

As shipments resume, US buyers want Indian sellers to split higher tariff cost

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New Delhi, 14 April

Days after the 90-day pause on America's country-specific reciprocal tariffs kicked in, exporters are seeing a resumption of outbound shipments to the United States (US) on the basis of existing orders although the fate of fresh orders remains uncertain.

With the US now imposing a 10 per cent import tariff on all its trade partners except China, American buyers are asking Indian sellers to absorb one-third to half the additional tariff imposed, exporters said.



In sectors such as apparel, sellers are trying to utilise the 90-day window to send their shipments to the US before July 9.

For tailor-made items, production and shipping products in three months remain a challenge, they said.

Last week, US President Donald Trump put on hold the decision to impose high "reciprocal" tariffs, which were 26 per cent in the case of India.

On April 9, just hours before implementation, the country-specific reciprocal tariffs for 90 days were halted — except for China — amid growing concerns over recession and inflation.

Currently, the 10 per cent tariff, over and above the existing most favoured nation (MFN) tariff, continues on American imports.

Dileep Baid, chairman, Export Promotion Council for Handicrafts, said the existing orders were being executed and most buyers in the US were seeking to share half the additional cost due to the 10 per cent additional tariff.

"As of now, the idea is to split the additional tariff cost between the buyer and the seller and ensure that there isn't an increase in retail cost. If that happens, then the market (size) may shrink," Baid said.

Exporters say production and shipping products in three months remain a challenge for tailor-made products

Exporters see dip in new orders as buyers wait and watch

Ajay Sahai, director-general and chief executive officer, Federation of Indian Export Organisations, said buyers were comparing their position with other countries and were bargaining for heavy discounts, now that the additional tariff had gone down from 26 per cent to 10 per cent.

“Depending on the buyer and the industry, some have asked for an equal sharing of the additional tariff cost. In sectors such as footwear and textiles, there’s a three-way split between buyer, seller and consumer,” Sahai said.

Engineering Export Promotion Council of India Chairman Pankaj Chadha said the US had already

imposed 25 per cent additional tariffs on the steel and aluminium sectors.

“In most cases, the additional cost is being settled although some buyers don’t want to take the hit (of additional tariffs),” he said.

While exporters also feel they are better off because the cost of additional tariffs on most products has been brought down, some are of the opinion that new orders are drying up since buyers are in “wait and watch mode” and are not sure what the fate of additional tariffs will be after 90 days.

“Uncertainty is never good for any business,” Baid added.