



## US tariffs

### What it means for India's renewable energy sector



#### The impact of the US tariffs on the Indian renewable energy sector

##### Reciprocal tariffs

- An additional 10 percent tariff has been imposed on goods imported into the US, as on 5 April 2025 (12:01 EDT).
- A 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.
- A country-specific additional duty has been put on hold until 9 July 2025 for all countries except China.
- Certain products—including some energy products—have been specifically exempted from the levy of such tariffs.
- Reciprocal duty is in addition to the existing duties and is levied only on non-US originating content

#### What does it mean for India?

##### India's trade with the US

- Over the past few years, India's manufacturing capacity of renewable energy products has been on the rise. The US is India's top export destination, and the value of exports for products such as solar PV modules exceeds US\$1 billion. However, some of the products are already subject to tariffs under Section 201 of the Trade Act of 1974. Thus, these additional tariffs would create a headwind for the sector.

##### Opportunity and risk

- The imposition of significantly higher tariffs on China could provide an opportunity to expand the market share for Indian exporters.
- However, there could be concerns over the dumping of goods from China into India.

#### What should Indian exporters do?

Review the Harmonised System of Nomenclature (HSN) code to confirm the tariff's applicability to exported products, especially aluminium sub-components.

Conduct a tariff impact assessment to determine contractual obligations, pricing terms, etc.

Assess the comparative tariff advantage that India may have.

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.

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