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Key announcements: US tariffs

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## US tariffs are likely to have an adverse impact on the Indian Gems and Jewellery sector. However, US tariffs may present some potential opportunities for the Textile and Garments sector.



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A handwritten signature in black ink, appearing to read 'Paresh Parekh'.



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The Indian Gems and Jewellery sector exports over US\$11.5 billion annually to the US. This sector has, over the last few years, been struggling due to changing customer preferences, lab-grown diamond technology, soaring gold prices, and competition in cutting and polishing from other countries. The recent US tariff developments are likely to further aggravate this situation and have an adverse impact. The sector hopes the Government of India addresses these tariff concerns through a potential bilateral trade deal with the US.

The Indian Textile and Garments sector exports around US\$10 billion annually to the US. While this sector will also be affected by US tariffs, it may be a “blessing in disguise” due to the relative tariff situation. India typically competes globally for textile exports with countries like Bangladesh, Vietnam, Cambodia, Sri Lanka, China, and Pakistan, where tariffs are higher compared to India. This situation presents an opportunity for the Indian textile sector to grab and increase market share. The sector also hopes to secure a further strategic advantage through the inclusion of textiles in a potential "zero for zero" rate under a bilateral trade deal with the US.

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#EYonUSTariffs

# How does the tariff impact Indian Gems and Jewellery sector?

- The imposition of US tariffs of 27%, effective from 9 April 2025, on Indian gems and jewellery has sent shockwaves through the industry. Previously, the US reportedly levied no tariffs on cut and polished diamonds from India, while India imposed a 5% tariff on similar imports. On articles of jewellery, the US earlier reportedly levied significantly lower tariffs, whereas India imposed around 20% duties.

Particulars	Time period	Amount (US\$ billion)/ % share
India's total exports of gems and jewellery (G&J)	FY 2023-2024	32.85
India's exports of G&J to the US		9.95
% share of the US in India's G&J exports		30.29%
US imports of G&J from the world	CY 2024	89.12
US imports of G&J from India		11.58
% share of India in US G&J imports		12.99%

- India's Gems and Jewellery sector is highly dependent on exports, with the US being a major market. In FY 2023-2024, India's total exports stood at US\$32.85 billion, of which US\$9.95 billion directed to the US, accounting for 30.29% of the sector's exports. The US, in turn, imported US\$89.12 billion worth of gems and jewellery globally in CY 2024, with India contributing 12.99% of this total.

## Highlights



India's total exports of gems and jewellery stood at approximately US\$32.85 billion. In the calendar year 2024, exports from this sector to the US amounted to nearly US\$11.5 billion

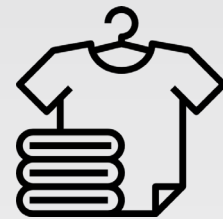
## Impact analysis

The Gems and Jewellery sector in India has been facing several challenges over the past few years. A slowdown in China, changing consumer preferences, the rise of lab-grown diamonds, soaring gold prices, and increased competition from other countries have all contributed to the sector's decline in recent years. The imposition of US tariffs adds another layer of complexity, potentially leading to market and margin erosions. The sector's exports have already seen a decline, with an approximate 14.5% drop to around US\$32 billion in the 2023-24 fiscal year. The industry is now bracing for the risk of a further decline in exports due to the new tariffs. The sector hopes the Government of India addresses these tariff concerns through a potential bilateral trade deal with the US.

## How does the tariff impact Textile and Garments sector?

- The US has imposed significant tariffs on textile imports from various countries, including a 27% reciprocal tariff on Indian textile imports.
- However, tariffs on countries competing with India for textile exports are higher than the rate levied on India, such as Vietnam (46%), Bangladesh (37%), Cambodia (49%), Pakistan (30%), and China (34%).
- These tariffs are expected to reshape the global textile trade landscape, potentially positioning India more favorably compared to its competitors.
- The imposition of US tariffs presents both opportunities and challenges for the Indian textile industry. On the positive side, higher tariffs on competing nations provide India with a competitive edge, potentially presenting an opportunity to increase its market share in the US.

### Highlights



**India's total exports in the Textile and Garments sector stood at approximately US\$36 billion, of which the US accounted for nearly 28%, amounting to around US\$10 billion**

### Impact analysis

The imposition of US tariffs on the Textile and Garments sector presents a mixed bag for the Indian textile industry. While it offers a competitive advantage over other exporting nations facing higher tariff rates, it also poses challenges related to the risk of market and margin contraction, along with increased costs. The industry's future growth will depend on its ability to innovate, adopt sustainable practices, and overcome existing challenges. The sector also hopes to secure a further strategic advantage through the inclusion of textile and garments in a potential "zero for zero" rate under a bilateral trade deal with the US.



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