## India Braces for Eye-Watering Tariffs That Double to 50% Soon

Bhadohi is at the heart of north India's carpet belt, home to hundreds or thousands of manufacturers like Mr. Ishtiaq's company, Ajaz Carpets. They eke out their profits, so they don't have the means to absorb the giant price increases their American customers now face. Mr. Ishtiaq, who led the industry's trade promotion council, estimates that 2.5 million people who live in the re-gion could be plunged into subsistence-level poverty.

Other industries in line to face unbearable wipeouts include textiles and garments, aquaculture — mainly farmed shrimp — and furniture. They are not India's flashiest businesses, but together they employ many millions of workers, and the billions they earn have helped keep India fi nancially strong during periods of

Carpets are nowhere near the highest-value component of the Indian-U.S. trade in goods, which was worth \$129 billion last year. But for now, questions about the even bigger, more strategic parts of the two countries' trading relationship have been postponed.

India is the primary producer of generic pharmaceuticals used in the United States, for instance, and the United States is that industry's biggest consumer market. But a carve-out in the Trump administration's tariffs has left it in limbo. It costs nothing to import Indian drugs at the moment. But the president has promised that there will soon be a 150 percent tariff, and eventually perhaps 250 percent, which Mr. Trump be-lieves will kick-start production in the United States.

Similar exemptions for semiconductors make it impossible to predict whether India's thriving electronics manufacturing - exemplified by Apple's shift in iPhone production from China to India — can survive. For the moment, they're off the hook.

Oil and gas are complicated, too, as energy products are still exempted from tariffs. India's purchase of Russian oil, as it happens, is Mr. Trump's justification for the additional, punitive tariff on its goods. Until that threat was made. the door was open to increasing India's purchase of American products

A senior Indian official, who spoke on the condition of anonymity because he was not authorized to talk publicly, said that Mr. Trump's complaints were initially about trade deficits, and that India had been working to reduce its surplus — by purchasing more energy and defense equipment from the United States

But the recent escalation, the official said, with its ramifications even for smaller businesses like Mr. Ishtiag's, appeared more concerned with geopolitical factors, such as Mr. Trump's complaints about India's purchases of Russian oil, than with actual terms of trade between India and the United States.

The potential damage the tariffs could inflict on India's gems and jewelry industry, another bigticket part of the trading relationship, is not yet fully clear. But insiders are raising alarms, in part because the United States is India's biggest buyer of gems.

On Aug. 7, when Mr. Trump announced the 50 percent rate, Kirit Bhansali, the chairman of the industry's main association, wrote that 30 percent of the global trade in Indian gems was at risk.

"A blanket tariff of this magnitude is severely devastating for the sector," he wrote. Rival sectors in Turkey and Thailand are much



## The crushing export tax is expected to put millions of people out of work nationwide.

smaller, but they will gain an unbeatable advantage over India thanks to lower national tariffs by Mr. Trump. Mr. Bhansali said In dia's gem dealers would need help in paying back loans and argued that India's banks should help.

If there is any government plan to save the affected businesses it's in hiding. Federal officials have asked the states to look after their own companies. Ajay Srivas tava of the Global Trade Research Initiative, a think tank in New Delhi, said the state governments had always depended on the na-tional government to lead the way on foreign trade. Likewise, he said. India's banks will not be ready to forgive loans.

Early on Friday, India's Inde-



Narendra Modi took to the ramparts of the 16th-century Red Fort to deliver a traditional address to the nation. He went long, at 103 minutes, and touched on topics from Pakistan and its perfidy, to triumphs of India's space pro-gram, to sports and reducing obesity.

who until recently he considered a political friend, or his tariffs, Mr. Modi nonetheless delivered a message on the subject. He made reference to tough times ahead and the need for India to go it alone. That way, he said, "no selfish interest will ever be able to entrap us." He extolled the virtues of

India, Carpetmaking is huge, with 98 percent of the product shipped overseas. On Friday, left, Prime Minister Narendra Modi, addressed the nation to warn of tough times.

"The greater a nation's reliance on others, the more its freedom comes into question," Mr. Modi said, in an echo of Gandhi and the leaders who fought for independ-ence from the British Empire and its mercantile domination of India. The idea seemed relevant again in 2025.

Mr. Modi's attempt to buck up India's 1.4 billion citizens spoke to the domestic political challenges Mr. Trump's attacks have dropped in his lap. One of the few new programs he named will be aimed at creating more jobs for young peo-

But for the Indian technocrats and economists who for generations have pushed India toward free trade as the best way up the ladder of prosperity, Mr. Modi's rally cry sounded like a step back-

Mr. Ishtiaq, the carpet exporter, was eager to attest to the good that international trade has done for his region, a densely populated one that was once among the poorest in India.

About 80 percent of the workers at his family's company, Ajaz Car-pets, are still farmers, raising crops of wheat, rice and vegetables most of the year

Like more than 800 million of their countrymen, they depend on free government handouts of fivekilogram bags of grain. But the piecemeal work they do, spinning and dyeing yarn, designing, weaving and finishing carpets, most households an extra \$170 a month.

That is the difference between simply surviving on government rations and sending their children to schools, buying consumer goods and keeping their region's economy growing.

"The worst situation will be for our village people, our workers and weavers. There will be no solution for them, unless there's a solution between our two coun tries' governments," Mr. Ishtiaq

Handmade carpets in Kashmir,

COMMERCIAL REAL ESTATE BUSINESS **OPPORTUNITIES** 

last week down 45 percent from its initial public offering price. Its critics have long pointed out

- but that strategy

Last year, the short-seller

Soho House rejected Glass

Under the terms of the transac

Another member of the invest-

well as putting equity toward the

Several existing shareholders

- notably Ronald Burkle, the bil-

lionaire who controls the com-

pany; Nick Jones, Soho House's

founder; and Goldman Sachs Al-

ternatives, an investment arm of

the Wall Street giant - will roll

their holdings into the new com-

investor, is also putting money

into the deal and will join Soho

House's board.

nnouncement.

Ashton Kutcher, the actor and

"We have long admired Soho

House for bringing together cul-tures from around the world into a

global network of 46 houses, and

we look forward to the continued growth of that fabric," Tyler

Morse, the chairman and chief ex-

ecutive of MCR, said in the deal's

Indeed, the company appears

intent on continuing to expand its global footprint. Andrew Carnie,

Soho House's chief executive, said

in a statement that the deal would

give the company "the support of

world-class hospitality and in-vestment partners" as it contin-

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Workers cleaning shrimp in Kerala, India. Aquaculture is among the industries facing possible wipeouts from levies.