

# Open Letter on Why India Must not Give in to US Tariff Blackmail

**Forum for Trade Justice, 30th August 2025**

*US demands in FTA negotiations will mean that a foreign country forces changes in India's policies, regulations, and laws, overriding India's sovereignty*

The Trump administration has currently slapped a 50% tariff on Indian exports to the US, on grounds both economic and political and has apparently demanded duty-free access to Indian markets in return for reduction of these illegal tariffs.

Indian government has said that the negotiations with the United States are stuck on issues related to agriculture and dairy, including genetically modified (GM) food, and that India would not concede on them. We congratulate the Indian government on this firm stand. However, we feel that what may be flying under the radar are a lot of systemic law and policy issues, of huge long term importance to India in terms of its economic interests and strategic autonomy, including intellectual property (IP) policies, digital-sector policies, industrial policy, investment priorities, financial stability, and energy independence. We fear that these will get compromised, even as the Indian government declares 'victory' in not having relented on agriculture and dairy issues.

Meanwhile, even in agriculture, we still fear the opening of India's agriculture sector including the import of apple, wheat, maize, soya beans, as well as dairy and poultry sectors from the US. There could also be demands to make changes to the minimum support price (MSP) scheme, especially for rice and wheat. Further, India may be required to grant access to GM food products, and feed, from the US. These concessions would have large-scale and long-term disruptive impacts on both Indian farmers and India's agrobiodiversity.

Tariffs are the most visible part of trade deals, but sometimes, as in this case, there are other equally if not even more important issues, of India's sovereign right to make its laws, regulations and policies. It is here that, we fear, deep compromises are likely to get made, which could be largely of a permanent nature. Apart from that, it is expected that huge commercial deals, or abstaining from them (with some other countries), will be forced on India. These should remain business-to-business, or government-to-business matters, and India cannot be coerced into them.

The US has already imposed a 25% tariff on Indian goods, effective 1st August, 2025 with another 25% coming into effect on 27<sup>th</sup> August. As things stand, despite our best efforts, and giveaways, the final tariff is unlikely to go below 20% or at the most 15%, as allowed to US's closest allies like the EU and Japan. There is no doubt that the smallest shift in tariffs matters a lot to Indian exports, since the United States is India's largest export market. But these relatively small shifts cannot be obtained at the cost of our policy rights in key areas.

## ***Key policy/legal coercions that are at stake***

In respect of intellectual property (IP), India may be compelled to make changes to its domestic patent laws for facilitating "evergreening" of patents on pharmaceutical products. This would

destroy India's generic medicine industry, thereby resulting in a sharp increase in the cost of healthcare among the sick and poor.

As done in the UK-India FTA, hailed by the commerce minister as the 'gold standard' to be followed in other FTAs, it is feared that the acceptance of 'voluntary licensing' as the 'preferred' mechanism will be a virtual death knell of 'compulsory licensing' of otherwise unaffordable medicine, urgently needed for public health emergencies. India's effort to use foreign technologies for clean energy and other areas will also be compromised, through such 'voluntary licensing' language.

In the digital arena, India may have to give a commitment not to impose taxes on exports of US digital products. In addition, it may be required to allow unrestricted cross-border data flows and implement sharing of government public data with US entities. These commitments would foreclose the possibility of generating revenue from the most vibrant economic sector, and also compromise India's ability to create domestic digital champions especially in the artificial intelligence segment.

Like it did in the UK FTA, India is also likely to give in on committing that source code disclosure cannot be asked for, debilitating its regulatory rights and capacity in the still-forming digital arena, including Artificial Intelligence (AI). Also, like in the UK FTA, India is likely to give away regulatory rights to mandate specific authentication standards, even in sensitive areas (like notary certification for some documents). All these have serious national security implications. Such measures would greatly compromise India's digital sovereignty — a central part of overall sovereignty — which means being hamstrung in making laws and policies in this most important emerging digital arena.

In all these matters, regarding IP, and in digital arena, if India makes these compromises, as we fear it might, this will go against India's long-standing positions at global and national levels.

### ***Key commercial coercions that are likely***

India could also be required to open up its government procurement market for US suppliers on terms even more favorable than what India has finalised with the UK under the recently concluded FTA with that country. This fully goes against prime minister's *Atmannirbhar Bharat Abhiyan* - an initiative to make the country and its citizens independent and self-reliant.

