

USA Reciprocal Plan and
Impact on Gold Jewellery
Exports Threat or
Opportunity

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Study Team

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EXECUTIVE SUMMARY

Overview: USA President Donald Trump on 13th February 2025 announces, 'Fair and Reciprocal Plan on Trade'. According to the Reciprocal Plan, US would implement reciprocal tariffs, charging other countries the same tariffs they impose on American goods.

1. USA has a trade deficit of US\$6.27 billion with India

According to the USITC data 2024, USA imports from India are at US\$11.58 billion, while its exports to India are at US\$5.31 billion making a total bilateral trade of US\$16.89 billion. However, the USA has a trade deficit of US\$6.27 billion with India.

India-USA Gem and Jewellery Trade Balance Scenario

| Particulars | Year 2024 |
|--|-----------------------------|
| USA imports from India | US\$11.58 billion |
| USA exports to India | US\$5.31 billion |
| USA India Bilateral Trade | US\$16.89 billion |
| USA Balance of Trade Deficit with India | (-) US\$6.27 billion |

Source : GJEPC Research Division based on DGCIS and USITC , 2024 Note : *The export and import figures include consignment exports/reimports, where exports and imports is noted in the figures of each country without tracking them as consignment exports/ reimports*

2. Tariffs on key G&J products in India and USA – A comparison

USA is importing the various finished gem and jewellery products from India in Significant quantum. Exports of cut and polished diamonds are US\$5601.24 million followed by studded gold jewellery amounting to US\$2547.31 million, Plain gold jewellery US\$267.12 million, Worked LGD US\$831.45 million, Silver Jewellery US\$320 million, Platinum Jewellery US\$133.96 million, Imitation Jewellery, US\$41.62 million and Coloured gemstones US\$118 million. In this manner, USA is India's key export markets for all the finished G&J products from India including CPD, Gold Jewellery, Silver Jewellery, LGD etc. However, refer to below table there is a difference in the Tariffs applicable in India for USA and in USA for India. Tariffs in India are higher for USA than what USA imposes for India on imports of the above products Based on the Reciprocal and Fair Plan of the USA, there is a likelihood that India's key exports products to USA may attract the higher tariffs ranging from 5% to 20% which would severely impact India's exports to the USA market.

Table - Comparative tariffs in both the countries

| Commodity Category | Exports to USA | | Tariff applicable in USA for India | Tariff applicable in India for USA | Tariff rates India & USA |
|----------------------------|------------------|--|------------------------------------|------------------------------------|--------------------------|
| | 2022-23 | 2023-24 | | | |
| | US\$ Mill | US\$ Mill | | | |
| Cut & Polished Diamonds | 7,972.16 | 5,601.24 | 0% | 5% | India>USA |
| Workd Lab Grown Diamonds | 1,088.65 | 831.45 | 0% | 5% | India>USA |
| Plain Gold Jewellery | 441.21 | 267.12 | 7% | 20% | India>USA |
| Studded Gold Jewellery | 2487.51 | 2547.31 | 5.50% | 20% | India>USA |
| Total Gold Jewellery | 2928.72 | 2814.43 | | | |
| Silver Jewellery | 344.29 | 320.02 | 5 to 13.5% | 20% | India>USA |
| Coloured Gemstones, worked | 116.16 | 114.55 | 0% | 5% | India>USA |
| Platinum Jewellery | 14.93 | 133.96 | 5.50% | 20% | India>USA |
| Imitation Jewellery | 45.43 | 40.11 | 3.3 to 11% | 25% | India>USA |
| Others | 75.91 | 92.74 | | | |
| Total | 12,586.25 | 9,948.50 | | | |
| | | Without Local Taxes : Average Tariffs | 3.17% | 8.63% | |

Source : GJEPC Research Division based on USA Tariff Schedule from USITC

Without Local Taxes Average tariff in USA is 3.17% and in India is 8.63%

Going by the State wise local sales tax rates in USA :

- Average State Sales Tax – 6.62% ,
- Max - 10.12%,
- Min-1.82%,
- 4 States with 0%

Source : Sales Tax Clearing House

3. Effects of Reciprocal Tariff imposed upon India by USA

In case of not extending the concessions to USA would severely impact Indian exports of jewellery products in terms :

| Shifting of India's Exports of gold jewellery to the other countries | Shifting of India's Manufacturing Capacities to other countries | Exports, Production and Employment will be ompacted |
|--|---|---|
| France, Italy, Switzerland, Jordan (FTA), Korea (FTA) | Oman (FTA), Singapore , UAE | 50% exports can be wiped out gradually to US\$1500 mn which is equivalent to around 20 tons . On 1 tonne approx 4000 to 7000 people work so it may impact direct job loss of 100000 to 150000 only in gold jewellery segment. |
| Jordan, Italy, France, South Korea | Singapore, UAE, Oman | |
| Peru, Italy, France, | Singapore, HK | |
| Italy , Jordan, | HK | |
| | | |

4. GJEPC Recommendations for mitigating USA Reciprocal Tariff Plan

In order to avoid Reciprocal Tariffs by USA on India, the Prime Minister of India, Shri Narendra Modi during an Official Working Visit in Washington, DC on February 13, 2025 along with The President of the United States of America, The Honorable Donald J. Trump the leaders announced plans to negotiate the first tranche of a mutually beneficial, multi-sector Bilateral Trade Agreement (BTA) by fall of 2025. In this regard, Shri Piyush Goyal visited USA on 3rd March to hold talks with US Trade Representative (USTR):

GJEPC submitted the following Recommendations as Key Offers for USA

- Tariff reduction on gold/silver/platinum/palladium/Rhodium by 1% to USA
- Tariff reduction on gold/silver/platinum jewellery articles from 20% to 6%* (***reduction level on the imports of metal should be in a manner which will avoid problem of inverted duty structure as it is imp to keep a difference of at least the value addition component (as prescribed in FTP) over and above the import duty plus agri cess on gold /silver/platinum and articles of gold/silver etc.)**)
- Tariff reduction on polished diamonds /lab grown diamonds from 5% to 2.5% to USA
- Tariff reduction on Worked Coloured gem stones from 5% to 2.5% to USA
- By providing above concessions and especially to the metals, USA trade deficit with India of US\$6.27 billion is estimated to be managed.

