

# Publications

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## President Trump Announces Trade Framework with India

### Key Takeaways

- **President Trump announces a new trade framework with India:** President Trump and Indian Prime Minister Modi reached a trade framework, reaffirming their commitment to broader U.S.-India Bilateral Trade Agreement negotiations.
- **Framework reflects U.S. focus on market access for American products and achieving reciprocal trade:** India agrees to purchase over \$500 billion of U.S. energy products, aircraft and aircraft parts, precious metals, technology products and coal over the next five years and to eliminate or reduce tariffs on all U.S. industrial goods and a wide range of U.S. food and agricultural products. In addition, India will address non-tariff barriers that affect bilateral trade in priority areas.
- **U.S. lowers tariff rates for Indian imports:** The U.S. removed the additional 25% tariffs on imports from India in return for India's commitment to stop purchasing oil from Russia effective Feb. 7 and will lower the reciprocal tariff rate on Indian imports from 25% to 18%.

President Trump and Indian Prime Minister Modi issued a Joint Statement on Feb. 6, 2026, announcing that the two countries agreed to a framework for an interim trade agreement that provides additional U.S. market access in India, while lowering U.S. import tariffs applicable to Indian goods. The countries reached this agreement in recognition of the countries' "common commitment to reciprocal and balanced trade based on mutual interests and concrete outcomes."

This agreement comes after approximately 8 months of additional U.S. tariffs imposed on Indian goods. On April 2, 2025, President Trump issued an executive order imposing 10% – later increasing to 25% – "reciprocal tariffs" on a wide array of imported products from India. President Trump also issued an executive order on Aug. 6, 2025, imposing additional *ad valorem* duties of 25% on imports from India, effective Aug. 27, 2025, to address India's direct or indirect importation of Russian oil.

### Improved India Market Access and Strategic Bilateral Cooperation

The White House joint statement and fact sheet highlight the following elements of the interim agreement:

### Related People

- Deanna Okun
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### Related Capabilities

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- **Increased market access opportunities:** The U.S. and India commit to provide preferential market access in sectors of respective interest. Specifically, India intends to purchase over \$500 billion of U.S. energy products, aircraft and aircraft parts, precious metals, technology products and coal over the next five years. In addition, India will eliminate or reduce tariffs on all U.S. industrial goods and a wide range of U.S. food and agricultural products. As discussed below, the U.S. will reduce or remove tariffs on imports from India.
- **Increased trade in technology:** Both countries will significantly increase bilateral trade in technology products and expand joint technology cooperation, including discussing standards to ease compliance with applicable technical regulations.
- **Addressing non-tariff barriers to bilateral trade:** The U.S. and India will negotiate rules of origin and address non-tariff trade barriers in priority areas, including medical devices and food and agricultural products.
- **Commitment to strengthen economic security alignment:** The U.S. and India committed to enhance supply chain resilience and innovation by addressing non-market policies of third parties and by cooperating on inbound and outbound investment reviews and export controls.
- **Commitment to bilateral digital trade rules:** India committed to negotiate digital trade rules that address discriminatory or burdensome practices or other barriers to digital trade.

## U.S. Lowers Tariff Rates on Indian Imports

As part of the announcement regarding the deal, the U.S. issued a separate executive order removing, effective Feb. 7, the additional 25% tariff on imports from India that were imposed in August 2025, to address India's purchases of Russian oil. It directs the Secretary of Commerce to monitor whether India resumes importing Russian oil, and if so, whether additional action should be taken with respect to India, including reimposition of the 25% tariff.

In addition, the U.S. will lower or remove other duties currently imposed on imported merchandise of India:

- **Reciprocal tariff rate decrease:** As part of the interim agreement, the U.S. has committed to lowering the reciprocal tariff rate on imports from India from 25% to 18%, but President Trump has not yet announced an effective date for that decrease. Industries of particular interest to India subject to the lower reciprocal tariff rates include textiles and apparel, footwear, organic chemicals, plastic and rubber, artisanal products, and certain machinery.
- **Preferential treatment for certain goods subject to section 232 tariffs:** The U.S. will also provide preferential treatment for a number of goods subject to various tariffs imposed under section 232 of the Trade Expansion Act of 1962. This includes: (1) the U.S. will remove tariffs on certain aircraft and aircraft parts of India imposed under section 232; (2) India will receive a preferential tariff-rate quota (TRQ) for automotive parts subject to section 232 tariffs; and (3) contingent on the findings of the section 232 investigation of pharmaceuticals and pharmaceutical ingredients, India will receive "negotiated outcomes" with respect to generic pharmaceuticals and ingredients.
- **Removal of reciprocal tariffs on certain goods, subject to conclusion of the interim agreement:** The U.S. will remove the reciprocal tariffs on a wide range of goods identified in the Potential Tariff Adjustments for Aligned Partners Annex to Executive Order 14346 of Sept. 5, 2025, including generic pharmaceuticals, gems and diamonds and aircraft parts, subject to the successful conclusion of the interim agreement.

The interim agreement also includes a roadmap for future negotiations. In the coming weeks, the U.S. and India will continue negotiations to finalize the interim agreement and address the remaining tariff barriers, additional non-tariff barriers, technical barriers to trade, customs and trade facilitation, good regulatory practices, trade remedies, services and investment, intellectual property, labor, environment, government procurement and trade-distorting or unfair practices of state-owned enterprises.

### **What Does the Interim Agreement Mean for U.S. Companies?**

Once implemented, the interim agreement will provide strategic opportunities for U.S. companies by reducing duties on imports from India or even completely removing them depending on the product, increasing market access and creating significant export opportunities given India's intent to purchase significant volumes of certain U.S. goods. Businesses should assess how these measures impact their existing supply chains, tariff strategies and sourcing plans.

If your business needs strategic legal guidance or anticipates potential impacts resulting from these announcements, contact Deanna Okun, Lydia Pardini, Dominic Bianchi, Polsinelli's Executive Action Working Group or your Polsinelli contact.