US is likely to demand that India provides firm commitment to purchase defence equipment, aircrafts, and energy products from it. The US also wants India to stop buying oil from Russia, Iran, and Venezuela; exit/weaken BRICS; and abandon efforts to trade in local currencies that bypass the US dollar.

### ***India's trade policy must underpin core principles of sovereignty***

In short, any proposed India-US bilateral deal is less about 'fair trade' and more about reshaping India's foreign and domestic policies to suit Washington and its economic and geo-political interests. It does not even remotely resemble the type of trade agreements made by two equal sovereign powers. In its haste to meet the deadlines set by the Trump administration along with its hardened stance, India may undermine its sovereignty — which is defined as its capacity to make independent policy decisions in the best interests of its own citizens.

India can and should strengthen its bilateral trade and other economic relations with US in a cooperative, trusting, and mutually beneficial environment without ceding sovereignty.

In response to the “America First” trade policy, financial sanctions, and coercive weaponization of international trade, some nations are already looking into ways to collectively maintain their economic sovereignty and transition to a multipolar system. As India has been convening the Voice of the Global South Summits since 2023, it should proactively support such efforts at BRICS+ and other fora.

The central government should immediately engage with parliamentary committees, state governments, regulatory bodies, farmers’ unions, civil society groups, and other stakeholders to seek their inputs and suggestions on the ongoing FTA negotiations.

In the current negotiations, India’s interests will not be safeguarded by being subservient. Instead, they will be served by being resolute and firm and keeping our long-term economic prospects, developmental goals, and ecological security in mind. Our negotiators must adequately brief Prime Minister Modi on the key issues. This can ensure that President Trump does not further skew the deal that may be finalised at the official and ministerial level against India’s interest.

As this open letter is being sent out for sign-ons, the news come of Trump imposing another 25 percent tariff as ‘Russian oil import penalty’. As the nation is outraged at this hypocrisy and new coercion, it is the right occasion for the people and government to stand together in affirmation of India’s sovereignty, and not at all give any undue concessions to the US, including as discussed here. China imports more Russian oil than India does, but has not been hit by any such penalty. Therein itself might lie a lesson how India should react.

***This Open Letter is Initiated by Forum for Trade Justice.***

***Forum for Trade Justice is a network of organisations working in the area of global trade, including framers’ associations, trade unions, traders’ groups, health associations, environment groups, and activists in various areas.***

***The following more than fifty organisations endorse this Open Letter.***

- 1 Forum for Trade Justice – A network of organizations
- 2 Alliance for Sustainable and Holistic Agriculture (ASHA)
- 3 Kerala Coconut Farmers Association
- 4 Working Group On Access to Medicines and Treatments
- 5 Centre of Indian Trade Unions
- 6 Joint Action Committee (of traders) Against Foreign Retail and E-commerce
- 7 Indian Drug Users’ Forum
- 8 Tamilnadu Farmers Protection Association
- 9 IT for Change

- 10 National Coalition of PLHIV in India
- 11 Shramik Bharti
- 12 Indian Social Action Forum - INSAF
- 13 Focus on Global South
- 14 Delhi Science Forum
- 15 Hawkers Joint Action Committee
- 16 Gig Workers Association
- 17 Delhi Network of Positive People (DNP+)
- 18 Assam Network of Positive People
- 19 Meghalaya User's Forum
- 20 Meghalaya State Network of Positive People
- 21 Dimapur District user network DDUN
- 22 Chandel Network of Positive People CNP+, Chandel District , Manipur
- 23 Andhra Pradesh drug users forum
- 24 Mumbai TB collective
- 25 Delhi Network of positive
- 26 Kripa Foundation Nagaland
- 27 Rashtriya Kisan Mahasangh
- 28 BRICS Feminist Watch
- 29 Kerala Sasthra Sahithya Parishath
- 30 Positive women network
- 31 Udit Salam
- 32 Drug Action Forum - Karnataka
- 33 Assam Network of Positive People
- 34 Uttarakhand Association for Positive People
- 35 National Coalition of People Living with HIV in India
- 36 Maharajganj positive network
- 37 Pali Marwar network for people living with HIV Sansthan

