for the 21st Century" – to drive transformative change across key pillars of cooperation. Under this initiative, they committed to a results-driven agenda with initial outcomes this year to demonstrate the level of trust for a mutually beneficial partnership

9.4 The Committee notes the Initiative on Critical and Emerging Technologies (iCET) and the U.S.-India COMPACT framework identifying digital technologies, artificial intelligence, advanced communications, quantum technologies, and innovation ecosystems as key areas of collaboration. The Committee believes that enhanced cooperation in these areas is expected to contribute to economic growth, technological advancement, skill development, and the creation of high-value employment opportunities. The Committee recommends that efforts should be made to work towards facilitating greater collaboration between start-ups, research institutions, and technology companies to promote innovation and enhance digital competitiveness.

9.5 The Committee further recommends that dedicated initiatives be undertaken to enable MSMEs to participate in India–U.S. digital technology partnerships by improving their access to technology, digital infrastructure, innovation support and international collaboration opportunities. The Committee also recommends that joint capacity-building and advanced digital skill development programmes be encouraged to develop a workforce equipped for emerging technologies such as artificial intelligence, quantum computing, cybersecurity and semiconductor technologies.

Annexure I

INDIA-UNITED STATES JOINT STATEMENT

The United States of America (United States) and India are pleased to announce that they have reached a framework for an Interim Agreement regarding reciprocal and mutually beneficial trade (Interim Agreement). Today's framework reaffirms the countries' commitment to the broader U.S.-India Bilateral Trade Agreement (BTA) negotiations, launched by President Donald J. Trump and Prime Minister Narendra Modi on February 13, 2025, which will include additional market access commitments and support more resilient supply chains. The Interim Agreement between the United States and India will represent a historic milestone in our countries' partnership, demonstrating a common commitment to reciprocal and balanced trade based on mutual interests and concrete outcomes.

Key terms of the Interim Agreement between the United States and India will include:

- India will eliminate or reduce tariffs on all U.S. industrial goods and a wide range of U.S. food and agricultural products, including dried distillers' grains (DDGs), red sorghum for animal feed, tree nuts, fresh and processed fruit, soybean oil, wine and spirits, and additional products.
- The United States will apply a reciprocal tariff rate of 18 percent under Executive Order 14257 of April 2, 2025 (Regulating Imports With a Reciprocal Tariff to Rectify Trade Practices That Contribute to Large and Persistent Annual United States Goods Trade Deficits), as amended, on originating goods of India, including textile and apparel, leather and footwear, plastic and rubber, organic chemicals, home décor, artisanal products, and certain machinery, and, subject to the successful conclusion of the Interim Agreement, will remove the reciprocal tariff on a wide range of goods identified in the Potential Tariff Adjustments for Aligned Partners Annex to Executive Order 14346 of September 5, 2025 (Modifying the Scope of Reciprocal Tariffs and Establishing Procedures for Implementing Trade and Security Agreements), as amended, including generic pharmaceuticals, gems and diamonds, and aircraft parts.
- The United States will also remove tariffs on certain aircraft and aircraft parts of India imposed to eliminate threats to national security found in Proclamation 9704 of March 8, 2018 (Adjusting Imports of Aluminum Into the United States), as amended; Proclamation 9705 of March 8, 2018 (Adjusting Imports of Steel Into the United States), as amended; and

Proclamation 10962 of July 30, 2025 (Adjusting Imports of Copper Into the United States). Similarly, consistent with U.S. national security requirements, India will receive a preferential tariff rate quota for automotive parts subject to the tariff imposed to eliminate threats to national security found in Proclamation 9888 of May 17, 2019 (Adjusting Imports of Automobiles and Automobile Parts Into the United States), as amended. Contingent on the findings of the U.S. Section 232 investigation of pharmaceuticals and pharmaceutical ingredients, India will receive negotiated outcomes with respect to generic pharmaceuticals and ingredients.

- The United States and India commit to provide each other preferential market access in sectors of respective interest on a sustained basis.
- The United States and India will establish rules of origin that ensure that the benefits of the-Agreement accrue predominately to the United States and India.
- The United States and India will address non-tariff barriers that affect bilateral trade. India agrees to address long-standing barriers to the trade in U.S. medical devices; eliminate restrictive import licensing procedures that delay market access for, or impose quantitative restrictions on, U.S. Information and Communication Technology (ICT) goods; and determine, with a view towards a positive outcome, within six months of entry into force of the Agreement whether U.S.-developed or international standards, including testing requirements, are acceptable for the purposes of U.S. exports entering the Indian market in identified sectors. Recognizing the importance of working together to resolve long-standing concerns, India also agrees to address long-standing non-tariff barriers to the trade in U.S. food and agricultural products.
- For the purposes of enhancing ease of compliance with applicable technical regulations, the United States and India intend to discuss their respective standards and conformity assessment procedures for mutually agreed sectors.
- In the event of any changes to the agreed upon tariffs of either country, the United States and India agree that the other country may modify its commitments.
- The United States and India will work towards further expanding market access opportunities through the negotiations of the BTA. The United States affirms that it intends to take into consideration, during the

negotiations of the BTA, India's request that the United States continue to work to lower tariffs on Indian goods.

- The United States and India agree to strengthen economic security alignment to enhance supply chain resilience and innovation through complementary actions to address non- market policies of third parties, as well as cooperation on inbound and outbound investment reviews and export controls.
- India intends to purchase $500 billion of U.S. energy products, aircraft and aircraft parts, precious metals, technology products, and coking coal over the next 5 years. India and the United States will significantly increase trade in technology products, including Graphics Processing Units (GPUs) and other goods used in data centers, and expand joint technology cooperation.
- The United States and India commit to address discriminatory or burdensome practices and other barriers to digital trade and to set a clear pathway to achieve robust, ambitious, and mutually beneficial digital trade rules as part of the BTA.

The United States and India will promptly implement this framework and work towards finalizing the Interim Agreement with a view to concluding a mutually beneficial BTA consistent with the roadmap agreed in the Terms of Reference.