Recommendations as Key Asks from USA : An Opportunity

- Relaxation of tariffs by USA on the jewellery products which are prevailing at 5.5% /7%/11% can help Indian exporters to enhance their exports of various G&J products to the USA.

5. Implications of extending concessions to USA

- Shifting of exports/manufacturing would be safeguarded
- In consideration, if USA grants duty concession to India's jewellery products it would open the export potential for Indian exporters.

In this manner, USA Reciprocal Plan which has posed a threat to Indian G&J sector may turn to be an opportunity

GJEPC Tariff Concession Recommendations w.r.t

USA Reciprocal Tariffs Plan

1.0 India USA G&J trade scenario – An overview

India and USA relations are historically deep rooted and have gone strength in strength over a period of time. As evident from the fact that India's gem and jewellery exports to USA are at US\$9.95 billion which comprise of 20.28% share in India's total gem and jewellery exports of US\$32.85 billion to the World in FY2023-2024. Similarly, India is one of the key sourcing countries of USA for gem and jewellery products. According to the USITC data , India constitutes for 12.99% share in USA total gem and jewellery imports of US\$89.12 billion from the World.

Table -1 India -USA G&J Trade Scenario (US\$billion)

| Particulars | Time Period | Amount (US billion)/ |
|--|-------------|----------------------|
| | | % share |
| India's total exports of gem and jewellery | FY2023-2024 | 32.85 |
| India's exports of G&J to USA | | 9.95 |
| % share of USA in India's G&J exports | | 30.28% |
| USA imports of G&J from the World | CY 2024 | 89.12 |
| USA imports of G&J from India | | 11.58 |
| % share of India in USA G&J imports | | 12.99 |

Source : GJEPC Research Division based on DGCIS- FY2024 and USITC data 2024

2.0 India – USA Gem and Jewellery Trade Balance Scenario

According to the USITC data 2024, USA imports from India are at US\$11.58 billion, while its exports to India are at US\$5.31 billion making a total bilateral trade of US\$16.89 billion. However, the USA has a trade deficit of US\$6.27 billion with India.

Table -2 India-USA Gem and Jewellery Trade Balance Scenario

| Particulars | Year 2024 |
|--|-----------------------------|
| USA imports from India | US\$11.58 billion |
| USA exports to India | US\$5.31 billion |
| USA India Bilateral Trade | US\$16.89 billion |
| USA Balance of Trade Deficit with India | (-) US\$6.27 billion |

Source : GJEPC Research Division based on DGCIS and USITC , 2024 *Note : The export and import figures include consignment exports/reimports , where exports and imports is noted in the figures of each country without tracking them as consignment exports/ reimports*

This is in the wake of reducing its trade deficit with different countries, USA President Donald Trump on 13th February 2025 announces 'Fair and Reciprocal Plan on Trade' ordering the

development of a comprehensive plan for restoring fairness in U.S. trade relationships and countering non-reciprocal trading arrangements.

- The “Fair and Reciprocal Plan” will seek to correct longstanding imbalances in international trade and ensure fairness across the board.
- This plan will put the American worker first, improve the country’s competitiveness in every area of industry, reduce our trade deficit, and bolster its economic and national security.

According to the Reciprocal Plan, US would implement reciprocal tariffs, charging other countries the same tariffs they impose on American goods.

As discussed above USA is India’s key export destination for gem and jewellery products India is exporting gem and jewellery products amounting to US\$10 billion to the country. Therefore, it is important to assess the impact of likely Reciprocal Tariffs on India’s gem and jewellery exports and sector as a whole.

3.0 Tariff on Gem and Jewellery Products in USA and India : A comparison

It is on the basis of imposing reciprocal tariffs on the imports of products in USA depends on the average tariffs imposed by the countries on the imports of products from USA in its territory.

Hence, this is pertinent to understand and compare the following

1. Average tariff on gem and jewellery products in USA for imports India
2. Average tariff on gem and jewellery products in India imports from USA
3. Identifying the gap in average tariffs
4. Likelihood of reciprocal tariffs by USA on Indian G&J sector
5. Competitive Analysis

3.1 Average tariff on gem and jewellery products in USA for imports India and

3.2 Average tariff on gem and jewellery products in India imports from USA

Methodology:

In order to compare the average tariffs prevailing in both the countries , Harmonised Tariff Schedule of the United States Revision 2 (2025) , Section XIV and India’s tariffs structure have been referred. Based on the HS line wise tariffs prevailing in USA and India , average tariff rates are computed after adjusting return consignments in case of Indian imports from USA and also in two scenarios – without local taxes and with local taxes in both the countries in terms of applicable GST, AIDC and Social Welfare charges.

Definition of Average Taxes are referred from the WTO which describe Arithmetic Average tariffs are : **Arithmetic average = Sum of duties/No. of tariff lines**

USA imports from India and tax implications for India in USA

Total Tariffs on HS lines – 310.3% without taxes (USA Local)

Total no. of HS lines – 98

Average tariffs in USA – 3.17% Without taxes

Total Tariffs on HS lines – 1484.48% with taxes (USA Local)

Total no. of HS lines - 98

Average tariffs in USA - 15.15% with USA Local taxes

USA Exports to India and Tax Implications for USA in India

Total Tariffs on HS lines – 612.50% without taxes (India local)

Total no. of HS lines – 71

Average tariffs in India – 8.63% without local taxes

Total Tariffs on HS lines – 865.78 % with taxes (India local)

Average tariffs in India – 12.19% with taxes (India local)

This shows that average tariffs in USA on gem and jewellery products without local taxes – 3.17% is lower than the average tariffs in India for USA – 8.63% ; While with local taxes Average tariffs in USA are computed at 15.15% which are relatively higher than the average tariffs of 12.19% (with local taxes) prevailing in India.

