

US tariffs signal headwinds for auto parts exports

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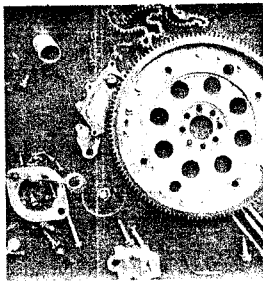
The Automotive Component Manufacturers Association of India (ACMA) has said that the US government's decision to impose 50 per cent tariff on certain imports from India, including auto components, signals near-term headwinds for the sector.

"While this development presents near-term headwinds, for Indian exporters, it also underscores the importance of enhancing our sector's competitiveness,

strengthening value addition and exploring new and diversified markets," Shradha Suri Marwah, President, ACMA, said.

In FY25, the US accounted for 27 per cent of the \$22.9-billion auto components exports from India and 7 per cent of \$22.4-billion imports of auto components into India.

"ACMA remains committed to working closely with the government and industry stakeholders to ensure India's auto component industry remains competitive, resilient and future-ready," she added.



ADJUST PLANS

Saurabh Agarwal, Partner and Automotive Tax Leader at EY India, said that India now needs to quickly adjust its plans to protect strong export growth, especially since

the US was one of our biggest markets for auto parts in FY25.

"While a 25 per cent duty was already in effect for our sector since May 3, the additional reciprocal 25 per cent tariff, effective August 2025, does not apply to the majority of the automotive sector (as majority part of automotive sector is excluded from reciprocal tariffs). However, even the initial 25 per cent duty imposed on automotive sector by US fundamentally alters our competitive landscape for US exports in the short term," he said.

To lessen this impact, In-

dian manufacturers should actively look at setting up some production closer to the US like in Mexico and Canada, as the USMCA trade agreement allows Indian parts to enter the US without extra taxes if they meet certain local content rules.

"This makes them attractive places to move part of our manufacturing to serve the US market. It's crucial to aggressively expand into other markets. We need to push hard for a quick trade deal with the European Union, using the success of the UK agreement to help us," Agarwal added.