RECOMMENDATIONS/OBSERVATIONS - AT A GLANCE

INTRODUCTION

1. **All the stakeholders informed the Committee that the Committee met including representatives of marine products and fishermen, leather, automotive, textiles including jute and cotton, gems & jewellery, chemicals and petrochemicals, steel, agriculture and agro-based industries across the country expressed their views and conveyed their concerns regarding the US tariff hike. In view of the above, the Committee recommends a review of the India-US trade relations in the interest of the country and its citizens. (Para 1.5)**

Bilateral relations between India and United States

2. **The Committee recommends that the Government conclude the proposed Bilateral Trade Agreement at the earliest while ensuring that India's interests are adequately protected. The Committee is of the view that the Department should also prepare a time-bound roadmap to achieve the objectives of the Mission 500 initiative by promoting trade in goods and services, encouraging investment, strengthening cooperation in critical technologies under Transforming the Relationship Utilizing Strategic Technology (TRUST) framework, improving supply chain resilience, improving supply chain and addressing both tariff and non-tariff market access issues barriers faced by Indian exporters. (Para 2. 5)**

3. **The Committee observes that to ensure comprehensive implementation, the roadmap must explicitly focus on the strategic utilization of domestic Production Linked Incentive (PLI) schemes to enhance export infrastructure and scale cost-competitiveness against global supply shocks. Concurrently, priority must be given to fast-tracking Mutual Recognition Agreements (MRAs) for professional services, pharmaceuticals and agricultural standards to prevent arbitrary technical barriers to trade (TBT) at US ports. The Committee further suggests establishing an institutional mechanism to routinely review currency volatilities and logistics challenges is imperative to cushion MSME-led export sectors from sudden regulatory shifts. The Committee believes that this will help build a stronger, more balanced and mutually beneficial economic partnership between India and United States. (Para 2. 6)**

Current Trade Scenario

4. **The Committee is of the view that the Government may continue its efforts to expand bilateral trade with the United States by addressing market access issues, reducing non-tariff barriers and supporting Indian exporters, particularly MSMEs. The Committee recommends that to shield vulnerable small-scale industries from volatile tariff actions, the Department must actively deploy localized financial buffers and export credit assistance programs. (Para 3.5)**

5. **The Committee notes with concern that foreign taxes on Indian goods are changing too fast and unpredictably. The Committee, therefore, recommends that the proposed Bilateral Trade Agreement without compromising Indian exporters interest should be concluded at the earliest so that businesses in both countries can benefit from a stable and predictable trade environment. To ensure that the agreement is effective, the Committee is of the view that the Government negotiate for complete exemption for India's key export products such as generic medicines, critical minerals and smartphones from any future unexpected U.S. tariff increases. Further, the Directorate General of Foreign Trade (DGFT) must set up a special, fast-acting watch desk to track U.S. customs audits in real time, so that Indian exporters can get instant warnings about any new import rules. (Para 3.6)**

6. **The Committee also recommends that the Ministry of MSME must give small businesses quick technical and financial support to upgrade their paperwork, proving exactly where their raw materials come from so that shipments do not get stuck or delayed at U.S. borders. (Para 3.7)**

7. **The Committee was informed by the Department that India's services exports to the United States stood at USD 51.20 billion, growing at a CAGR of 11.58 % since 2020. At the same time, India's services imports from the U.S. reached USD 47.32 billion, with a CAGR of 18.68%.In last one decade, the total trade in services with the U.S. has more than doubled, growing from USD 40.53 billion in 2014 to USD 98.52 billion in 2024. India's services imports from the U.S. are growing at a much faster rate (18.68% CAGR) than our services exports (11.58% CAGR). (Para 3.8)**

8. **The Committee feels that this trade surplus trend needs to be sustained. Further, the Committee is of the view the Department should closely**

monitor developments affecting India's Trade and Commerce, including tariff measures and non-tariff barriers in the United States and timely policy support be provided to sectors that face adverse impact due to tariff measures so that India's export growth is not impacted. The Committee recommends the Department to design a targeted strategy to boost high-value knowledge exports such as artificial intelligence, digital health and engineering research to maintain India's long-term competitive edge in services. (Para 3.12)

9. **The Committee further recommends that the Department should actively leverage global 'friend-shoring' trends to deeply integrate Indian manufacturers into critical United States supply chains, particularly in electronics, semiconductors and clean energy. The Committee is of the view that alongside this, targeted investment promotion strategies must be deployed to attract U.S. FDI into India's manufacturing sector, thereby expanding the production capacity needed to sustain long-term export growth. (Para 3.13)**

10. **The Committee notes the USA's high GDP rate has huge potential for Indian goods in both service and merchant sector. Therefore, the Committee recommends that the Department in coordination with concern stakeholders should focus on improving product quality, promoting innovation, strengthening logistics, skill development, logistic costs and help exporters to meet evolving U.S. regulatory standards. Further, the Committee is of the view that special attention be given to MSMEs to enable their effective participation in exports and to enhance their resilience to US tariff measures. (Para 3.15)**

11. **The Committee is of the view that the Department should strengthen cooperation with United States in sectors such as semiconductors, clean energy, critical minerals and transfer of emerging technologies. The Committee is of the view that partnerships in these sectors will benefit domestic manufacturing capabilities and will also reduce excessive dependence on any single source of imports. (Para 3.17)**

12. **The Committee recommends that the Department deploy a targeted sectoral approach that actively accelerates the high-growth momentum in Electrical Machinery and Equipment through dedicated industrial corridors, while simultaneously providing specialized technology-upgradation grants to arrest the decline in traditional, labour-intensive**

sectors like Textiles & Clothing and Pearls & Precious Stones to protect domestic employment. (Para 3.18)

13. **The Committee further recommends to set up institutional pre-clearance mechanisms and joint testing facilities in India aligned with United States Food and Drug Administration (USFDA) guidelines to fast-track and secure the steady export growth observed in Pharmaceutical Products and Organic Chemicals. (Para 3.19)**