Source : GJEPC research Division Calculations

Snapshot of Calculation of average tariffs is enclosed as annexure A and B

Going by the State wise local sales tax rates in USA :

- Average State Sales Tax – 6.62% ,
- Max - 10.12%,
- Min-1.82%,
- 4 States with 0%

Source : Sales Tax Clearing House

4.Tariff on Gem and Jewellery Products in USA and India : A comparison

USA key G&J imports from India and applicable tariffs – USITC Data and Tariff Schedule

USA is importing the various finished gem and jewellery products from India in Significant quantum. Exports of cut and polished diamonds are US\$5601.24 million followed by studded

gold jewellery amounting to US\$2547.31 million , Plain gold jewellery US\$267.12 million, Worked LGD US\$831.45 million , Silver Jewellery US\$320 million, Platinum Jewellery US\$133.96 million , Imitation Jewellery, US\$41.62 million and Coloured gem stones US\$118 million. In this manner, USA is India's key export markets for all the finished G&J products from India including:

| HS code at 6 digit level (broad) | Commodity |
|----------------------------------|------------------------------------|
| 710239 | Cut Polished Diamonds |
| 710491 | Lab Grown Diamonds |
| 711319 | Gold jewellery/ Platinum Jewellery |
| 711311 | Silver Jewellery |
| 7117 | Imitation Jewellery |
| 711419/711411 | Articles of Gold/Silver |
| 710391/710399 | Coloured gemstones |

However, refer to table-3 there is a difference in the Tariffs applicable in India for USA and in USA for India. Tariffs in India are higher for USA than what USA imposes for India on imports of the above products

Based on the Reciprocal and Fair Plan of the USA, there is a likelihood that India's key exports products to USA may attract the higher tariffs ranging from 5% to 20% which would severely impact India's exports to the USA market.

Table-3
India's Exports of Gem and Jewellery Commodities to USA and comparative tariffs in both the countries

| Commodity Category | Exports to USA | | Tariff applicable in USA for India | Tariff applicable in India for USA | Tariff rates India & USA |
|----------------------------|------------------|-----------------|------------------------------------|------------------------------------|--------------------------|
| | 2022-23 | 2023-24 | | | |
| | US\$ Mill | US\$ Mill | | | |
| Cut & Polished Diamonds | 7,972.16 | 5,601.24 | 0% | 5% | India>USA |
| Workd Lab Grown Diamonds | 1,088.65 | 831.45 | 0% | 5% | India>USA |
| Plain Gold Jewellery | 441.21 | 267.12 | 7% | 20% | India>USA |
| Studded Gold Jewellery | 2487.51 | 2547.31 | 5.50% | 20% | India>USA |
| Total Gold Jewellery | 2928.72 | 2814.43 | | | |
| Silver Jewellery | 344.29 | 320.02 | 5 to 13.5% | 20% | India>USA |
| Coloured Gemstones, worked | 116.16 | 114.55 | 0% | 5% | India>USA |
| Platinum Jewellery | 14.93 | 133.96 | 5.50% | 20% | India>USA |
| Imitation Jewellery | 45.43 | 40.11 | 3.3 to 11% | 25% | India>USA |
| Others | 75.91 | 92.74 | | | |
| Total | 12,586.25 | 9,948.50 | | | |

Source : GJEPC Research Division based on DGCIS and USITC

Similarly , import tariffs on key imports from USA are different in India and USA which are as depicted in Table-4

Table-4 - India's Imports of Gem and Jewellery Commodities from USA and comparative tariffs in both the countries

| Commodity Category | Imports from USA | | Tariff applicable in USA for India | Tariff applicable in India for USA | Tariff rates India & USA |
|---------------------------|------------------|-----------------|------------------------------------|------------------------------------|--------------------------|
| | 2022-23 | 2023-24 | | | |
| | US\$ Mill | US\$ Mill | | | |
| Rough Diamonds | 550.89 | 251.42 | 0% | 0% | India=USA |
| Rough Lab grown Diamonds | 58.65 | 12.15 | 3% | 0.50% | India<USA |
| Rough Coloured Gemstone | 14.17 | 24.81 | 0 to 10.5% | 0.50% | |
| Gold Bar | 1,881.31 | 1,254.82 | 0 to 4.1% | 5% | India>USA |
| Platinum Bar | 24.05 | 25.33 | 0% | 5% | India>USA |
| Silver Bar | 115.33 | 21.45 | 3 to 3.3% | 5% | India>USA |
| Cut & Polished Diamonds | 4581.66 | 3087.92 | 0 | 5% | India>USA |
| Gold Jewellery | 226.8 | 270.36 | 5 to 7% | 20% | India>USA |
| Worked Coloured Gemstone | 55.41 | 47.32 | 0 to 10.5% | 5% | India>USA |
| Worked Lab Grown Diamonds | 115.13 | 109.14 | 0% | 5% | India>USA |
| Silver Jewellery | 12.8 | 10.92 | 5 to 13.5% | 20% | |
| Others | 37.48 | 45.83 | | | |
| Total | 7,673.68 | 5,161.47 | | | |

Source : GJEPC Research Division based on DGCIS and USITC

GJEPC Broad Recommendations - w.r.t Safeguarding Exports to USA

| HS codes | Description | Current Tariff rates in India | GJEPC Recommendation for Tariff concessions |
|----------------|---|-------------------------------|---|
| 7101 | Unworked and Worked Pearls (Cultured and Natural) | 5%- 10% | Tariff elimination to NIL |
| 710231 | Rough Diamonds | NIL | NIL |
| 710239/710229 | Polished Diamonds | 5% | Tariff Reduction to 2.5% |
| 710310 | Unworked Coloured gem stones | 0.5% | Tariff elimination to NIL |
| 710391 /710399 | Precious and Semiprecious stones | 5% | Tariff Reduction to 2.5% |
| 710491 | Worked LGD | 5% | Tariff Reduction to 2.5% |
| 710812 | Gold Bars | 5% | Tariff reduction by 1% |
| 710692 | Silver Bar | 5% | Tariff reduction by 1% |
| 711019 | Platinum Bar | 5% | Tariff reduction by 1% |
| 711029/39/49 | Palladium/Rhodium/Iridium | 5% | Tariff reduction by 1% |
| 711319 | Gold Jewellery | 20% | |

| | | | |
|-----------|----------------------|-----|--|
| 711311 | Silver Jewellery | 20% | Tariff reduction from 20% to a level which will avoid problem of inverted duty structure as it is imp to keep a difference of at least the value addition component (as prescribed in FTP) over and above the import duty plus agri cess on gold /silver/platinum and articles of gold/silver etc. |
| 711321 | Platinum Jewellery | 20% | |
| 711411/19 | Silver/Gold Articles | 20% | |

Above concessions are on the same lines that the GJEPC has submitted for the various ongoing Trade negotiations with various countries , EU, UK, etc.

