

Will optical modules be affected by Indian tariffs

Article Overview

Optical modules may face indirect tariff impacts, but high-tech components like semiconductor-related devices are largely exempt from U.S.-India reciprocal tariffs.

Current Tariff Landscape

Following the February 2026 U.S.-India trade deal, tariffs on most Indian goods have been reduced from 50% to 18%, with punitive duties removed . India has also committed to reducing tariffs on U.S. goods, including electronics, to zero over time . While the U.S. imposed high duties on specific sectors like solar modules (126%), semiconductor chips and semiconductor-related devices--including many optical components--remain exempt from reciprocal tariffs . This suggests that optical modules used in telecommunications or semiconductor applications are unlikely to face direct U.S. tariffs.

Indirect Effects on Supply Chains

Even if optical modules themselves are exempt, tariffs on raw materials or subcomponents--such as aluminum, lead frames, solder paste, or epoxy--could increase production costs for Indian manufacturers . Companies importing optical modules may experience higher costs if these components are sourced from countries subject to tariffs or if assembly involves multiple cross-border shipments . Procurement teams may need to renegotiate contracts or implement risk-sharing agreements to manage these cost pressures.

Indian Domestic Tariff Adjustments

India has strategically reduced import taxes on key electronic components, including camera modules and printed circuit boards, to encourage domestic manufacturing and global supply chain integration . This policy indirectly benefits optical module production in India by lowering input costs and supporting local assembly, which may offset any minor tariff-related cost increases.

Practical Implications

- o Direct tariffs on optical modules are unlikely due to exemptions for semiconductor-related devices .
- o Cost increases may occur indirectly through tariffs on raw materials or subcomponents used in module manufacturing .
- o Supply chain planning is essential, as companies may need to adjust sourcing strategies or negotiate contracts to mitigate potential cost impacts .
- o Domestic production in India is increasingly competitive, supported by government incentives and reduced import taxes, which may stabilize prices for optical modules . In summary, while optical modules are largely



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protected from direct U.S.-India tariffs, companies should monitor indirect cost pressures from raw materials and subcomponents, and consider supply chain adjustments to maintain cost efficiency and production continuity.

Our analysis finds that India is not a primary target for broad-based tariff hikes, given its relatively small trade exposure to the U.S.

No topic has dominated recent industry discussions more than the trade war and the impact tariffs may have on the

THE TRUMP administration's imposition of 27 per cent duty on imports from India is set to hit

A diplomatic pause was introduced to facilitate negotiations, later extended through July, with revised tariffs

Option 1: Core AI infrastructure (GPUs, CPUs, switches, etc.) will be minimally affected by tariffs and purchased at

A 50% tariff rate will be the highest levy among any U.S. trading partner, with some sectors of Indian economy more

Explore how U.S. tariffs have impacted the silicon photonics market disrupting supply chains, raising costs, and reshaping global

Trump's India tariffs take effect: Which sector will be hit, what's exempt? A 50 percent tariff

The India-US trade surplus touched a record high of nearly \$38 billion in 2024, making the relationship crucial for Indian

Optical Transceiver 3. Acceleration of In-House Optical Module Design Opportunity: Vertical integration for better

As the US sharpens its strategy, deploying reciprocal tariffs based on trade imbalances, import-export dependencies,

The US Executive Order on reciprocal tariffs imposes a 26% duty on Indian

25% tariff bomb: India's electronics, pharma, textiles to be worst hit - Full list US President Donald Trump has

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The most discussed topic in the industry recently is undoubtedly the impact of the trade war and its tariff policies on

Since we use a single-country model with exogenous global commodity prices, we assume that for every given tariff increase in the

US Commerce slapped up to 143% duties on solar imports from India, Indonesia and Laos covering \$4.5B in trade --

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