14. **The Committee is of the view that the stagnation in traditional exports requires urgent intervention and, therefore, recommends that the Department design a specialized market-linked incentive scheme to help textile and gems-and-jewellery exporters diversify their product designs to match evolving consumer preferences in the United States.(Para 3.20)**

15. **The Committee observes that trade between India and the United States has grown steadily despite US tariff measures. The expanding trade relationship reflects the complementary nature of the two economies and provides opportunities for further growth in merchandise trade. (Para 3.22)**

16. **The Committee is of the view that the Department should prepare a long-term strategy to increase India's share in the U.S. market. Further, the Committee is of the considered view that the Department should focus on diversification of export products, integration with global value chains, development of sustain supply chains, promotion of value-added manufacturing, and timely conclusion of the proposed Bilateral Trade Agreement. Further, regular consultations with industry and exporters may also be held to address emerging trade issues and improve India's competitiveness in international markets. (Para 3.23)**

17. **The Committee further recommends the Department to formulate a dedicated framework for the digital economy and services sector, focusing on harmonizing cross-border data flows and protecting intellectual property rights to secure the growth of Indian Global Capability Centres (GCCs) and IT-enabled services in the United States market. (Para 3.24)**

18. **In view of the expanding multi-billion dollar trade volume, the Committee recommends the Department to actively pursue the establishment of a dedicated, fast-track bilateral institutional**

mechanism with United States trade authorities to proactively flag, discuss and resolve trade frictions and compliance disputes before they escalate into restrictive tariff actions. (Para 3.25)

19. The Committee is of the view that sustaining the high growth trajectory requires robust domestic infrastructure. The Committee, therefore, recommends the Department to coordinate with the Ministry of Ports, Shipping and Waterways to create fast-tracked export corridors and automated customs clearance zones dedicated specifically to high-volume trade bound for the United States. (Para 3.26)

Sectoral Analysis

20. The Committee is of the view that the Department should prioritize to conclude the proposed India–U.S. Bilateral Trade Agreement, with particular focus on reducing tariffs on engineering goods, auto components and other products related to automotive sector. The Committee feels that the removal of additional US tariffs on Indian exporters will improve India's competitiveness and this will further, provide the necessary predictability for exporters to formulate long-term business strategies. The Committee feels that this will also develop industrial cooperation and supply chain integration between the two nations. (Para 4.5)

21. The Committee further recommends competitiveness of the engineering sector should be strengthened. Therefore, the Committee is of the view that this can be achieved by promoting technology upgradation, automation, research and development, quality improvement and adoption of global manufacturing standards. The Committee believes that minimizing structural inefficiencies will significantly lower production costs, making Indian auto components highly competitive in the U.S. market even amidst fluctuating tariff regimes. (Para 4.6)

22. The Committee is of the view that the Department may play an important role in facilitating business-to-business partnerships between Indian manufacturers and U.S. original equipment manufacturers (OEMs), Tier-1 suppliers and major buyers. The Committee recommends that the Department in coordination with the concerned Ministries should also support exporters through timely export credit, market diversification, trade finance, export compliance, logistics, overseas warehousing etc. The Committee further suggests that

concurrently aggressive market access campaigns must be launched to promote engineering exports across alternative regions including Europe, Africa, Latin America, the Gulf region and other emerging markets to mitigate single-country dependency. (Para 4.7)

23. Recognizing the automotive sector comprises a vast network of MSMEs that lack the financial cushion to absorb tariff shocks, the Committee recommends the creation of a dedicated MSME Export Resilience Scheme. The Committee suggests that under the scheme Department should provide targeted financial subsidies, lower interest rates on export credits, and offer institutional technical guidance to help smaller manufacturers navigate complex compliance. (Para 4.8)

24. To directly address the challenge where Indian components cannot be immediately diverted to new markets due to rigid, buyer-specific technical specifications, the Committee recommends Government explore the establishment of a National Fund. The Committee is of the view that this fund should provide fiscal incentives and matching grants to Indian suppliers to offset the high capital costs associated with product redesign, fresh tooling investments, prototype development and obtaining foreign technical certifications required to enter new global supply chains. (Para 4.9)

25. To future-proof India's export economy and counter the shift of global buyers toward preferred trade partners, the Committee recommends creating a structured framework to help Indian suppliers adopt sustainable manufacturing practices. The Committee is of the view that Department should incentivize energy-efficient operations, carbon footprint mapping and compliance with global Environmental, Social and Governance (ESG) standards, which are increasingly becoming mandatory prerequisites for entering premium Western supply chains. (Para 4.10)

26. To sustain the employment of the people directly dependent on this industry, the Committee recommends sustained capacity building program. The Committee suggests that the Department, in tandem with the Ministry of Skill Development, should establish advanced training centers focused on Industry 4.0 technologies such as smart automation, robotics, precision engineering and electric vehicle (EV) component manufacturing, as this will bridge the technical capability gap and ensure Indian components meet the next generation of global market

demands. However, the Committee observes that the annual budget of Ministry of Skill Development and Entrepreneurship must be increased, otherwise the Skill development venture towards unemployment issue will not be effective in true sense. (Para 4.11)

27. **The Committee recommends that the Department should engage with stakeholders to identify new trading partners and further its efforts to enhance competitiveness, market diversification and product diversification. These initiatives will help strengthen the long-term growth of India's gems and jewellery exports. (Para 4.20)**

28. **The Committee is of the view that the Department may provide a comprehensive support package for the sector by way of export credit, interest equalisation, export insurance, working capital support and trade finance especially for MSMEs. The Committee is of the considered view that financial institutions and banks should ensure timely availability of affordable credit so that exporters can effectively manage temporary disruptions arising from global trade uncertainties. (Para 4.21)**

