



US tariffs

What it means for India's gems and jewellery sector



Gems and
jewellery
sector

The impact of US tariffs on the Indian Gems and Jewellery sector

Reciprocal tariffs

- 5 April 2025 (12:01 EDT) onwards, an additional 10% tariff has been imposed on goods imported into the US.
- Country-specific tariff, ranging from 10 percent to 50 percent, was imposed on 60+ countries.
- The rate prescribed for India is 26 percent. Rates for some of the other countries are as follows: China- 125 percent, Bangladesh- 37 percent, Japan- 24 percent, Sri Lanka- 44 percent and Vietnam- 46 percent.
- Country-specific additional duty has been put on hold until 9 July 2025 for all countries except China.
- Reciprocal duty is in addition to the existing duties and is levied only on non-US originating content.

What does it mean for India?

- The US is the major market for India's gems and jewellery sector with exports amounting to over US\$10 billion.
- The sector has been witnessing several challenges, such as soaring gold prices, increase in demand for lab grown diamonds, changing customer trends, etc.
- Furthermore, the gems and jewellery sector is often part of customers' discretionary spending and thus, any increase in price (in this case due to additional tariff) can have a direct adverse effect on demand.

What should Indian exporters do?

Conduct a tariff impact assessment for thorough understanding of their supply chain, trade flows and contractual obligations.

Evaluate the possible alternative routes for the processing of the goods and implement models to defer duty payment.

Make necessary adjustments in the supply chain to re-optimize footprint, re-evaluate pricing policies and cost structures while enhancing competitiveness.

Push for the signing of a Bilateral Trade Agreement between India and the US.

Determine the component of US originating goods embedded in the value of exported goods to exclude the same from suffering duty incidence

Establish internal responsibilities for monitoring trade development to enhance organisational readiness.