As per the above recommendations, USA trade deficit of US\$6.27 billion (table-5) with India is expected to subside in the coming times (Tabel-6 broad estimates are as follows)

Table -5 USA – India Trade

| Particulars | Year 2024 |
|--|-------------------------|
| USA imports from India | US\$11.58billion |
| USA exports to India | US\$5.31billion |
| Balance of Trade Deficit USA with India | US\$6.27 billion |

Source: GJEPC Research Divisions based on USITC Data

Table -6 Imports of metals from USA – Balancing trade

| Commodity | Present imports in qty | Present imports in value US\$mn | Incremental Increase In qty | Incremental increase In value US\$million |
|--------------------------|------------------------|---------------------------------|-----------------------------|---|
| Gold | 21.54 tons | 1217.11 | 65 tons | 6000 |
| Silver | 58 tons | 21.46 | 225 tons | 150 |
| Platinum | 0.81 tons | 23.96 | 1.5 tons | 25 |
| Palladium/Rhodium/Iridum | | | | 50 |
| Total | | 1262.53 | | 6225 |

Source : GJEPC Research Division calculations

5. Expected Impact on G&J Sector w.r.t Gold Jewellery products

As per the data from the US International Trade Commission (USITC) for 2024, the total value of gem and jewellery imports from India to the United States reached US\$11.5 billion. Notably, twelve specific commodities constitute the majority of these imports, representing a combined share of 99.29% of the total gem and jewellery imports from India.

The primary commodities include:

1. Cut and Polished Diamonds
2. Gold Jewellery
3. Polished Lab-Grown Diamonds
4. Silver Jewellery
5. Precious and Semi-Precious Coloured Gemstones
6. Imitation Jewellery

Table- 7 USA imports of key commodities from India and Tariff Structure

| HTS Number | Description | 2024 | % share | Tariffs in India | Tariff in USA | Comparison Tariffs structure |
|------------|---|-----------------|---------------|------------------|---------------|------------------------------|
| | | 11580.42 | | | | |
| 71023900 | Nonindustrial diamonds, worked, but not mounted or set | 6687.23 | 57.746 | 5% | 0 | India>USA |
| 71131950 | Precious metal (o/than silver) articles of jewelry and parts thereto, whether or not plated or clad with precious metal,nesoi | 2807.55 | 24.244 | 20% | 5.5% | India>USA |
| 71049110 | Synthetic or reconstructed diamonds, cut but not set & suitable for use in the manufacture of jewelry | 941.87 | 8.133 | 5% | 0 | India>USA |
| 71131150 | Silver articles of jewelry and parts thereof, nesoi, valued over \$18 per dozen pieces or parts | 353.06 | 3.049 | 20% | 5% | India>USA |
| 71131929 | Gold necklaces and neck chains (o/than of rope or mixed links) | 301.64 | 2.605 | 20% | 5.5% | India>USA |
| 71039100 | Rubies, sapphires and emeralds, worked, whether or not graded, but n/strung (ex. ungraded temporarily strung), mounted or set | 225.83 | 1.950 | 5% | 0 | India>USA |
| 71039910 | Precious or semiprecious stones, nesoi, cut but not set and suitable for use in the manufacture of jewelry | 95.96 | 0.829 | 5% | 0 | India>USA |
| 71131921 | Gold rope necklaces and neck chains | 8.24 | 0.071 | 20% | 5% | India>USA |
| 71131925 | Gold mixed link necklaces and neck chains | 8.13 | 0.070 | 20% | 5.8% | India>USA |
| 71162050 | Precious stone articles,nesoi | 27.24 | 0.235 | 10% | 3.30% | India>USA |
| 71162005 | Jewelry articles of precious or semiprecious stones, valued not over \$40 per piece | 24.10 | 0.208 | 10% | 3.30% | India>USA |
| 7117 | Imitation Jewellery | 17.43 | 0.151 | 25% | 11% | India>USA |
| | Others | 82.14 | 0.709 | | | |
| | Total | 11498.28 | 100.00 | | | |

Source: GJEPC Research Division based on USITC 2024

Refer to above **table – 7** it is apparent that tariffs in India on the key commodities are higher than the tariffs prevailing in USA. Consequently, there is a high possibility that the United States may implement reciprocal tariffs on Indian products, which could range from 5% to 20% on jewellery products especially the gold jewellery (HS code 71131950) and cut and polished diamonds (HS – 710239) which are significantly imported by USA from India.

A detailed analysis of the expected impact on India's exports, categorized by commodity, is provided below.

7.1 Gold jewellery Products

Precious metal (o/than silver) articles of jewelry and parts thereto HS code – 71131950

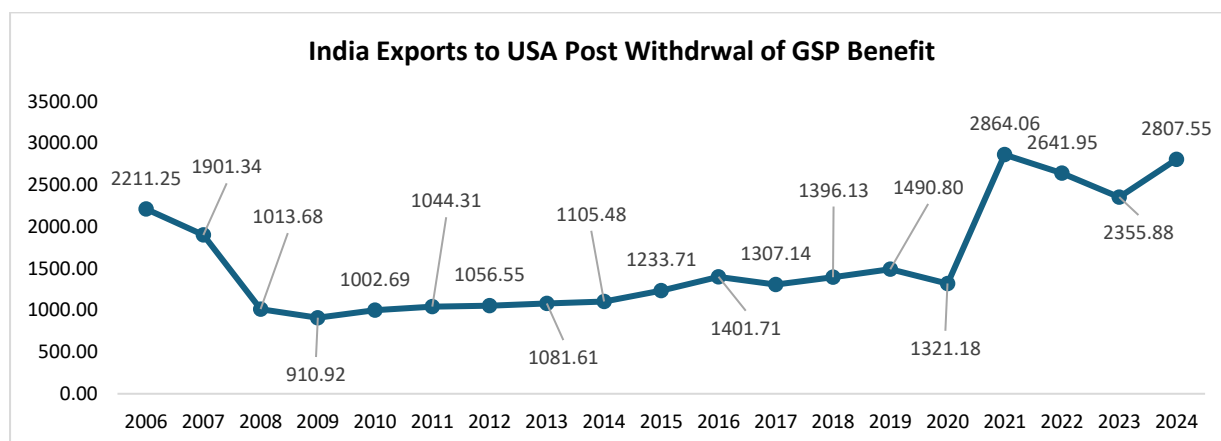
1. USA can shift its imports from India to other countries – USA can shift its Imports of gold jewellery from India to France, Italy and Switzerland as tariffs on 71131950 in these countries are relatively lower than the tariffs prevailing in USA. Jordan and Korea are observed to be beneficiary to the reciprocal plan of USA because under the ambit of FTAs, tariff structure in Jordan, Korea and USA are equal i.e. NIL and it has been observed that after the FTAs imports of the said commodity in USA from Jordan and Korea have increased substantially, therefore these countries are expected to pose a competitive threat to India in case USA increases its import tariffs (**table-9**).