29. **The Committee considers that greater emphasis should be made on value addition, branding, hallmarking, design innovation and advanced manufacturing technologies. The Committee is of the view that special incentives may be provided for high-value products such as laboratory-grown diamonds, designer jewellery, branded jewellery and precious metal jewellery. The Committee also recommends strengthening research, design development and skill upgradation so that India can move further up the global value chain and enhance export earnings. (Para 4.22)**

30. **The Committee also recommends that the Department establish a dedicated monitoring mechanism to regularly assess the impact of tariff and non-tariff barriers on the Gems and Jewellery sector. The Committee is of the view that an early warning system may be developed to identify emerging trade risks, monitor changes in international market conditions and facilitate timely policy interventions. The Committee also recommends continuous consultations with industry associations, Export Promotion Councils and other stakeholders to ensure that support remains responsive on time to the evolving needs of the sector. (Para 4.33)**

31. The Committee recommends the Department to initiate targeted bilateral trade talks with the United States to address 48% crash in Indian gems and jewellery exports caused by the 2025 tariff measures. The Committee is of the view that securing tariff parity with global competitors like Switzerland, Canada and Mexico is absolutely critical in arresting India's market share loss. (Para 4.24)

32. The Committee also recommends that Indian Missions abroad, in coordination with GJEPC and industry associations, should organise buyer-seller meets, trade exhibitions and business delegations to promote Indian gems and jewellery products. Further, efforts should be made to diversify India's export markets by expanding exports to the Gulf region, Europe, East Asia, ASEAN, Africa and Latin America. (Para 4.25)

33. The Committee is concerned that prolonged trade uncertainty will trigger layoffs in this highly labour intensive sector. To prevent this, the Committee is of the view that a State-backed export invoice discounting window should be established, in order to keep MSMEs financially operational to safeguard the livelihoods of millions of workers. (Para 4.26)

34. The Committee recommends establishing "India Jewellery Trade and Distribution Hubs" in expanding markets such as Hong Kong, Thailand and the United Kingdom. The Committee notes that spontaneous market diversification by exporters is already occurring in these regions to bypass high U.S. tariffs. The Committee believes that setting up secure consignment warehousing and duty-free storage capabilities in these alternative hubs will institutionalize these gains. The Committee is also of the view that reducing single-market dependency is the most effective long-term shield against global geopolitical risks. (Para 4.27)

35. The Committee feels that the priority should be given to resolve tariff-related issues concerning steel, aluminium and copper and chemical products under the proposed India–U.S. Bilateral Trade Agreement. Moreover, Department should actively engage with the United States to safeguard the interests of domestic industry in relation to Section 232 tariffs and Section 301 investigations while ensuring stable and predictable market access for Indian exporters. The Committee recommends that the Department must proactively engage with US authorities to secure long-term, barrier-free access to US aluminium

and copper scrap, ensuring that any future US export restrictions on waste and scrap do not disrupt the raw material supply chain of India's downstream industries. (Para 4.38)

36. The Committee further recommends that the Department strengthen the global competitiveness of these sectors by promoting technology upgradation, automation, research and development, energy efficiency and production of high-value products. The Committee is of the view that greater emphasis should be placed on reducing logistics costs, improving port infrastructure so that Indian products remain globally competitive. The Committee recommends that in order to sustain this competitiveness, the Department should establish a dedicated task force to help Indian exporters align with evolving international environmental standards, such as carbon border adjustments, ensuring that Indian non-ferrous products meet the sustainability benchmarks required for the US market. (Para 4.39)

37. The Committee recommends that special assistance be provided to MSMEs engaged in downstream steel, aluminium and copper industries through easier access to affordable credit, export finance, technology acquisition and international quality certification. The Committee also recommends strengthening domestic recycling infrastructure, particularly for aluminium and copper scrap, to reduce input costs and improve resource efficiency. (Para 4.40)

38. The Committee also recommends leveraging India's downstream manufacturing strengths to attract U.S. FDI into joint ventures for high-end, value-added non-ferrous products. The Committee is of the view that this alignment will integrate Indian manufacturers into the US aerospace, defence and electric vehicle (EV) supply chains, transforming the bilateral relationship from a transactional scrap-for-finished-goods trade into a robust, high-technology co-manufacturing partnership. (Para 4.41)

39. The Committee further recommends strategic initiatives such as the National Critical Minerals Mission, Forum for Resilient Global Processing and Extraction (FORGE), India–US Strategic Mineral Recovery Initiative, Indo- Pacific Economic Framework (IPEF) and the QUAD Critical Minerals Initiative to strengthen India's position in global critical mineral and metal value chains. The Committee urges that greater focus should be placed on attracting investment in mineral

exploration, processing, recycling, rare earths, battery materials and advanced manufacturing technologies. (Para 4.42)

40. The Committee also recommends that the Department should facilitate regular consultation with industry associations and exporters, enabling timely policy interventions to protect India's export competitiveness and enhance the resilience of India's manufacturing sector. (Para 4.43)

41. The Committee notes the initiatives taken by the Department of Fisheries, MPEDA, CIFT, EIC and other agencies in strengthening traceability systems, promoting sustainable fishing practices, developing indigenous Turtle Excluder Devices, obtaining Marine Mammal comparability. The Committee is of the view that sustained efforts will be required to ensure continued access to premium export markets. (Para 4.54)

42. The Committee is also of the view that India possesses considerable untapped potential for expanding marine exports through diversification into value-added seafood products, mariculture, seaweed cultivation, offshore cage farming and advanced processing technologies. The Committee observes that institutions such as Marine Products Export Development Authority (MPEDA), Central Marine Fisheries Research Institute (ICAR-CMFRI), Central Institute of Fisheries Technology (ICAR CIFT) and National Fisheries Digital Platform (NFDB) have developed technologies relating to captive breeding, disease-resistant species, post-harvest processing, food safety and value addition. The Committee recommends that greater emphasis be made on ready-to-cook and ready-to-eat seafood products, cold-chain infrastructure, branding and certification can significantly enhance export earnings. (Para 4.55)

