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Doubling Down – US Slaps 25% Additional Tariff on Indian Imports for India's Oil Trade With Russia

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"Secondary tariffs" strike again, with India now squarely in the crosshairs of the latest U.S. trade action. On August 6, President Trump issued an executive order "Addressing Threats to the United States by the Government of the Russian Federation" (the Order), invoking the International Emergency Economic Powers Act (IEEPA) and other legal authorities to impose an additional 25% *ad valorem* duty on certain imports from India due to its direct or indirect importation of Russian Federation oil. The new additional tariff rate on imports of Indian origin will effectively double to 50%, as the U.S. had already imposed a 25% reciprocal tariff under the July 31 executive order. The Order expands the scope of the national emergency declared in Executive Order 14024 and Executive Order 14066, which address Russia's actions in Ukraine.

Key Provisions of the Order

The Order imposes an additional 25% tariff on certain Indian imports into the U.S., bringing the total additional tariff rate to 50% when combined with a previously imposed 25% reciprocal tariff under Executive Order 14257, as amended. This measure targets India's importation of Russian oil, which the U.S. views as supporting Russia's economy and its war in Ukraine.

- **Scope of the Tariff:** The 25% *ad valorem* duty under the Order applies to good of Indian origin entering the U.S., except for (i) those subject to actions under Section 232 of the Trade Expansion Act of 1962; (ii) articles subject to 50 U.S.C. § 1702(b), such as postal communications, donations for humanitarian relief, accompanied baggage for personal use, and informational materials; and (iii) specific goods listed in Annex II of Executive Order 14257. Except for items that qualify as "domestic status" under 19 CFR 146.32, any goods subject to this 25% tariff that are brought into a foreign-trade zone on or after 12:01 a.m. EDT on August 27, 2025, must be treated as "privileged foreign status" under 19 CFR 146.41, which means that duty must be paid even if the goods are later changed, used in manufacturing, or exported.

- **Effective Date:** This tariff will take effect with respect to goods entered for consumption, or withdrawn from warehouse for consumption, on or after 12:01 a.m. EDT on August 27, 2025, except for goods that (1) were loaded onto a vessel at the port of loading and in transit on the final mode of transit prior to entry into the United States before 12:01 a.m. EDT on August 27, 2025; and (2) are entered for consumption, or withdrawn from warehouse for consumption, before 12:01 a.m. EDT on September 17, 2025.

- **Definition of Russian Oil:** The Order defines "Russian Federation oil" as crude oil or petroleum products

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extracted, refined, or exported from Russia, regardless of the nationality of the entity involved. “Indirectly importing” includes purchases through intermediaries where the oil’s origin can “reasonably” be traced to Russia.

- **Monitoring and Expansion:** The U.S. Secretary of Commerce is tasked with identifying other countries importing Russian oil, whether directly or indirectly, potentially leading to similar tariffs. The U.S. Secretary of State is authorized to recommend additional actions if the measures fail to address the national emergency or if Russia or affected countries retaliate.

Conclusion

The resurgence of “secondary tariffs” imposed on goods of Indian origin represents a significant escalation in U.S. efforts to counter Russia’s actions in Ukraine by targeting India’s oil imports, while also reflecting the failure of the U.S. and India to establish a trade deal by the August 1 deadline. President Trump has announced that more “secondary tariffs” are expected, specifically on China.

Businesses must act swiftly to assess their exposure, strengthen compliance, and adapt supply chain strategies to mitigate the impact of these tariffs. As the geopolitical and trade landscape evolves, staying proactive and informed will be critical to navigating this complex environment.

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