

U.S.-India Trade Relations

Trade and investment ties are a key aspect of U.S.-India relations. India is among the world's fastest-growing major economies and presents U.S. commercial opportunities. Some commentators see potential for the U.S. and Indian governments to enhance trade ties and engage on global and regional trade issues if they can address tariffs and other trade restrictions that have complicated trade relations. President Donald Trump has called India the "tariff king" and, since January 2025, taken tariff actions against India, among other trading partners. Per a February 2025 joint statement, President Trump and Indian Prime Minister (PM) Narendra Modi seek to more than double bilateral trade to \$500 billion by 2030 and to negotiate a multi-sector Bilateral Trade Agreement (BTA). Members of Congress may consider whether to support, modify, or oppose the Administration's approach to U.S.-India trade relations and seek to shape future U.S. trade policy on India.

India's Economy

India was the world's fifth-largest economy (nominal gross domestic product, GDP) and most populous country in 2024. According to the World Bank, the services sector comprised nearly half of India's GDP in 2023, while the agriculture sector remained India's top jobs provider. In April 2025, the International Monetary Fund lowered its projection of India's economic growth rate (real GDP) for 2025 from 6.5% to 6.2% due to "higher levels of trade tensions and global uncertainty."

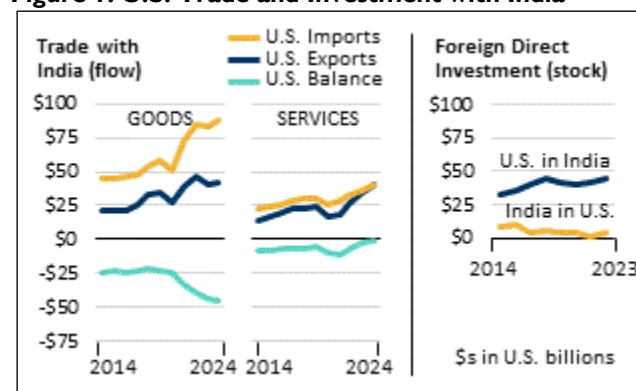
PM Modi has set a goal for India to attain developed nation status by 2047 and cast the country's 2023 presidency of the Group of 20 (G20) as a reflection of its economic rise. India faces challenges such as unemployment, poverty, and lagging infrastructure. The Modi government has sought to boost India's manufacturing sector to create jobs and to position India as a destination for firms seeking to diversify their supply chains. Areas of focus include infrastructure, energy, information technology (IT), and semiconductors. The Modi government has enacted some market-opening measures, such as reducing foreign direct investment (FDI) limits, yet also adopted trade-restrictive measures, such as tariff hikes. Concerns about its trade imbalance with the People's Republic of China (PRC, or China) appear to be one driver of India's protectionist measures. Per the State Department's 2024 *Investment Climate Statement*, India's "continued protectionist measures restrict expansion in bilateral trade and make it more challenging for Indian producers to join global supply chains."

U.S. Trade and Investment with India

In 2024, India was the United States' 10th-largest goods trade partner by country (2.4% of U.S. trade), and the United States was India's largest goods trade partner (10.8% of India's trade). Top U.S. goods exports to India were oil and gas, manufactured goods, coal and petroleum gases, aerospace products and parts, and basic chemicals.

Top U.S. goods imports from India were pharmaceuticals and medicines, manufactured goods, IT equipment, apparel, and textile furnishings. In services, the top U.S. export was travel, and top U.S. imports were business and IT services. The U.S. trade deficit with India was -\$45.6 billion for goods and -\$485 million for services in 2024 (**Figure 1**).

Figure 1. U.S. Trade and Investment with India



Source: CRS analysis, Bureau of Economic Analysis (BEA) data.

Note: Not inflation adjusted; 2023 latest available year for FDI data.

Per U.S. Bureau of Economic Analysis data, in 2023, India accounted for less than 1% of U.S. total two-way FDI (stock). Top FDI sectors were professional, scientific, and technical services and manufacturing. In 2022, U.S. company affiliates in India had 1.7 million employees, and Indian affiliates in the United States had 81,000 employees.

Selected Bilateral Trade Issues

Tariffs. In April 2025, President Trump announced new tariffs to address foreign trade practices that he declared have created a "national emergency," "as indicated by large and persistent annual U.S. goods trade deficits." He issued a baseline 10% tariff on most U.S. imports and a higher tariff on some partners. For India, the higher rate is 26%. The tariffs do not apply to some goods, including those currently or potentially facing separate U.S. tariff action. On April 9, the President suspended for 90 days the higher tariffs on India and others, stating that many countries approached the United States to address trade issues.

Under Section 232 of the Trade Expansion Act of 1962, as amended, the President imposed expanded tariffs on U.S. imports of steel and aluminum and eliminated product exclusions that some imports from India and other countries were granted during the first Trump and Biden Administrations. He also imposed tariffs on automotive imports. Section 232 investigations are active on products such as pharmaceutical and semiconductor imports. The President pledged to impose other tariffs, such as to address digital services taxation (DST). India has lifted DST.