43. The Committee further recommends the formulation of a comprehensive support package for the marine products sector, including concessional export credit, working capital assistance, interest subvention, credit guarantee support and restructuring facilities for exporters, processors, hatcheries and shrimp farmers affected by trade disruptions. The Committee also recommends that financial institutions and banks effectively implement relief measures for MSMEs engaged in seafood exports. Further, the Committee is also of the view that the Department must initiate, high-level bilateral trade dialogues with the United States Trade Representative (USTR) to specifically contest the

arbitrary inflation of anti-dumping and countervailing duties, aiming to secure a predictable tariff framework that safeguards the margins of primary coastal producers. (Para 4.56)

44. The Committee recommends that combined efforts be made by MPEDA, the Department of Fisheries and the Ministry of Commerce towards market diversification. The Committee is of the view that this is achievable by expanding exports to the European Union, United Kingdom, Japan, South Korea and other emerging markets. The Committee also feels that emphasis should be given on promotion of value-added seafood products, branding and development of the domestic seafood market to reduce excessive dependence on a single export destination. The Committee is of the view that to address supply vulnerabilities, the Department should implement a Self-Reliance Scheme to promote the domestic breeding of Specific Pathogen Free (SPF) broodstock and the indigenous manufacturing of specialized feed, effectively ending India's reliance on the US for aquaculture inputs. (Para 4.57)

45. The Committee is of the view that substantial investment is needed in modern processing facilities, testing laboratories, fish cage farming and certification. The Committee further opines that efforts should also be made to accelerate the nationwide implementation of Turtle Excluder Devices. The Committee believes that the Department should focus on enhancing exports to other markets and increasing domestic consumption of shrimp through targeted promotional campaigns which is a way to cushion the resultant shortfalls in exports, which otherwise may deter the farmers from stocking and production, potentially creating a chain reaction to the related sectors. (Para 4.58)

46. The Committee recommends that the Department must rapidly subsidize and enforce the mandatory rollout of the ICAR-CIFT developed Turtle Excluder Devices (TEDs) across all mechanized trawlers to get US National Oceanic and Atmospheric Administration (NOAA) certification, thereby overturning the ongoing US ban on Indian wild-caught shrimp and reclaiming lost market share. (Para 4.59)

47. The Committee is of the view that greater diversification towards technical textiles, man-made fibre products, sustainable textiles, home furnishings and high-value apparel will be necessary to enhance India's

long-term competitiveness in international markets. The Committee also notes the need for faster implementation of initiatives such as PM MITRA Parks, the PLI Scheme and the Samarth Scheme to modernise the sector and strengthen productivity. The Committee recommends the Ministry of Textiles to establish specialized man-made fibre (MMF) manufacturing clusters within new PM MITRA parks in order to move away from reliance on cotton. The Committee believes that this initiative aims to provide MSMEs with immediate, localized access to synthetic materials, aligning production with high global demand.
(Para 4.69)

48. **The Committee is of the view that the Government strengthen support under Remission of Duties and Taxes on Exported Products (RoDTEP), Rebate of State and Central Taxes and Levies (RoSCTL), the Interest Equalisation Scheme and other export promotion measures. The Committee believes that liquidity support for MSMEs must be enhanced through concessional working capital, export credit, credit guarantee cover and faster disbursement of financial assistance. The Committee holds the view that banks and financial institutions should ensure timely sanction of export credit and extend adequate support to viable exporters facing temporary stress due to tariff-related disruptions. The Committee urges that the Government to intensify efforts to promote technical textiles, man-made fibre products, sustainable textiles and value-added apparel. (Para 4.70)**

49. **The Committee recommends exploring the establishment of a scheme which aims to create an emergency relief program under the RoSCTL to compensate MSME textile exporters for price reductions demanded by US buyers. The Committee is of the view that this measure seeks to prevent business closures and the potential loss of jobs by providing a financial cushion during the crisis. (Para 4.70)**

50. **The Committee recommends that the Ministry must partner with industry bodies to set up government-subsidized textile warehousing hubs within major US shipping entry points. The Committee is of the view that by holding ready-to-sell inventory locally in the US and establishing green-channel fast customs corridors at Indian ports, Indian exporters can drastically slash their long delivery lead times, bypass heavy middle-agent pricing demands and successfully match the aggressive turnaround speeds of global competitors. (Para 4.72)**

51. The Committee is concerned that higher tariffs and declining demand in the U.S. market may significantly reduce artisan incomes and employment while enabling competing suppliers such as Turkey, Pakistan, Nepal and China to expand their market share. The Committee, therefore, recommends that adequate marketing support may be extended for carpet exporters through trade fairs, branding, Geographical Indication (GI) promotion, buyer-seller meets, and design development. (Para 4.73)

52. The Committee is concerned that prolonged tariff uncertainty may adversely affect traditional weaving communities and MSME exporters. Therefore, the Committee recommends enhanced assistance may be provided for international exhibitions, branding, GI promotion, digital marketing, product diversification, design innovation and export promotion of handloom products. The Committee also recommends that support should also be extended to traditional weaving clusters for improving quality and expanding exports to new markets. (Para 4.74)

53. The Committee recommends that the Department take concerted measures to expand artisan welfare, strengthen cluster infrastructure, promote branding and GI products, facilitate digital commerce and direct export platforms, support design development, product innovation and international marketing so that India's traditional crafts remain globally competitive while preserving the country's rich cultural heritage. (Para 4.75)

54. With advances in science and technology, the adoption of technology-driven practices and precision agriculture is being advised. However, this must be pursued keeping in view the ground realities of Indian agriculture, particularly the interests of large and huge number of small and marginal farmers. Accordingly, the Committee recommends that in the context of India-US trade relations concerning agriculture, agricultural produce, and agro-based products, adequate safeguards be put in place to ensure a level playing field for Indian farmers, consistent with the overall agricultural scenario of the country and the overall economic situation of the farmers as well. (Para 4.80)

