



GST UPDATES

A Historic Milestone: The U.S.-India Interim Trade
Agreement Framework (7th February, 2026)

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India and United States have announced a framework for an Interim Trade Agreement, reinforcing their commitment to a comprehensive Bilateral Trade Agreement (BTA) and strengthening economic and strategic partnerships.

Here are the key highlights of this historic framework

1. Enhanced Market Access & Tariff Reforms

- India will reduce or eliminate tariff on all U.S. Industrial goods and a wide range of U.S. food and agriculture products
- The United States will apply a reciprocal **tariff rate of 18%** on originating goods of India, including textile and apparel, leather and footwear, plastic and rubber, organic chemicals, home decor, artisanal products, and certain machinery, and, subject to the successful conclusion of the Interim Agreement
- The United States will remove tariff for generic pharmaceuticals, gems & diamonds and aircraft parts

2. Strengthening Industrial & Supply Chain Collaboration

- India will receive a preferential tariff rate quota for automotive parts subject to the tariff imposed to eliminate threats to national security found in Proclamation 9888 of May 17, 2019 (Adjusting Imports of Automobiles and Automobile Parts Into the United States), as amended.
- The United States and India commit to provide each other preferential market access in sectors of respective interest on a sustained basis.

3. Addressing Non-Tariff Barriers & Compliance Ease

- India will address non-tariff barriers by easing regulatory restrictions on U.S. medical devices, ICT goods, and reviewing acceptance of U.S./international standards within six months.
- India will take steps to resolve long-standing trade barriers affecting U.S. food and agricultural products.
- Both countries will collaborate to align technical standards and conformity assessment procedures to improve compliance and facilitate smoother bilateral trade.

4. Expanding Market Access & Strengthening Economic Security

- The United States and India will work towards expanding market access through BTA negotiations, with the U.S. considering India's request for further reduction on tariffs on Indian goods.
- Both countries will strengthen economic security alignment to enhance supply chain resilience and innovation, including cooperation on investment reviews, export controls, and addressing non-market policies of third parties.

5. Strategic Energy & Investment Collaboration

India proposes to procure approximately **USD 500 Billion worth of U.S. energy, aviation products, precious metals, advanced technology products, and coking coal over the next five years**, significantly enhancing long-term economic engagement.

The United States and India will promptly implement this framework and work towards finalizing the Interim Agreement with a view to concluding a mutually beneficial BTA consistent with the roadmap agreed in the Terms of Reference.

For detailed information the file can be access through the link:

<https://www.pib.gov.in/PressReleasePage.aspx?PRID=2224783®=3&lang=1>

<https://www.whitehouse.gov/briefings-statements/2026/02/united-states-india-joint-statement/>

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