

US orders for India goods go dark before 'Liberation Day'

American importers await clarity on reciprocal tariffs

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New Delhi, 2 April

American buyers have put fresh orders from India on hold and delayed existing ones as they await clarity on the implementation of reciprocal tariffs by the Donald Trump administration.

The cautious wait-and-watch approach adopted by American importers is significant as the US remains India's largest export market, accounting for nearly a fifth of the country's \$76.4 billion in shipments during the April-February period of FY25.

Adding to exporters' woes, Western European buyers are also scaling back orders, citing economic uncertainty fuelled by tensions between the European Union (EU) and the US, alongside additional American tariffs on steel, aluminium, and automobiles.

Ajay Sahai, director-general and chief executive officer of the Federation of Indian Export Organisations (FIEO),



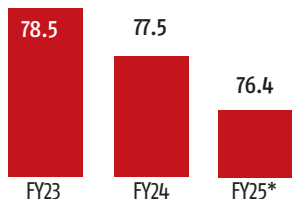
reciprocal tariffs would be implemented. The US administration provided little clarity on how the reciprocal tariffs would be calculated before the formal announcement, making it difficult for countries, including India, and businesses to devise a strategy to navigate the impact.

"While past orders have been in larger quantities, new orders from the US are on hold. They are concerned because there is no clarity on what will be the quantum of tariff, whether the additional tariff cost will be passed on to the customer or absorbed by the exporter or importer. All these details need to be looked into, and a call will be taken accordingly," said Sahai. "Buyers have requested exporters to limit shipment volumes for previously placed orders," he pointed out.

Aside from air cargo, shipments transported by sea arriving after April 2 are likely to be subject to the new tariffs, compounding the uncertainty. **Turn to Page 14 ▶**

STAR-SPANGLED DESTINATION

India's exports to the US (in \$ billion)



*April-February Source: Commerce dept

said US buyers refrained from placing new orders as they waited for clarity on how the

RISING US DEPENDENCE FOR EXPORTS RAISES TARIFF RISKS

India's growing dependence on the US for exports puts its merchandise shipments more at risk to reciprocal tariffs. The US' share in India's merchandise exports has risen from 10.1 per cent in 2010-11 to 19.3 per cent during April-February FY25. The US is India's largest merchandise export destination with shipments growing at 9.1 per cent to \$76.4 billion in April-February FY25. **4 ▶**

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VALUE-BUYING LIFTS MKTS EVEN AS TRUMP LEVY LOOMS



Stock markets rebounded on Wednesday with the Sensex closing 593 points higher amid value-buying in banking and auto shares, even as investors awaited US tariff announcements. The 30-share index gained 0.78 per cent to settle at 76,617.44. The Nifty 50 climbed 166.65 points, or 0.72 per cent, to close at 23,332.35. **18 ▶**

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Immediate risk of large-scale order cancellations unlikely

While some buyers are urging exporters to pause shipments, industry leaders say there is no immediate risk of large-scale order cancellations. Chandrima Chatterjee, secretary general of the Confederation of Indian Textile Industry (CITI), said that while some customers have asked to keep shipments on hold, there is no indication of outright downsizing.

The key issue is lack of clarity on reciprocal tariffs, Chatterjee said, adding that some orders are in limbo as buyers wait for further details before finalising deals.

For the pharmaceutical sector, concerns remain muted. Raja Bhanu, director-general of Pharmexcil, said existing health care-related orders are still being executed, though future shipments will depend on how the tariff policy unfolds. "As of now, there is not any drastic change since these are health care requirements. Further plans will depend on the reciprocal tariff announcement," he said.