US and India Free Trade Agreement – Position of US Pulses Industry

The ongoing U.S.–India bilateral trade negotiations represent a critical opportunity to secure long-term, equitable access for American pulses in the Indian market—the world's largest consumer and importer of pulses. The U.S. pulse industry urges the inclusion of pulses as a core component of the trade agreement to unlock full commercial potential, ensure tariff parity with competitors, and address India's dietary protein needs.

Key Challenges

- **Australian Tariff Advantage:** Under the Australia-India Economic Cooperation and Trade Agreement (AI-ECTA), Australian lentils benefit from a 5% concessional duty under an annual quota of 150,000 metric tons (MT). In contrast, U.S. lentils are subject to a 10% duty, placing American exporters at a significant price disadvantage in an extremely cost-sensitive market. A removal of this 10% duty will be a big boost for the U.S. pulse industry.
- **Green Lentils:** Green lentils, which have no significant domestic production in India, are a viable nutritional substitute for pigeon peas, especially in southern India. However, the lack of separate HS Code differentiation from red lentils under India's customs system constrains targeted policy support and trade facilitation. A precedence has already been set by India in 2019 by splitting the HS Code for Dried Peas into two separate codes for Dried Yellow Peas and Dried Green Peas. Green lentils are also subject to a 10% duty since May 2025. A removal of the tariff will be a big boost for the U.S. pulse industry.
- **Kabuli Chickpeas:** U.S. Kabuli chickpeas, despite being a niche and premium product in Indian market, continue to face a prohibitively high tariff of 44%. This duty structure acts as a de facto barrier to meaningful exports from the U.S.
- **Dried Green Peas:** While India has created a separate HS Code (07131020) for green peas, imports are not allowed, shutting the U.S. industry out of this lucrative market. U.S. dried green peas, which is critical to the US domestic pulse industry, continue to face steep barriers due to the absence of liberal licensing, quota allocation, and port-entry permissions, despite documented demand from Indian importers and processors. A precedence has already been set by India in 2023 by opening restriction free imports for Yellow Peas. A removal of the barriers on Green Peas will be a big boost for the U.S. pulse industry.
- **Ingredients: Fractions, Flours, and Starches:** The U.S. pulse ingredient industry is also hindered by India's prohibitively high tariffs on value-added products like Textured Protein and Protein Concentrates, Isolated Pulse Protein, Pulse Flour, Pulse Starch etc. There is limited domestic production of high-quality ingredients in India, and their absence impedes the growth of local food processing and manufacturing industry. In addition to high tariffs, these products are also subject to non-tariff barriers under the Food Safety and Standards Authority of India (FSSAI), which maintains cumbersome compliance and registration protocols that inhibit importation. A removal of these barriers will not only boost US Pulse ingredient exports but also assist the Indian food manufacturing industry in creating high quality products for local and global markets.
- **Yellow Pea Barriers:** India implemented a blanket 30% tariff on imported yellow peas, overriding a prior waiver allowing duty-free imports. India is the world's largest importer of yellow peas.

Policy Recommendations

- **Prioritize Pulses in FTA Negotiations:** Despite their nutritional and trade significance, pulses are often omitted from high-level trade discussions. Including them alongside other agricultural produce ensures fair policy representation, supports bilateral trade volume growth, and acknowledges their role in India's protein security.