2. Indian manufacturers /exporters can shift its manufacturing capacities – In the scenario of having reciprocal taxes imposed, Indian manufacturers/exporters can shift their manufacturing capacities to other countries especially to Oman, Singapore and UAE to take the advantage of relatively lower tariffs in these countries for USA.

3. UAE can further expand its trading of gold jewellery – Presently USA is a gateway to middle east countries for supplying the gold jewellery, but in case of reciprocal tariffs on India UAE, can take a big leap to become major supplier of gold jewellery products to USA in the light of its huge capital base and existing well established jewellery market.

4. Impact on Exports - The exports of gold jewellery products (HS code 71131950) to the United States are projected to decrease by 50% following the trends observed immediately after the cessation of the GSP benefit for this

commodity. The United States has removed a duty concession of 5.5% for India on selected products. Data indicates that prior to the GSP withdrawal, India's exports of gold jewellery (HS code 71131950) to the United States amounted to US\$2,211.25 million in 2006. However, exports plummeted by approximately 50% to US\$1,013.68 million within a year after the GSP benefit was withdrawn in 2007. Although exports began to recover in 2015, they did not return to the previous level of over US\$2 billion until 2022, approximately 15 years after the GSP benefit was withdrawn from India.



Source : GJEPC Research Division based on USITC data

Table - 8
USA imports from India of select G&J commodities

| HS Code 8 Digit | Articles | Imports of USA from India Year ¹ | Imports of USA from India (US\$ million) | Imports of USA from India US\$million 2018 |
|--|---|---|--|--|
| 71131150 | Silver articles of jewellery and parts | FY2007 | 143 | 301 |
| 71131921 | Gold rope necklaces and neck chains | 2009 | 71 | 11.4 |
| 71131925 | Gold mixed link necklaces and neck chains | 2009 | 66 | 3.7 |
| 71131929 | Gold necklaces and neck chains (except of rope or mixed links) | 2007 | 266 | 82 |
| 71131950 | Precious metal (except silver) articles of jewellery & parts, whether or not plated or clad with precious metal | 2007 | 1901 | 1385 |
| Total exports to USA/USA imports from India | | | 2447 | 1783 |

Source : GJEPC analysis based on USITC database for 2007 and 2018 (Calendar year)

Note : Round figures are taken

¹ Years shown in such column is in accordance with the year of the withdrawal of GSP by USA/ one year preceding

HS Code – 71131950 Precious metal (o/than silver) articles of jewelry and parts thereto

Table-9 USA imports of the commodity – 71131950 and expected impact on India's exports

| Country | 2024 | General Duty Structure in USA | Country Specific Duty Structure in USA | FTA/MFN | Duty structure in supplying/ sourcing country | India | Possibility of shifting | Other Remarks |
|----------------------|---------|-------------------------------|--|-------------------------|---|-------|-------------------------|--|
| India | 2807.55 | 5.50% | | MFN | 20% | 20% | | |
| France | 1517.19 | 5.50% | | MFN | 2.50% | 20% | Yes | France can increase its mf capacity |
| Italy | 984.44 | 5.50% | | MFN | 2.50% | 20% | Yes | Italy can increase its mf capacity |
| Thailand | 572.73 | 5.50% | | MFN | 10% | 20% | No | Subject to future possibility of Thailand tariff concession to USA |
| Hong Kong | 558.25 | 5.50% | | MFN | 0% | 20% | Yes | Indians can shift their manufacturing caapcity to HK |
| Switzerland | 371.16 | 5.50% | | MFN | 0% | 20% | Yes | Switzerland can increase its mf capacity |
| Jordan | 324.59 | 5.50% | 0% | FTA | 0% | 20% | No | Jordan can increase its manufacturing capacity |
| Turkey | 316.92 | 5.50% | | MFN | 30.00% | 20% | No | Turkey > USA subject to its future tariff concessions to USA |
| Mexico | 206.99 | 5.50% | 0% | USMCA | 0% | 20% | No | Mexico-USA but Manufacturing capacity is not developed in Mexico |
| Oman | 203.76 | 5.50% | 0% | FTA | 0% | 20% | No | Oman = USA Indians can shift its mf capacities in Oman |
| Israel | 191.97 | 5.50% | 0% | FTA | 0% | 20% | No | Israel = USA Manufacturing capacity is not much developed |
| China | 186.50 | 5.50% | 22.50% | China Cumulative duties | 28% | 20% | No | China > USA |
| South Korea | 146.81 | 5.50% | 0% | US Korea FTA | 0% | 20% | Yes | Korea can increase its mf capacity |
| Singapore | 143.03 | 5.50% | 0% | FTA | 0% | 20% | Yes | India can shift its manufacturing capacity to Singapore |
| Canada | 127.55 | 5.50% | 0% | USMCA | 0% | 20% | No | Manufacturing capacity is not developed |
| Dominican Republic | 79.32 | 5.50% | 0% | FTA | 20% | 20% | No | DR > USA |
| Indonesia | 69.80 | 5.50% | | MFN | 15% | 20% | No | Indonesia > USA |
| United Arab Emirates | 49.08 | 5.50% | | MFN | 5% | 20% | Yes | UAE < USA India can shift its manufacturing caapcity to UAE |
| Australia | 13.62 | 5.50% | 0% | FTA | 0% | 20% | No | Manufacturing capacity is not developed |

Source : GJEPC Research Division based on USITC data

HS Code – 71131921 Gold rope necklaces and neck chains

India's exports of gold ropes, necklaces, and neck chains could be shifted to Peru, Italy, and France, where the tariffs on products from the United States are comparable to or lower than those imposed in the United States. Indian manufacturers may prefer to relocate their operations to countries such as Hong Kong and Singapore, which provide duty-free imports under Most Favored Nation (MFN) status for this commodity to USA. Additionally, a shift may be feasible to Thailand, Indonesia, and Turkey, depending on their potential strategies regarding the reduction of duties on this product for the United States (Table-10).