55. The Committee is of the view that the Department develop quality infrastructure through establishment of modern testing laboratories, internationally accredited certification facilities, digital traceability systems, residue monitoring laboratories and integrated cold-chain

infrastructure. The Committee recommends that promotion of adoption of Good Agricultural Practices (GAP), residue-free cultivation and internationally accepted food safety standards to improve acceptance of Indian agricultural products in premium markets may be made. The Committee also recommends that the Department must explore the possibility of creating a pre-clearance protocol with US customs and the Food and Drug Administration (FDA), ensuring all major agricultural shipments are pre-tested at Indian ports to eliminate the high rate of food safety rejections at American borders to curb the substantial financial losses faced by exporters. (Para 4.81)

56. The Committee further recommends strengthening the organic agriculture ecosystem by simplifying certification procedures under the National Programme for Organic Production (NPOP) and addressing procedural issues relating to USDA National Organic Program (NOP) Transaction Certificates in consultation with stakeholders. The Committee is of the view that support should also be provided for promotion of organic clusters and certification of organic products. The Committee believes that the Department and APEDA must pursue diplomatic defence mechanisms in the US market to protect unique Indian Geographical Indication (GI) products, like Basmati rice, against misleading local branding by global competitors, thereby preserving India's premium pricing power. (Para 4.82)

57. The Committee recommends that India is an agrarian economy and requires policies that adequately support agriculture and agro-based industries. The Committee recommends that financial institutions and banks further expand support for export-oriented agriculture by strengthening credit flow, rural warehousing, integrated pack houses, food processing infrastructure, Farmer Producer Organisations and agri-logistics. Further, the Committee is of the view that greater collaboration between ICAR, agricultural universities, APEDA and industry should be encouraged to develop export-oriented crop varieties, improve productivity and strengthen India's competitiveness in global agricultural markets. The Committee also recommends that Ministry of Agriculture should finance and set up automated Irradiation and Vapour Heat Treatment (VHT) facilities near major export cargo hubs to ensure strict US phytosanitary import mandates for fresh fruits and vegetables. (Para 4.83)

58. The Committee is of the view that the establishment of Speed Breeding and Rapid Generation Advancement (RGA) facilities, integrated with advanced environmental control systems and emerging Artificial Intelligence (AI)-enabled technologies, is the need of the hour to accelerate crop breeding and improve precision farming. The Committee, therefore, recommends that the Department establish and strengthen such state-of-the-art facilities across major agricultural research institutions to expedite the development of high-yielding, climate-resilient and pest-resistant crop varieties. (Para 4.86)

59. The Committee believes that developing such infrastructure would significantly reduce the breeding cycle, enable researchers to develop superior crop varieties in a shorter time frame and facilitate the timely availability of improved seeds to farmers. The Committee therefore, recommends that comprehensive plan for the phased establishment of Speed Breeding and Rapid Generation Advancement (RGA) facilities on a zonal basis across the country, taking into account the diverse agro-climatic conditions of different regions may be explored.
(Para 4.87)

60. The Committee further, recommends promoting Geographical Indication (GI) products, district-specific agricultural products and One District One Product (ODOP) initiatives through targeted branding, international promotion and dedicated export facilitation. The Committee is of the view that greater support should also be extended for branding Indian spices, basmati rice, honey, processed foods, organic products and horticultural produce in premium overseas markets. (Para 4.88)

61. The Committee also recommends that the Government may establishing a permanent Agricultural Trade Facilitation Cell under the Department of Commerce in coordination with APEDA, ICAR, NABARD and State Governments to monitor tariff barriers, SPS issues, residue standards, logistics bottlenecks and emerging market opportunities. (Para 4.89)

62. The Committee is of the view that greater emphasis should be placed on production of premium footwear, branded leather goods, fashion accessories, sports footwear, safety footwear and high-end leather products to improve Indian export to International markets. The Committee also feels that India's capabilities in design, product

development and craftsmanship provide a strong foundation for moving towards higher-value exports. (Para 4.99)

63. Further, the Committee notes the initiatives undertaken by the Leather Sector Skill Council (LSSC) for skilling and upskilling workers in advanced manufacturing processes. The Committee is of the view that greater adoption of automation, CAD/CAM systems, robotics, Artificial Intelligence, digital product development, 3D printing and smart manufacturing technologies will be necessary to improve productivity, product quality and manufacturing efficiency. (Para 4.100)

64. The Committee observes the fact that in the leather industry environmental sustainability has become an important determinant of market access in developed countries such as Europe. The Committee notes that buyers increasingly require compliance with internationally accepted standards relating to environmental protection, carbon footprint, traceability, wastewater treatment and responsible sourcing. The Committee acknowledge the efforts made by the industry in establishing Common Effluent Treatment Plants (CETPs), adopting Zero Liquid Discharge systems and promoting environmentally sustainable leather processing. The Committee urges that continued investment in green manufacturing technologies internationally recognized sustainability certification will be necessary to maintain India's competitiveness in premium markets. The Committee recommends that the Department should make efforts to tap the green manufacturing resources and sensitise the stakeholders. (Para 4.101)

65. The Committee notes that the leather and footwear sector has substantial potential to contribute to the objectives of 'Make in India', 'Atmanirbhar Bharat' and employment-led manufacturing growth. The Committee believes that with appropriate policy support, improved market access, technology adoption, investment promotion and enhance value addition, India can significantly increase its share in the global leather and footwear market and emerge as one of the world's leading sourcing destinations. The Committee therefore, recommends that efforts be made to secure preferential or duty-free market access for leather, leather products and footwear so as to restore India's competitiveness in the U.S. market. The Committee further recommends that targeted relief to exporters may be provided through export credit, interest equalisation, working capital support, export credit guarantees and other trade facilitation measures, particularly for

MSMEs. The Committee is of the view that banks and financial institutions should ensure timely availability of affordable finance to viable exporters affected by temporary trade disruptions. (Para 4.104)