- 38 Hazaribag district network for people living with HIV/ AIDS
- 39 Network of Positive People, Bhiwani, Haryana
- 40 Bengal Network of People Living with HIV/AIDS
- 41 Network in Thane by people living with HIV/AIDS(NTP+)
- 42 Health Care Community of Positive Peoples Ambajogai
- 43 Sarthi Kalyankari Sanstha Bhandara
- 44 Positive women network Mizoram
- 45 Gramya Resource Centre for Women
- 46 Network of Gadchroli Vihaan Bahuuddeshiya Sanstha
- 47 Sharan
- 48 Woodpeckers Initiative
- 49 Guruprasad Trust
- 50 Sarthi Kalyankari Sanstha Bhandara
- 51 Ashwasti

***The following individuals, working in various organisations or independently, also support this Open Letter***

Kavitha Kuruganti  
Shalini Bhutani  
Bharat Dogra  
Pramod Kumar K S  
Akhil Mythri  
Shashank SR  
Akhand Pratap  
Barry Leslie Kharmalki  
Surat Mukherjee  
Sugam Shine  
Tsewang Gyatso Sherpa  
Ketho Angami  
Simon W Beddoe  
Surjeet Singh  
Prashant Sharma  
Smitha Francis  
C. Saratchand  
Rajarshi Ghosh  
Bodapati Srujana  
V Upadhyay  
Knsvaradhan  
Rheidol Kharkongor  
Naveen Kumar Sharma

Mundrika gahlot  
Vinod Mehra  
Professor Uma Shankar  
Aishwarya J  
Abou Mere  
Kartik Walia  
Hari Shankar Singh  
Deibormi R Passah  
Jai Prakash  
Prashant Jain  
Sridhar Radhakrishnan  
Karthik G  
Reetam Bag  
Shilpa Krishna  
Vidhyadhara N  
Swapna  
Dr. N.Indira Rani  
Subin Dennis  
Shalini Sinha  
Gyanu Yadav  
Vivek Sharma  
Gurmeet Singh Bawa  
Purva Dhanashree  
Dr Shakeel  
Nachiket Udupa  
Sunita Bandewar  
Prof Viney  
Shankar Bale  
Dr. Tarak Kate  
Ankush N  
Dr Suhas Kolhekar  
Adrija Chaudhuri  
Ravindranath.  
Vanita Mukherjee  
Neel Kamal  
Narendra Gupta  
Eldred Tellis  
Dr S Balaji  
Ganesh Acharya,  
Dr. I G Rathish  
Dr. Dhiraj Singh  
Dr Suman Sahai  
Priya Anuragini  
M. Shankar  
Shramik Bharti  
Richa, JSA Delhi  
Dr B Ekbal  
Sarojini N  
Dinesh Abrol  
Chinu Srinivasan  
Umesh B  
Ajith Kumar R

Ravindran P K,  
Sandhya Srinivasan  
Mukesh Varma  
Ranja Sengupta  
K M Gopakumar  
Madhusoodanan V  
Mohanan Kolikkara  
Bhaskaran T  
Radhika Chatterjee  
Babu Puravankara  
Baiju K P  
Shivangi Rai  
Ashok Karinghat  
Harish Kumar K  
V. T. Karthiayani  
Ramya Sheshadri  
N. Raghuram  
Indranil, JSA Delhi  
Gopalan M  
Biswaroop Chatterjee  
Subha Bharadwaj  
Vidya Sagar  
Laxmi Chaubey  
Rashmi Yenaskar  
Anita Patil  
Dayanand Kumar Gupta  
Hari Shankar Singh  
Milind Rajwade  
R. Parthesarathy  
Tek Bahadur  
Reena Kanekar  
Chanda Thavare  
P Kousalya  
Afsar Jafri  
Santosh Kumar Singh

***For More information please contact:***

- Parminder Jeet Singh, Email: [parminder.js.work@gmail.com](mailto:parminder.js.work@gmail.com), Mob:+91 98459 49445
- K M Gopakumar, Email: [kmgkumar@gmail.com](mailto:kmgkumar@gmail.com), Mob:+91 93729 27647