US Tariffs on India 2026, Upto 200% on Generic Drugs, Impact

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US Tariffs on India have become an important trade issue after the United States announced a phased tariff plan on imported generic medicines and indicated fresh duties on several trading partners. The recent developments are part of the US strategy to increase domestic manufacturing and reduce dependence on imports.

Since India is one of the world's largest exporters of generic medicines and a major trading partner of the US, these developments have significant implications for India's pharmaceutical exports, bilateral trade, global supply chains and international economic relations.

US Tariffs on India Latest News 2026

The US has proposed fresh tariffs on several trading partners, including India, China, Japan, Canada, Brazil and the European Union, as part of its wider trade strategy. US Tariffs on India are in focus as US President Donald Trump announced a new phased tariff policy on imported generic drugs on 21 July 2026. These developments are important because they could affect global trade, pharmaceutical supply chains, medicine prices and India's pharmaceutical exports to the United States.

Trump Announces Upto 200% Tariffs On Generic Drugs

The United States has announced a phased tariff policy for imported generic medicines that could significantly affect India's pharmaceutical exports.

- **Announcement:** On 21 July 2026, US President Donald Trump announced a phased tariff plan on imported generic drugs as part of a strategy to shift pharmaceutical manufacturing back to the United States.
- **Implementation Date:** From 1 August 2026, imported generic medicines will continue to face ***0% tariff for two years, followed by 100% tariff from 2028 and 200% tariff thereafter***.
- **Policy Objective:** Trump stated that the policy aims to encourage companies to establish pharmaceutical manufacturing plants within the United States instead of depending on imported generic medicines.
- **Legal Basis:** The US administration plans to implement the tariffs using Section 232 of the Trade Expansion Act of 1962, which allows trade restrictions on imports considered important for national security.
- **Restrictions:** Trump clarified that the existing policy for patented, branded and innovative medicines will remain unchanged under the new generic drug tariff framework.
- **Earlier Pharmaceutical Tariffs:** The US had earlier imposed 100% tariffs on branded and patented pharmaceutical products while no tariff on Generic Drugs.
- **Trade Importance:** During FY 2024-25, India exported pharmaceutical products worth USD 9.7 billion to the United States, accounting for nearly 38% of India's total global pharmaceutical exports worth USD 25.8 billion.
- **India-US Trade Agreement 2026:** India and the United States had reached a trade understanding in February 2026, under which India was expected to receive negotiated outcomes regarding generic pharmaceuticals and pharmaceutical ingredients.

What are Generic Drugs?

Generic Medicines are low cost versions of branded medicines that maintain the same therapeutic effectiveness while meeting identical quality standards.

- **Meaning: Generic Drugs** contain the same active ingredients, identical dosage strength, similar dosage form and are administered through the same route as the corresponding patent medicine.
- **Lower Cost:** Generic medicines generally cost 80-85% less than branded medicines because manufacturers do not bear the original expenses of drug discovery, research, development and marketing.
- **US FDA Definition:** According to the US Food and Drug Administration (FDA), generic medicines are equivalent copies of branded medicines with the same active ingredients and the same therapeutic effect.
- **Indian Regulation:** The **Drugs and Cosmetics Act 1940** and the **Drugs and Cosmetics Rules 1945** regulate their manufacture, import and sale.

US 200% Tariffs Effect on India

The proposed tariff framework may influence India's pharmaceutical exports, company strategies, investment decisions and access to affordable medicines in the US market.

- India supplies nearly 20% of the world's generic medicines, manufacturing around 60,000 generic brands across 60 therapeutic categories, earning the title of the "Pharmacy of the World."
- Indian generic medicines account for nearly 40% of all medicines used in the United States by volume, making the US India's most important pharmaceutical export destination.
- **Indian Pharmaceutical Sector** supply generic medicines for diabetes, hypertension, cancer, depression, infectious diseases and respiratory disorders, making them an important part of the US healthcare system.
- In 2024, nearly 65% of birth control pill prescriptions in the United States were manufactured by Indian Pharmaceutical Companies.
- Once higher tariffs are implemented, Indian pharmaceutical exports are expected to become costlier, reducing their price advantage in the American market.
- Major Indian exporters may face increased competitive pressure.
- The tariff policy may encourage Indian pharmaceutical companies to establish manufacturing facilities inside the United States to continue serving the American market competitively.
- Higher import costs could eventually increase medicine prices in the United States if manufacturers pass additional expenses through distributors, healthcare providers and insurance companies.
- Some analysts believe reduced imports may lower market competition and increase the possibility of medicine shortages if exports become commercially unviable.

US Tariffs 2026 on Other Countries

Alongside pharmaceutical tariffs, the United States has announced or proposed several additional tariff measures targeting multiple trading partners.

- The Trump administration indicated that fresh tariffs could apply to nearly 60 trading partners after the temporary global tariff framework expires.
- A 10% global tariff introduced earlier is scheduled to expire on 24 July 2026, after which revised country specific duties may be announced.
- India and Other Economies: Countries including India, China and Japan are expected to face proposed 12.5% tariffs under the new forced labour related framework.
- Canada, the European Union, Mexico, Taiwan and the United Kingdom are expected to face proposed 10% tariffs after being assessed as taking steps against forced labour.
- The United States announced a 25% tariff on selected Brazilian imports from 22 July 2026, citing unfair trade practices, although products such as beef, coffee and certain aircraft parts are exempt.
- Washington also announced a 50% tariff on many Canadian goods, with implementation planned within 30 days, adding pressure during ongoing trade discussions.
- The latest measures come alongside discussions over the review of the United States-Mexico-Canada Agreement (USMCA), with negotiations progressing differently for Canada and Mexico.
- The expanding tariff measures have raised concerns over supply chain disruptions, retaliatory actions, rising trade tensions and increased uncertainty in international commerce.