66. The Committee recommends investment in research and development, automation, Industry 4.0 technologies, robotics, CAD/CAM systems, digital product development and advanced manufacturing processes. Further the Committee is of the view that simultaneously, the Leather institutions should strengthen industry-oriented skill development programmes to prepare a highly skilled workforce. The Committee further recommends that the leather institutions must introduce specialized technical modules on sustainable synthetic polymers and eco-friendly non-leather product fabrication, realigning the skill ecosystem with the massive US demand for athletic and casual non-leather footwear. (Para 4.105)

67. The Committee further recommends that Indian Missions abroad, in coordination with the Leather Councils, Exports and industry associations, actively facilitate buyer-seller meets, trade fairs, business delegations and investment promotion activities. The Committee further recommends that exporters should be assisted in expanding their presence in Europe, the United Kingdom, Japan, Australia, the Gulf region, Latin America and Africa so as to diversify export destinations. (Para 4.106)

68. The Committee further recommends strengthening support for MSMEs by facilitating easier access to testing facilities, quality certification, digital commerce platforms and international compliance standards. The Committee is of the view that cluster-based infrastructure, common facility centres and logistics support should also be expanded to improve the competitiveness of smaller exporters. (Para 4.107)

69. The Committee further recommends establishing a dedicated mechanism, in consultation with the concern Council and other stakeholders, to continuously monitor international tariff measures, non-tariff barriers, changing consumer preferences to enable timely policy interventions and strengthen India's long-term competitiveness in the global leather and footwear industry. (Para 4.108)

70. The Committee feels that India's long-term competitiveness in the chemical sector will depend on continuous investment in research and

development, innovation, advanced manufacturing and development of high-value specialty chemicals. The Committee therefore, recommends that the Government accord the highest priority to resolving tariff-related issues affecting chemical and petrochemical products under the proposed India–United States Bilateral Trade Agreement. The Committee further recommends that efforts be made to secure stable and predictable market access for Indian chemical exports while addressing tariff and non-tariff barriers through continuous bilateral engagement. (Para 4.123)

71. The Committee recommends to leverage its ₹7,580 Crore trade surplus in chemicals with the US as a strategic tool to negotiate reduced tariffs on Indian petrochemicals and agrochemicals, which have faced significant export declines. The Committee further recommends a formalized, high-level institutional mechanism under the Trade Policy Forum (TPF) to secure predictable market access and prevent future sudden tariff escalations. (Para 4.124)

72. The Committee further recommends that the Government formulate a comprehensive strategy for promoting specialty chemicals, performance chemicals, green chemicals and high-value intermediates, with particular emphasis on research and development, innovation and technology upgradation. The Committee is of the view that financial incentives may also be considered for promoting production of high-value chemical products with greater export potential. (Para 4.125)

73. The Committee recommends building dedicated chemical logistics infrastructure, including chemical parks, specialised storage terminals. The Committee further recommends expeditious implementation of overseas warehousing and fulfilment centres proposed under the Export Promotion Mission to facilitate timely deliveries and improve customer service in key export markets. (Para 4.126)

74. The Committee recommends creating a strict protection framework for India's essential oils sector, which commands 85% of the global market. The Committee is of the view that Government should set up a National Essential Oils Excellence Centre to implement quality checks and GI tagging to stop fake products in the global market. The Committee further recommends targeted brand-building campaigns should be funded through the Market Access Initiative (MAI) scheme to shift Indian essential oil exports from raw bulk shipments to high-margin,

retail-ready formulations for the global cosmetics, therapeutics and flavoring industries. (Para 4.127)

75. The Committee is of the view that greater support be extended to MSME exporters through easier access to export credit, interest equalisation, working capital support, export credit guarantees, quality certification assistance and overseas product registration support. The Committee notes that special consideration should also be given to first-time exporters and enterprises located in Districts as Export Hubs to broaden India's export base. (Para 4.128)

76. The Committee recommends creating a financial scheme to help smaller MSME factories to cover the high costs of international safety and product registrations. The Committee further recommends that the overseas warehouses planned under the Export Promotion Mission must include specialized, temperature-controlled storage units safe for hazardous chemicals, allowing small Indian exporters to deliver goods faster to global buyers. (Para 4.129)

77. The Committee further recommends promoting environmentally sustainable manufacturing by encouraging adoption of green chemistry, resource-efficient production processes, waste recycling, circular economy practices, renewable energy and internationally recognised environmental certifications. The Committee believes that greater focus should be placed on attracting foreign investment, strengthening domestic manufacturing capabilities and integrating Indian enterprises into global chemical supply chains. Further, the Committee is of the view that greater emphasis should be placed on branding, quality assurance, digital trade facilitation and international standards compliance to enhance reputation as a trusted global supplier of chemical products. (Para 4.130)

Merchandise & Service Trade

78. It has also been apprised to the Committee that uncertainty in export demand, volatility in currency exchange rates with 1 USD at approximately 95 INR [as of August 2026] and fluctuations in commodity prices collectively increase costs and cause difficulties for exporters. The Committee further notes that while international prices of crude oil and natural gas have been on a declining trend for the past few years, domestic prices of petrol, diesel, and cooking gas including

CNG and LPG have continued to rise in India during the same period. This divergence is putting pressure on India's commerce and overall economy. The Committee also observes that the US tariff, which was increased substantially a few months ago and subsequently reduced to some extent, still stands at 18%. This is significantly higher than the earlier rate of 3%. This elevated tariff regime continues to impact India's exports and the economy. (Para 5.12)

79. **The Committee recommends that we shall rethink and review our India-US trade relations considering these factors meticulously and there should also be a level playing field in these respects. (Para 5.13)**

80. **The Committee considers India-US partnership as an important opportunity for India to emerge as a trusted global manufacturing and supply chain hub. The Committee recommends that Initiatives such as Make in India, the Production Linked Incentive (PLI) Schemes, the National Logistics Policy, PM GatiShakti, and other measures aimed at improving India's manufacturing competitiveness should be prioritised. The committee is of the view that these initiatives will encourage more participation of global companies in India's manufacturing. (Para 5.14)**