**Table- 10 USA imports of the commodity and expected impact - HS Code – 71131921
Gold rope necklaces and neck chains**

| Row Labels | 2024 | General Duty Structure in USA | Country Specific Duty Structure in USA | FTA/MFN w.r.t USA | Duty structure in supplying sourcing country | MFN/FTA w.r.t Supplying country | India | Possibility of shifting (Yes/No) | Other Remarks | |
|--------------------|--------|-------------------------------|--|-------------------------------------|--|---------------------------------|-------|----------------------------------|---|--------|
| Peru | 181.54 | 5% | 0 | US-Peru Free Trade Agreement (PE) | Free | PE- US Commercial | 20% | yes | Under FTA Peru tariff = USA tariff | PERU |
| Dominican Republic | 40.96 | 5% | 0 | US Central American | 20% | MFN | 20% | No, | as DR Tariff under FTA > USA | |
| Hong Kong | 25.98 | 5% | 5 | MFN | Free | MFN | 20% | | India can shift its mf capacity to HK | |
| Turkey | 13.52 | 5% | 5 | MFN | 30% | MFN | 20% | No | As tariff in turkey > USA | |
| Italy | 9.08 | 5% | 5 | MFN | 2.50% | MFN | 20% | Yes | Italy tariff < USA tariff , Italy can increase its mf capacity | ITALY |
| India | 8.24 | 5% | 5 | MFN | 20% | MFN | 20% | | Will be impacted, Indian mf can shift their operations in HK | |
| Indonesia | 4.67 | 5% | 5 | MFN | 15% | MFN | 20% | No/yes | Subject to future possibility of Indonesia tariff concession to USA | |
| Thailand | 2.61 | 5% | 5 | MFN | 10% | MFN | 20% | No/yes | Subject to future possibility of Thailand tariff concession to USA | |
| France | 2.07 | 5% | 5 | MFN | 2.50% | MFN | 20% | Yes | France can increase its mf capacity | FRANCE |
| Singapore | 1.39 | 5% | 0 | Singapore Free Trade Agreement (SG) | Free | MFN | 20% | Yes | India can shift its mf capacity to Singapore | |

Source : GJEPC Research Division based on USITC data

71131925 Gold mixed link necklaces and neck chains

Indonesia, along with Italy and Thailand, serves as a primary supplier of gold mixed link necklaces and neck chains to the United States. The imposition of reciprocal tariffs may lead to a significant shift of these products towards Italy, where the tariff rate stands at a comparatively lower 2.50% than that in the United States. Additionally, Jordan presents another opportunity for the United States to enhance its sourcing of these products due to the Free Trade Agreement (FTA) that allows for duty-free access between the two nations. In contrast, Indonesia and Thailand face higher Most-Favored-Nation (MFN) tariffs compared to those in the United States. Consequently, the decision to redirect sourcing to these nations will depend on their future trade strategies (**Table-11**).

**Table- 11 USA imports of the commodity and expected impact
HS Code – 71131925 - Gold mixed link necklaces and neck chains**

| Row Labels | 2024 | General Duty Structure in USA | Country Specific Duty Structure in USA | FTA/MFN w.r.t USA | Duty structure in supplying country | FTA/MFN w.r.t Supplying countries | India | Possibility of shifting | Other Remarks | |
|--------------------|-------|-------------------------------|--|--|-------------------------------------|-----------------------------------|-------|-------------------------|---|--------|
| Indonesia | 57.12 | 5.80% | 5.80% | MFN | 15% | MFN | 20% | No | Subject to future possibility of Indonesia tariff concession to USA | |
| Hong Kong | 14.69 | 5.80% | 5.80% | MFN | Free | MFN | 20% | May/May r | India can shift its mf capacity to HK | |
| Italy | 12.28 | 5.80% | 5.80% | MFN | 2.50% | MFN | 20% | Yes | Italy tariff <USA tariff , Italy can increase its mf capcity | Italy |
| Mexico | 11.43 | 5.80% | 0 | USMCA | FREE | USMCA for United States | 20% | No | Mf. Capacity is not developed | |
| Thailand | 8.99 | 5.80% | 5.80% | MFN | 10% | MFN | 20% | May/May r | Subject to future possibility of Thailand tariff concession to USA | |
| China | 8.58 | 5.80% | 23.30% | China Cumulative D | 28% | United States | 20% | No | China tariff > USA tariff | |
| India | 8.13 | 5.80% | 5.80% | MFN | 20% | MFN | 20% | | India tariff> USA | |
| Jordan | 4.44 | 5.80% | 0 | Jordan Free Trade Ag | 0% | Free | 20% | Yes | Jordan can increase it manufacturing capacity | Jordan |
| Turkey | 2.72 | 5.80% | 5.80% | MFN | 30% | MFN | 20% | No | As tariff in turkey > USA | |
| Dominican Republic | 2.24 | 5.80% | 0 | US Central American Free Trade Agreement (P) | 20% | MFN | 20% | No | DR tariff > USA | |

Source : GJEPC Research Division based on USITC data

71131929 Gold necklaces and neck chains (o/than of rope or mixed links)

The United States imports a substantial quantity of gold necklaces and neck chains from India, with the total value amounting to US\$585.17 million. The primary supplier markets for these products to the U.S. include Jordan, Italy, and France. This is largely due to the fact that the Most Favored Nation (MFN) duty rates in these countries are comparatively lower than the tariffs imposed by the United States, or, in the case of Jordan, there is duty-free access resulting from existing Free Trade Agreements (FTAs). Furthermore, additional countries such as Singapore, South Korea, Switzerland, and the United Arab Emirates also supply these jewellery items to the U.S. This indicates a potential for the U.S. to increase sourcing from these nations, or for India to consider relocating its manufacturing operations to countries like the UAE and Oman.