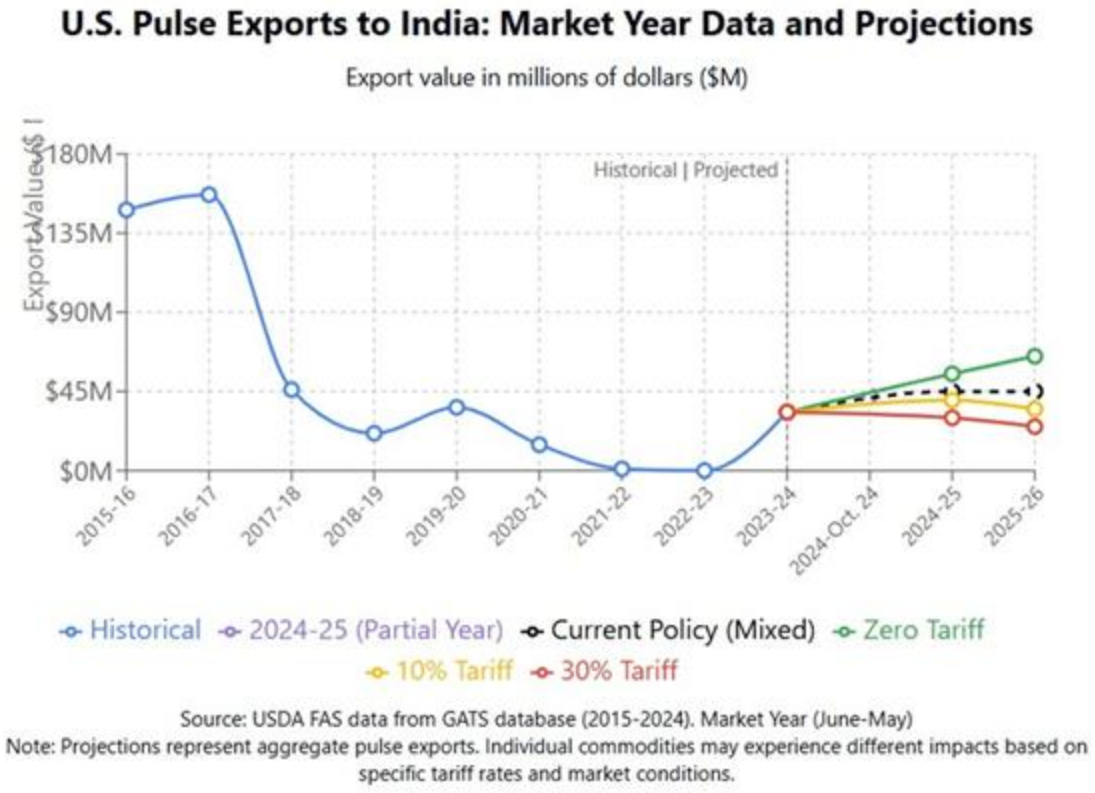
- **Achieve Tariff Parity with Australia:** Under the Australia-India ECTA, Australian lentils benefit from a 5% concessional duty within a quota, while U.S. lentils face a 10% tariff. This disparity reduces U.S. competitiveness in India's price-sensitive market. Equalizing tariff treatment will help retain U.S. market share.
- **Differentiate HS Codes for Red and Green Lentils:** India currently groups red and green lentils under a single HS Code, despite differences in usage, pricing, and consumer demand. Separate classification would enable targeted trade policy and better supply chain alignment.
- **Secure Duty-Free Access for Green Lentils:** India has minimal domestic production of green lentils, making green lentils non-competitive with local crops. Granting zero-duty access would allow U.S. exports to support India's protein needs without disrupting domestic agriculture.
- **Reduce Tariffs on Kabuli Chickpeas:** Kabuli chickpeas from the U.S. serve a premium niche in India, particularly in foodservice and health-focused segments. The current 44% effective duty restricts access to a product not in direct competition with Indian production. A lower tariff would meet growing demand without harming local growers.
- **Extend and Institutionalize Yellow Pea Market Access:** India's temporary duty-free policy on yellow peas restored trade flows. However, the decision to annul that order and implement a 30% tariff will harm exports, and adds to a climate of instability in the trading environment. A long-term, duty-free framework with removal of minimum import prices (MIP), quotas, and port restrictions would ensure supply reliability and pricing consistency.
- **Liberalize Access for Dried Green Peas:** Although a dedicated HS Code exists for green peas, trade access remains restricted owing to the several barriers on its import. India's snack and plant-protein sectors represent strong demand potential. A clear and liberal import policy would enable U.S. green peas to complement domestic supply gaps.
- **Remove Barriers on Pulse-Based Ingredients:** Pulse derivatives, flour, protein isolates, and starches, face prohibitively high tariffs (up to 104%) and stringent FSSAI regulations. These barriers limit the availability of high-protein, plant-based ingredients in a fast-growing sector. Tariff rationalization and regulatory clarity would support innovation and nutrition objectives in India.
- **Ensure Predictable and Transparent Trade Policies:** Frequent policy reversals, such as abrupt bans or tariff hikes, undermine commercial planning and trust. The U.S. industry urges the establishment of a 12-month advance notification mechanism for any policy affecting pulse imports, enhancing trade certainty and reducing risk.

Strategic Opportunity for U.S. - India Cooperation

Enhanced access for U.S. pulses directly supports India's food security and nutrition goals, especially as the country's protein demand grows in response to population pressures and dietary shifts. U.S. pulses offer affordable, plant-based protein aligned with India's policy emphasis on health, sustainability, and climate-resilient agriculture.

Conversely, failure to address these access barriers would entrench competitor advantages, particularly Australia, and diminish the U.S.'s ability to regain lost market share. A successful trade agreement must rectify these imbalances through tariff rationalization, elimination of technical barriers, and institutionalized transparency.