81. **Despite the growth in bilateral trade, several challenges continue to constrain its full potential such as tariff and non-tariff barriers, complex regulatory requirements, product standards, logistics costs, customs procedures, market access constraints, compliance costs and limited participation of MSMEs in global value chains. (Para 5.15)**

82. **The Committee is of the considered view that addressing these structural challenges would significantly enhance India's export competitiveness and facilitate more balanced and sustainable growth in bilateral trade. The Committee also notes that while India has achieved considerable diversification in its export basket, continued efforts are required to expand exports of high-value manufactured goods and technology-intensive products, while simultaneously strengthening services exports and reducing excessive dependence on a few markets and product categories. (Para 5.16)**

83. **The Committee recommends that sustained policy support be extended to adversely impacted sectors that have demonstrated strong export potential in the United States, including engineering goods, electronics, pharmaceuticals, chemicals, gems and jewellery, textiles, marine**

products, agriculture and leather. Further, the Committee is of the view that a comprehensive strategy to strengthen India's position as a global hub for services exports by promoting digital trade, Global Capability Centres (GCCs), artificial intelligence, cloud computing, cybersecurity, fintech, engineering services and research and development. The Committee believes that strengthening India's knowledge economy will significantly contribute to long-term export growth. (Para 5.17)

84. The Committee is of the opinion that dedicated policy interventions be introduced to facilitate greater participation of MSMEs in bilateral trade through improved access to export finance, digital platforms, quality certification, international marketing support, skill development and integration into global supply chains. Further, the Committee considers that commercial diplomacy be strengthened through sector-specific trade missions, enhanced market intelligence and closer engagement with Indian Missions abroad to identify emerging opportunities, resolve market access issues and promote Indian products and services in the United States and other international market. (Para 5.18)

85. The Committee recommends that the Government may intensify accelerate efforts to position India as a preferred global manufacturing and supply chain hub by addressing structural challenges relating to logistics costs, infrastructure gaps, regulatory compliance, and access to affordable finance. Special emphasis may be placed on strengthening domestic manufacturing capacities in strategic sectors. (Para 5.19)

Investment Relations

86. The Committee recommends that continued efforts should be made to attract higher levels of international investment in priority sectors such as advanced manufacturing, semiconductors, artificial intelligence, clean energy, critical minerals, defence production, biotechnology, and digital infrastructure. The Committee is of the view that efforts should be intensified to address regulatory bottlenecks, simplifying investment procedures, ensuring policy stability, and expediting the mutually beneficial Bilateral Trade Agreement (BTA) to enhance investor confidence and unlock the full potential of bilateral investment cooperation. (Para 6.4)

87. The Committee further recommends that bilateral investment should be encouraged to promote technology transfer, collaborative research and development, innovation and skill development through greater partnerships between Indian and U.S. enterprises, academic institutions and research organizations, thereby maximizing the long-term developmental benefits of investment flows. (Para 6.5)

Institutional Framework and Agreements

88. The Committee recommends that the Department should actively engage in WTO negotiations to safeguard its developmental interests in agriculture, fisheries, food security, and services sector. The Committee further recommends that India should continue to work closely with like-minded WTO members to strengthen a transparent and predictable multilateral trading system while advocating reforms that adequately reflect the interests and concerns of developing countries. (Para 7.3)

89. The Committee recommends that the Trade Policy Forum be utilised more proactively to address long-pending market access barriers affecting Indian exports and representation from industry associations, MSMEs, export promotion councils, and sectoral experts be incorporated into the consultation process to ensure that trade negotiations adequately resolve stakeholder concerns. The Committee further recommends that the Trade Policy Forum should adopt a time-bound mechanism for reviewing and monitoring the resolution of trade-related issues, with periodic assessment of progress made under various sectoral working groups. (Para 7.5)

Key Challenges in Trade Relations

90. The Committee notes that while both countries have established institutional mechanisms such as the India–U.S. Trade Policy Forum and Commercial Dialogue to address trade-related issues, several market access concerns remain unresolved. The Committee is of the view that the persistence of tariff and non-tariff barriers has the potential to constrain the full potential of bilateral trade and investment relations, particularly at a time when both countries have set an ambitious target of achieving bilateral trade of USD 500 billion by 2030 under the "Mission 500" initiative. (Para 8.3)

91. The Committee recommends that the Government continue to proactively engage with the United States to address trade disputes through dialogue, consultation, and mutually acceptable solutions. The Committee is of the view that efforts may be made to strengthen institutional mechanisms for dispute resolution and to ensure that sector-specific concerns are raised in a timely manner. The Committee further recommends that particular emphasis be made on addressing non-tariff barriers, including quality standards, SPS measures, certification requirements, labelling norms and customs compliance procedures, through enhanced regulatory cooperation and mutual recognition of standards and conformity assessment procedures, wherever feasible, so as to reduce compliance costs for Indian exporters, particularly MSMEs. (Para 8.4)

Emerging Areas of Cooperation in India–U.S. Trade Relations

92. The Committee notes the Initiative on Critical and Emerging Technologies (iCET) and the U.S.-India COMPACT framework identifying digital technologies, artificial intelligence, advanced communications, quantum technologies, and innovation ecosystems as key areas of collaboration. The Committee believes that enhanced cooperation in these areas is expected to contribute to economic growth, technological advancement, skill development, and the creation of high-value employment opportunities. The Committee recommends that efforts should be made to work towards facilitating greater collaboration between start-ups, research institutions, and technology companies to promote innovation and enhance digital competitiveness. (Para 9.4)

93. The Committee further recommends that dedicated initiatives be undertaken to enable MSMEs to participate in India–U.S. digital technology partnerships by improving their access to technology, digital infrastructure, innovation support and international collaboration opportunities. The Committee also recommends that joint capacity-building and advanced digital skill development programmes be encouraged to develop a workforce equipped for emerging technologies such as artificial intelligence, quantum computing, cybersecurity and semiconductor technologies. (Para 9.5)