**Table-12 USA imports of the commodity and expected impact
HS code – 71131929 -Gold necklaces and neck chains (o/than of rope or mixed links)**

| Row Labels | 2024 | General Duty Structure in USA | Country Specific Duty Structure in USA | FTA/MFN w.r.t USA | Duty structure in supplying country | FTA/MFN w.r.t supplying country | India | Possibility of shifting (yes/no) | Other Remarks | |
|----------------------|--------|-------------------------------|--|-----------------------------------|-------------------------------------|---------------------------------|-------|----------------------------------|---|-------------|
| Jordan | 585.17 | 5.50% | 0 | Jordan Free Trade | 0 | Agreement between Jordan | 20% | yes | Jordan = USA | jordan |
| Italy | 525.79 | 5.50% | 5.50% | MFN | 2.5 | MFN | 20% | Yes | Italy < USA | italy |
| France | 319.75 | 5.50% | 5.50% | MFN | 2.50% | MFN | 20% | yes | France < USA | france |
| India | 301.64 | 5.50% | 5.50% | MFN | 20% | MFN | 20% | no | | |
| Dominican Republic | 255.53 | 5.50% | 0 | US Central America | 20% | MFN | 20% | no | DR > USA | |
| South Africa | 196.14 | 5.50% | 0 | Africa Growth | 20% | MFN | 20% | no | SA > USA | |
| Turkey | 192.97 | 5.50% | 5.50% | MFN | 30% | MFN | 20% | no | Turkey > USA | |
| Thailand | 61.64 | 5.50% | 5.50% | MFN | 10% | MFN | 20% | may/may not | Depends on its future tariff concessions to USA | |
| Singapore | 57.31 | 5.50% | 0 | Singapore Free | 0 | MFN | 20% | yes | Singapore = USA, India may shift its mf to USA | Singapore |
| Hong Kong | 50.39 | 5.50% | 5.50% | MFN | 0 | MFN | 20% | may/may not | HK < USA, India may shift its mf there | |
| South Korea | 24.91 | 5.50% | 0 | US-Korea Free | 0 | MFN | 20% | yes | Korea = USA, | Korea |
| China | 20.71 | 5.50% | 23% | China Cumulative | 28% | United States | 20% | no | China > USA | |
| United Arab Emirates | 19.51 | 5.50% | 5.50% | MFN | 5 | MFN | 20% | yes | UAE < USA | UAE |
| Canada | 18.67 | 5.50% | 0 | USMCA (S) | 0 | CUSMA for the United States | 20% | no | No mf capacity | |
| Switzerland | 15.61 | 5.50% | 5.50% | MFN | 0 | MFN | 20% | yes | Switzerland < USA | Switzerland |
| Oman | 13.84 | 5.50% | 0 | US-Oman Free Trade Agreement (OM) | 0 | Oman - US Free Trade | 20% | yes | Oman = USA, | Oman |

Source : GJEPC Research Division based on USITC data

Table-13 Reciprocal Tariffs by USA and Implications – As a Threat for Gold Jewellery

| HS code | Description | USA imports from World | USA imports from India | Shifting of Exports to the countries | Shifting of India's Manufacturing Capacities to other countries | Exports, Production and Employment |
|----------|---|------------------------|------------------------|---|---|--|
| 71131950 | Precious metal (o/than silver) articles of jewelry and parts thereof, | 9422 | 2807 | France, Italy, Switzerland, Jordan (FTA), Korea (FTA) | Oman (FTA), Singapore , UAE | 50% exports can be wiped out gradually to US\$1500 mn which is equivalent to around 20 tons . On 1 tonne approx 4000 to 7000 people work so it may impact direct job loss of 100000 to 150000 only in gold jewellery segment. |
| 71131929 | Gold necklaces and neck chains (o/than of rope or mixed links) | 2759 | 301 | Jordan, Italy, France, South Korea | Singapore, UAE, Oman | |
| 71131921 | Gold rope necklaces and neck chains | 295.01 | 8.24 | Peru, Italy, France, | Singapore, HK | |
| 71131925 | Gold mixed link necklaces and neck chains | 140.47 | 8.13 | Italy , Jordan, | HK | |
| | Total | 12329.71 | 3124.37 | | | |

Source : GJEPC Research Division based on USITC data

Annexure -A

USA Exports to India and Tax Implications for USA

| Particulars | Without taxes US\$million | With Taxes US\$million |
|--|------------------------------|---------------------------|
| USA Exports to India (FAS value) | US\$5314 million | US\$5314 million |
| Net after excluding return consignment of CPD , Jewellery and CGS etc. | US\$2867.72 | US\$2867.72 |
| Tariffs collected in terms of value in India | 177.28 | 195.83 |
| Sum of Duties (Total tariffs) | 612.50 | 865.78 |
| No. of tariff lines at HS 10 digit w.r.t Imports from india | 71 | 71 |
| Average Tariff rates | | |
| Arithmetic average = Sum of duties/No. of tariff lines | 612.50/71= 8.63% | 865/71=12.19% |

Source : GJEPC Research Division Calculations

USA imports from India and tax implications for India in USA

| Particulars | Without taxes | With Taxes |
|--|---------------------------|---------------------------|
| USA Imports from India (FAS value) | US\$11580 million | US\$11580 million |
| Net after excluding return consignment of CPD , Jewellery and CGS etc. | - | - |
| Tariffs collected in terms of value in USA | US\$182.26 million | US\$203.22 million |
| Sum of Duties (| 310.3 | 1484.48 |
| No. of tariff lines at HS 10 digit | 98 | 98 |
| Average Tariff rates | | |
| Arithmetic average = Sum of duties/No. of tariff lines | 310/98= 3.17% | 1484/98 = 15.15% |