The U.S. pulse industry strongly urges USTR to make market access for pulses, both dry and processed, a core deliverable of the U.S. - India Free Trade Agreement. By addressing tariff inequities, regulatory hurdles, and classification ambiguities, this agreement can serve as a landmark win for American agriculture while advancing mutual goals in health, trade fairness, and strategic collaboration.



Source: USDA FAS data from GATS database (2015-2024). Market Year (June-May)
Note: Projections represent aggregate pulse exports. Individual commodities may experience different impacts based on specific tariff rates and market conditions.

U.S. Pulses – Trade with India

U.S. pulse exports to India have experienced severe disruption due to discriminatory trade policies implemented since 2017. Export values declined from a peak of $182.3 million in 2016 to near-zero levels in 2022, with partial recovery to $72.1 million in 2024. This volatility reflects the impact of quantitative restrictions, discriminatory tariffs, and policy unpredictability that have systematically disadvantaged U.S. suppliers.

India is the world's largest consumer and importer of pulses, making it a critical market for the U.S. pulse industry. Despite recent improvements, such as the removal of retaliatory tariffs and the temporary duty-free access for yellow peas, U.S. pulse exports still face significant policy and regulatory barriers that limit their full potential in India.

These barriers include high tariffs, limited tariff rate quotas (TRQs), shared HS codes that restrict targeted policy treatment, and stringent non-tariff measures such as FSSAI food safety protocols. Moreover, preferential trade arrangements with competing origins, like the Australia–India ECTA give competing suppliers a price advantage over U.S. products.

To improve market access and competitiveness, the U.S. pulse industry recommends a range of policy actions including HS code differentiation, tariff parity, TRQ allocations, and streamlined import procedures. These measures will support a fair, rules-based trading environment and help meet India's growing demand for high-quality pulses and plant protein ingredients.

Green Lentils

Green lentils are a high-volume segment in India's pulse import basket and one where the United States holds a comparative advantage in quality, size uniformity, and consistent supply.

India's domestic production of Green Lentils is negligible. India produces primarily red lentils (masoor), with minimal commercial production of green lentils. Part of the broader lentil import category (HS Code: 07134000), valued at US $1.25 billion in 2023. Green lentils comprise a growing premium share in bakery, foodservice, and processed food sectors.

Current Trade Barriers

- **Lack of HS Code Differentiation:** Green and red lentils are both classified under HS Code 071340, making it difficult to apply targeted tariffs or quotas specific to green lentils. This limits policy flexibility and data transparency.
- **Tariff Despite being Non-Competing:** Green lentils face the same 10% import duty as red lentils, despite not competing with any domestic crop. No concessional treatment currently exists for U.S. green lentils.
- **Preferential Access to Australia:** Under the Australia-India ECTA, Australian lentils enter at a 5% concessional duty for up to 150,000 MT annually, eroding U.S. price competitiveness.
- **Policy Uncertainty:** India's pulse import policies are often revised on short notice, creating risk for U.S. exporters planning shipments of agri-products like green lentils.

Policy Recommendations

Issue	Recommendations
HS code overlaps with red lentils	Seek HS Code bifurcation to separate green lentils from red lentils under India's customs regime
High tariff burden	Negotiate duty-free or reduced-tariff access for green lentils, given India's lack of production
Australian preference	Pursue tariff parity with Australia under a bilateral framework or via a U.S.–India Trade Pact
Market risk from policy shifts	Advocate for advanced notification mechanisms and multiyear import policy stability

Strategic Rationale

- **No domestic substitution risk:** India does not produce green lentils; thus, duty reductions won't harm local farmers.
- **High-end market positioning:** U.S. green lentils serve bakery, premium dal, and plant protein segments in India's urban and foodservice markets.
- **Supports bilateral trade alignment:** Favorable treatment for green lentils can be a quick-win under ongoing U.S.–India trade dialogues.

Dried Yellow Peas

Dried yellow peas (used in split pea curry, plant protein, and pet food) have become a rapidly expanding segment in U.S.–India agricultural trade. In 2024, India imported approximately 2.9 million MT, with the United States accounting for around 18% of these shipments (around 520,000 MT). This surge follows India's decision to temporarily waive import duties through March 2026, underscoring strong demand and an attractive opportunity for U.S. exporters. However, the decision to cancel that waiver and reimplement a 30% duty will halt the flow of goods harming both Indian consumers and American producers. Both sides should work for more stable and predictable trade policies.

