

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

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 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 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 : GJEP 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\$m	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/Iridium				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

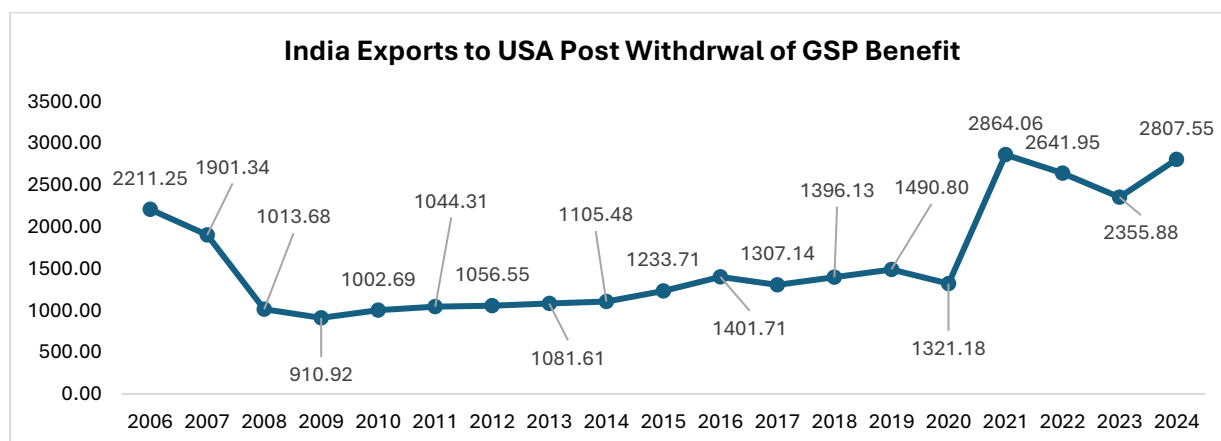
1. USA can shift its imports from India to other countries – USA can shift its Imports of gold jewellery from India to France, Italy and Switzerland as tariffs on 71131950 in these countries are relatively lower than the tariffs prevailing in USA. Jordan and Korea are observed to be beneficiary to the 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 : GJEP 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 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 : GJEP 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 Americ	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 Emirate	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 Unite	20%	no	No mf capapcity	
Switzerland	15.61	5.50%	5.50%	MFN	0	MFN	20%	yes	Switzerland < USA	Switzerlan
Oman	13.84	5.50%	0	US-Oman Free Trade Agreement (OM)	0	Oman - US Free Trad	20%	yes	Oman=USA ,	Oman

Source : GJPEC 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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