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India sees 'little impact' of US tariff for doing Iran business

PUNITIVE LEVY. New Delhi is awaiting clarity on humanitarian trade with Tehran

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US President Donald Trump's latest announcement proposing a 25 per cent tariff on countries doing business with Iran is likely to have "minimal impact" on India.

Government sources told *businessline* that India's trade with the sanctioned country is already low and is expected to go down further, given external factors.

However, New Delhi is looking for clarity on whether the latest sanction would also apply to humanitarian trade, which is what India is engaged in at the moment with Iran, an industry source pointed out.

"Effective immediately, any country doing business with the Islamic Republic of Iran will pay a tariff of 25 per cent on any and all business being done with the US. This order is final and conclusive....," Trump posted on social media platform *Truth Social* on Monday.

But a formal notification on the proposed tariffs is



STRATEGIC PRESSURE. The latest move is part of the Trump regime's drive to pressure and isolate Tehran amid the Khamenei rule's crackdown on anti-government demonstrators REUTERS

awaited for clarity on its coverage and implementation, another source said.

"While India's trade with Iran is minimal, it could be a problem if it gets penalised for it as most Indian exports to the US already face additional import duties of 50 per cent," the second source said.

KEY INDIA EXPORTS

Indian exporters to Iran, mainly of basmati rice, tea and some other agricultural products, are hopeful that food would continue to be exempt from sanctions but are apprehensive as there is no formal notification yet.

"Indian companies and banks are already fully compliant with US OFAC (Office of Foreign Assets Control) sanctions on Iran, limiting engagement strictly to permissible humanitarian trade, primarily in food and pharmaceuticals. We do not foresee any adverse impact on India. Nonetheless, a formal clarification would help dispel uncertainty," said Ajay Sahai, Director-General, Federation of Indian Export Organisations.

BASMATI SHIPMENTS

Due to sanctions, India's shipments of basmati, the top export item, have

suffered, pointed out Akshay Gupta, Head-Bulk Exports, KRBL. "Considering the limited trade to Iran, we have been doing majority of our trade through the UAE, where Iranian importers operate local. This arrangement has helped us in mitigating risks. The re-imposition of US tariffs, including the proposed 25 per cent levy, adds an additional challenge to the Indian basmati rice sector," he said.

The latest move is part of the Trump regime's drive to pressure and isolate Tehran amid the ongoing crackdown on anti-government demonstrators by the Khamenei rule.

For India, Iran does not even figure in the top 50 global trading partners, a government source said.

"Last year, India's total trade with Iran was \$1.6 billion, which is about 0.15 per cent of India's total trade. It may go down further this year, given external economic factors. The tariffs announced by the US on the trade partners of Iran is likely to have minimal impact on India," the source said.