Trade Barriers

- **New Global Tariff:** India suspended duty-free imports of yellow peas implementing a global 30% tariff on all imports of yellow peas.
- **Absence of Long-Term Measures:** No established Tariff-Rate Quota (TRQ) or multiyear import commitment—existing relief is subject to sudden policy changes.
- **Supply Competition & Price Pressure:** U.S. exports face stiff competition from Canada and Russia, who benefit from closer distance and larger export volumes.
- **Non-Tariff Complexity:** Variable treatment around plant health inspections and HS codes adds unpredictability, affecting cost competitiveness.

Recommended Policy Actions

Barrier	Policy Recommendation
Temporary duty exemption	Negotiate permanent duty-free or reduced-tariff access via TRQ through upcoming U.S.–India trade talks
Lack of TRQ or import assurance	Establish a multiyear TRQ for 500–800 k MT of U.S. yellow peas to stabilize long-term trade
Regulatory unpredictability	Implement advance notification rules for policy changes and streamline phytosanitary inspections

Strategic Rationale

- **Rapid market expansion:** India imported nearly 2.9 million MT in 2024, where the U.S. quickly captured around 520,000 MT, proving robust demand.
- **Domestic demand needs:** India's internal pulse output remains insufficient, secure imports are essential for food security.
- **Leverage duty relief window:** Current duty exemption creates leverage to formalize access, align exporters and importers, and ensure supply chain commitment.
- **Support U.S. competitiveness:** TRQ and tariff alignment remove uncertainty and give U.S. exporters room to compete effectively.

Dried Green Peas

Dried green peas imports are restricted in India, and no import quota has been announced in the last three years. The United States, a leading global exporter of dried green peas, holds great potential to serve India's niche demand in food processing and packaged goods, especially as domestic production of green peas remains minimal. However, there is minimal or no trade owing to the quota restriction.

Trade Barriers

- **No Import Quotas:** Dried green peas imports are restricted currently with no import quotas announced in the last three years.
- **Non-Tariff & Regulatory Inconsistency:** India's customs valuation practices and ad hoc notifications create uncertainty, complicating planning and compliance for U.S. exporters

Policy Recommendations

Barrier	Suggested Action
Lack of TRQ or import window	Push for open access for Green Peas similar to Yellow Peas to stabilize and expand US exports to India
Regulatory unpredictability	Advocate for advance notice of tariff changes and consistent customs valuation standards

Strategic Rationale

- **Market leadership opportunity:** U.S. pulses industry can lead the market in Green Peas with its established supply chain and efficient production capabilities
- **Emerging demand:** India's domestic dried green pea output is limited (<12% of pea cultivation), imported green peas fill processing and retail gaps.

Kabuli Chickpeas

Kabuli chickpeas, also known as garbanzo beans, are a premium segment within India's pulse imports, particularly valued for their use in salads, snacks, and canned foods. In 2024, despite India being the world's largest producer (accounting for around 75% of global output), the country has strategically imported Kabuli chickpeas to meet rising consumer demand for quality and variety. However, U.S. exports face a steep 44% import tariff (unchanged since 2018), limiting broader market penetration. Addressing this tariff barrier could significantly enhance U.S. competitiveness in this high-value, high-end market.

Trade Barriers

High Tariffs: Kabuli chickpeas face a high tariffs at 44%, significantly limiting price competitiveness in the Indian market.
Competitive Disadvantage: India frequently sources Kabuli chickpeas from Sudan, Myanmar, and other Least Developed Countries (LDCs) such as Ethiopia, which benefit from duty-free access, causing U.S. product to lose market share.

Policy Recommendations

Barrier	Policy Action
High import duty	Negotiate tariff reduction or TRQ specifically for U.S. Kabuli chickpeas.

Strategic Rationale

- **Premium Market Niche:** Kabuli chickpeas command higher prices in salad, snack, and canned formats, U.S. exporters can capitalize with quality differentiation.
- **Food Security & Supply Gaps:** India supplements production with imports during shortages; stable access would support both demand and U.S. export growth.
- **Unlocking Share:** Reducing U.S. tariff disadvantage (around 44% vs. potentially 5–10%) could make U.S. products more price-competitive and accessible.

US Pulse Ingredients to India

High Tariffs on Pulse-Derived Ingredients Hinder Market Access and Nutrition Goals

India's growing interest in plant-based foods presents a major opportunity for U.S. pulse-derived ingredients. However, market access is significantly constrained by prohibitively high tariffs and non-tariff barriers. Despite surging consumer demand for clean-label, protein-rich diets, India imposes some of the world's steepest tariffs on key pulse-based derivatives, effectively limiting both consumer choice and industrial growth in the plant protein sector.