Source : GJEPC Research Division Calculations

Annexure

| | | | | | Avg: 6.62% | |
|---|----------------|----------------|--------------------|-----------|-------------------------|---------------|
| | | | | | Max: 10.12% | |
| | | | | | Min: 1.82% | |
| | | | | | 4 States with 0% | |
| US State & Local Sales Tax Rates as of January 1, 2025 | | | | | | |
| State | State Tax Rate | State Tax Rank | Avg. Local Tax Rat | Max Local | Combined Tax Rate | Combined Rank |
| Alabama | 4.00% | 40 | 5.43% | 8.00% | 9.43% | 5 |
| Alaska | 0.00% | 46 | 1.82% | 7.85% | 1.82% | 46 |
| Arizona | 5.60% | 28 | 2.81% | 5.30% | 8.41% | 11 |
| Arkansas | 6.50% | 9 | 2.96% | 6.125% | 9.46% | 3 |
| California (a) | 7.25% | 1 | 1.55% | 4.75% | 8.80% | 8 |
| Colorado | 2.90% | 45 | 4.96% | 8.30% | 7.86% | 16 |
| Connecticut | 6.35% | 12 | 0.00% | 0.00% | 6.35% | 33 |
| Delaware | 0.00% | 46 | 0.00% | 0.00% | 0.00% | 47 |
| Florida | 6.00% | 17 | 0.95% | 2.00% | 6.95% | 28 |
| Georgia | 4.00% | 40 | 3.42% | 5.00% | 7.42% | 19 |
| Hawaii (b) | 4.00% | 40 | 0.50% | 0.50% | 4.50% | 45 |
| Idaho | 6.00% | 17 | 0.03% | 3.00% | 6.03% | 37 |
| Illinois | 6.25% | 13 | 2.64% | 4.75% | 8.89% | 7 |
| Indiana | 7.00% | 2 | 0.00% | 0.00% | 7.00% | 24 |
| Iowa | 6.00% | 17 | 0.94% | 2.00% | 6.94% | 29 |
| Kansas | 6.50% | 9 | 2.27% | 4.25% | 8.77% | 9 |
| Kentucky | 6.00% | 17 | 0.00% | 0.00% | 6.00% | 38 |
| Louisiana | 5.00% | 32 | 5.12% | 7.00% | 10.12% | 1 |
| Maine | 5.50% | 29 | 0.00% | 0.00% | 5.50% | 43 |
| Maryland | 6.00% | 17 | 0.00% | 0.00% | 6.00% | 38 |
| Massachusetts | 6.25% | 13 | 0.00% | 0.00% | 6.25% | 35 |
| Michigan | 6.00% | 17 | 0.00% | 0.00% | 6.00% | 38 |
| Minnesota | 6.875% | 6 | 1.25% | 3.00% | 8.12% | 15 |
| Mississippi | 7.00% | 2 | 0.06% | 1.00% | 7.06% | 22 |
| Missouri | 4.225% | 38 | 4.19% | 5.875% | 8.41% | 12 |
| Montana (c) | 0.00% | 46 | 0.00% | 0.00% | 0.00% | 47 |
| Nebraska | 5.50% | 29 | 1.47% | 2.00% | 6.97% | 27 |
| Nevada | 6.85% | 7 | 1.39% | 1.525% | 8.24% | 13 |
| New Hampshire | 0.00% | 46 | 0.00% | 0.00% | 0.00% | 47 |
| New Jersey (d) | 6.625% | 8 | -0.02% | 3.3125% | 6.60% | 30 |
| New Mexico (b) | 4.875% | 35 | 2.75% | 4.5625% | 7.63% | 17 |
| New York | 4.00% | 40 | 4.53% | 4.875% | 8.53% | 10 |
| North Carolina | 4.75% | 36 | 2.25% | 2.75% | 7.00% | 26 |
| North Dakota | 5.00% | 32 | 2.05% | 3.50% | 7.05% | 23 |
| Ohio | 5.75% | 27 | 1.48% | 2.25% | 7.23% | 21 |
| Oklahoma | 4.50% | 37 | 4.50% | 7.00% | 9.00% | 6 |
| Oregon | 0.00% | 46 | 0.00% | 0.00% | 0.00% | 47 |
| Pennsylvania | 6.00% | 17 | 0.34% | 2.00% | 6.34% | 34 |
| Rhode Island | 7.00% | 2 | 0.00% | 0.00% | 7.00% | 24 |
| South Carolina | 6.00% | 17 | 1.50% | 3.00% | 7.50% | 18 |
| South Dakota (b) | 4.20% | 39 | 1.91% | 4.50% | 6.11% | 36 |
| Tennessee | 7.00% | 2 | 2.56% | 2.75% | 9.56% | 2 |
| Texas | 6.25% | 13 | 1.95% | 2.00% | 8.20% | 14 |
| Utah (a) | 6.10% | 16 | 1.22% | 4.20% | 7.32% | 20 |
| Vermont | 6.00% | 17 | 0.37% | 1.00% | 6.37% | 32 |
| Virginia (a) | 5.30% | 31 | 0.47% | 2.70% | 5.77% | 41 |
| Washington | 6.50% | 9 | 2.93% | 4.10% | 9.43% | 4 |
| West Virginia | 6.00% | 17 | 0.57% | 1.00% | 6.57% | 31 |
| Wisconsin | 5.00% | 32 | 0.70% | 2.90% | 5.70% | 42 |
| Wyoming | 4.00% | 40 | 1.44% | 2.00% | 5.44% | 44 |
| District of Columbia | 6.00% | | 0.00% | 0.00% | 6.00% | 38 |

Note: City, county and municipal rates vary. Local rates are weighted by population to compute an average local tax rate.
(a) Three states levy mandatory, statewide, local add-on sales taxes at the state level: California (1.25%), Utah (1.25%), and Virginia (1%). We include these in their state sales tax.
(b) The sales taxes in Hawaii, New Mexico, and South Dakota have broad bases that include many business-to-business services.
(c) Special taxes in local resort areas are not counted here.
(d) Salem County, N.J., is not subject to the statewide sales tax rate and collects a local rate of 3.3125%. New Jersey's local score is represented as a negative.

Sources: Sales Tax Clearinghouse; Tax Foundation calculations; State Revenue Department websites.

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