On April 3, India's Department of Commerce announced in a press release it is "examining the implications of" and any

“opportunities that may arise” from the U.S. tariffs. The effects of U.S. tariffs on U.S.-India trade could depend on factors such as the scale and duration of the tariffs, any product exclusions or country exemptions, any retaliatory tariffs, and any negotiated resolution. The United States is a key market for some Indian goods currently or potentially facing tariffs. It accounts for more than one-third of India’s exports of medicines, smart phones, diamonds, and shrimp and prawns, for example. Differences between U.S. tariff rates on India and on other countries could affect India’s competitiveness in some U.S. sectors (e.g., textiles and electronics). Some Indian firms (e.g., auto parts suppliers) integrated in global supply chains could be affected not only by U.S. tariffs on India but also by those on other countries. U.S. tariff actions could spur some firms to shift FDI out of India or turn to markets other than the United States. Tariff actions could spur India to negotiate on tariffs and trade barriers with the United States (e.g., through BTA talks), or could incentivize India to diversify its markets and seek closer ties with other partners. India announced a trade deal with the United Kingdom on May 6 and is pursuing other trade deals, such as with the European Union.

Bilateral Trade Agreement Negotiations. In February 2025, President Trump and PM Modi stated their intent to negotiate the “first tranche” of a “mutually beneficial, multi-sector” BTA by the fall, by “increasing market access, reducing tariff and nontariff barriers, and deepening supply chain integration.” They also welcomed India’s moves to “lower tariffs on U.S. products of interest” (e.g., bourbon, motorcycles). India reportedly seeks to conclude a deal during the 90-day pause; it is unclear if a deal would lift U.S. tariffs. In April, Vice President J.D. Vance announced that the two nations “finalized the terms of reference” for the BTA talks. The deal reportedly could involve purchase of U.S. defense goods and tariff concessions by India, which could be politically sensitive.

Other Issues. During the Biden Administration, the United States and India resolved some trade issues, including bilateral disputes in the World Trade Organization (WTO). They revived the U.S.-India Trade Policy Forum and also cooperated in areas such as technology and supply chains.

Other bilateral trade issues persist. In its 2024 *National Trade Estimate Report on Foreign Trade Barriers*, the U.S. Trade Representative (USTR) identified India’s agricultural subsidies and sanitary and phytosanitary (SPS) measures for food safety as constraints to U.S. exports. The U.S. government has questioned India’s scientific and risk-based justifications of SPS barriers. The government of India provides agricultural support programs in part to protect agricultural employment and food-security.

India was again on the “Priority Watch List” in USTR’s 2025 *Special 301 Report* for U.S. concerns about India’s intellectual property (IP) regime. USTR noted India’s efforts to strengthen its IP regime but cast the progress as “inconsistent.” USTR cited “the potential threat of patent revocations,” high levels of copyright piracy, inadequate IP enforcement, and weak legal protections of trade secrets as concerns. USTR also has identified trade barriers stemming from India’s requirements for domestic testing and certification (e.g., for telecommunications) and for data localization (e.g., to store payment information on servers

in India). USTR has noted that India’s data protection law could restrict cross-border data transfers.

India has raised concerns as well. A continued priority for India could be its reinstatement in the U.S. Generalized System of Preferences (GSP), if Congress were to renew the program. GSP, which expired in 2020, granted duty-free treatment for certain U.S. imports from eligible developing countries. President Trump terminated India’s GSP designation in 2019 over concerns about access to India’s market. Other issues that India’s leaders have raised include U.S. temporary visa and Social Security tax policies that affect Indian nationals working in the United States.

India has since 2008 contracted for at least \$24 billion worth of U.S.-origin defense articles, purchasing items through the Foreign Military Sales and the Direct Commercial Sales processes. The Indian government has expressed eagerness for more technology-sharing and co-production initiatives; President Trump has urged India to buy more American equipment.

Regional and Multilateral Trade. During the Biden Administration, India participated in the U.S.-led Indo-Pacific Economic Framework for Prosperity (IPEF), which involved commitments in four pillars: trade; supply chains; clean energy, decarbonization and infrastructure; and tax and anti-corruption. India joined all pillars except trade. Indian officials questioned whether the agenda (e.g., environment, labor, and digital trade issues) would benefit developing countries and noted that India’s digital rules were in development. In 2023, USTR paused digital trade talks in IPEF after the Biden Administration reversed its support for certain digital trade rules. IPEF partners reached agreements, which went into effect in 2024, on all pillars except trade. The Trump Administration’s approach to IPEF is unclear. The Quadrilateral Security Dialogue, or “Quad,” an informal grouping of the United States, India, Japan, and Australia, includes initiatives in critical minerals, infrastructure, and energy and semiconductor supply chains.

U.S. and Indian views have diverged at times in the WTO. Some WTO members have charged India with blocking some multilateral consensus on issues under negotiation (e.g., on fisheries subsidies rules). For its part, India has sought to be a voice for developing countries or the “Global South.” Issues at tension have included agricultural domestic support, e-commerce, and COVID-19 IP waivers.

Selected Issues for Congress

Some Members support expanding bilateral trade ties (e.g., 118th Cong., H.Res. 539, H.R. 5374). Others seek to target India’s trade policies of concern (e.g., on agriculture, 119th Cong., S. 743, 118th Cong., H.R. 5790, S. 2979). A key issue may be whether U.S. tariff actions advance or constrain U.S. interests. In the 119th Congress, some bills would expand the use of tariffs or curtail executive tariff authorities. Congress also may oversee the BTA talks and consider whether to specify in legislation Congress’s role in consultation or approval of any final BTA. Congress also could assess whether a BTA would address U.S. trade interests or could lead to a free trade agreement, if desired.

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