- **Textured vegetable protein and protein concentrates** *(HS Code 21061010)* are subject to a basic duty of 40%, pushing the total effective tariff burden to 69.90%.
- **Isolated plant proteins** *(HS Code 35040099)* face a 20% basic duty, with an effective rate of 43.96%.
- **Pulse flours** *(HS Code 11061090)* carry a 30% duty, resulting in a 50.05% effective tariff.
- **Pulse starches** *(HS Code 11081190)* bear the heaviest burden with a 50% base duty and a staggering effective rate of 104.40%.

These import costs are compounded by additional taxes such as Integrated GST (IGST), Social Welfare Surcharge, and handling fees, raising landed prices and limiting the viability of high-quality U.S. pulse ingredients in India.

A Critical Gap in India's Domestic Ingredient Infrastructure

India currently lacks a robust, high-grade pulse processing and ingredient manufacturing ecosystem. Local suppliers are unable to meet the technological standards or scale required by the health food, plant-based meat, and clean-label sectors. Consequently, Indian food manufacturers and startups increasingly depend on imports to secure high-functionality ingredients, such as protein isolates, flours, and fibers, that meet international standards.

This demand-supply mismatch presents a unique opportunity for the U.S. pulse ingredient industry, known globally for its advanced processing capabilities and quality assurance, to become a strategic partner in India's food innovation landscape. However, continued tariff and regulatory restrictions threaten to stall this momentum and deny Indian consumers access to premium, nutrition-rich options.

Regulatory Barriers Compound the Problem

Beyond tariffs, non-tariff barriers, especially those imposed by the Food Safety and Standards Authority of India (FSSAI), pose major hurdles for market entry. Delays in ingredient approval, inconsistencies in labeling regulations, and lengthy testing protocols create uncertainty for exporters and importers alike, particularly affecting flours and starches.

Policy Recommendation

- **Immediate tariff reductions** on key pulse ingredients, including protein isolates, flour, and textured proteins.
- **Streamlining of FSSAI regulations**, particularly on flours and starches, to align with global standards.
- **Harmonizing tariff lines and import duties** with global norms to support cost-efficient trade.

Reducing tariffs and regulatory friction would not only enhance bilateral trade but also support India's own nutritional security objectives by facilitating affordable access to sustainable protein sources.

India Tariffs on U.S. Pulse Ingredients

India Tariff Impacts on Pulse Ingredients (EXPORTS)					
HS Code	**Pulse Ingredient**	**Total**	Non-preferential rate (aka "MFN rate"	Preferential Tariff	Retaliatory Tariff
1106.10	Flour and meal of dried legumes	**30%**	30%	N/A	N/A
1108.19	Starches	**50%**	50%		
2106.10	Protein concentrates	**40%**	40%		
2302.50	Fiber – brans, sharps, and middling of legumes	**15%**	15%		
3504.00	Protein Isolates	**20%**	20%		

India Taxes and Fees

In addition to MFN tariff, India applies the following taxes and fees:

- **Integrated GST (IGST),** sum of (*shown in the chart below*)**:**
  - Central GST (CGST), levied by the Central Government
  - SGST, state GST (SGST)/Union Territory GST (UTGST), levied by the State Government/Union Territories
- **Social Welfare Surcharge Levy:** 10% of duty
- **Customs Handling Fee:** typically, 1% of value

HS Code	CGST	SGST	IGST (Total applied)
1106.10	2.5%	2.5%	**5%**
1108.19	6%	6%	**12%**
2106.10	9%	9%	**18%**
2302.50	2.5%	2.5%	**5%**
3504.00	9%	9%	**18%**

U.S. Tariffs on Pulse Ingredients from India – A Comparative Overview

The current U.S. tariffs applied on imports from India into the United States.

U.S. Tariffs on Pulse Ingredients from India					
Pulse Ingredient & Tariff Code	**Flour and meal of dried legumes of 1106.10**	**Starches of 1108.19**	**Protein concentrates of 2106.10**	**Fiber – brans, sharps, and middling of legumes of 2302.50**	**Protein isolates of 3504.00.50**
MFN	8.3%	0%	6.4%	1.4%	4%
Baseline Reciprocal (higher reciprocal)	10% baseline reciprocal (26% on 9 July)				
Total	**18.3%** (34.3% on 9 July)	**10%** (26% on 9 July)	**16.4%** (32.4% on 9 July)	**11.4%** (27.4% on 9 July)	**14%** (30% on 9 July)
Total tariff increase under Trump 2.0	**10% increase** (26% increase on 9 July)				