

Exporters flag concerns of dumping from China

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Washington's decision to impose a 27 per cent reciprocal tariff on India not only threatens short-term demand but also intensifies fears of dumping from China, exporters said.

Until now, American buyers had already been holding off on orders due to a lack of clarity on reciprocal tariffs. Now that the levy has been announced, Indian suppliers will reach out to them to discuss the way forward, they said. US President Donald Trump on Wednesday signed an executive order on reciprocal tariffs, imposing additional ad valorem duties ranging from 10-50 per cent on imports from a large number of trading partners.

The baseline duty of 10 per cent will take effect on Saturday, while the remaining country-specific additional duty will be effective from April 9.

A 34 per cent reciprocal tariff will be imposed on China, in addition to the 20 per cent tariff already in place. "The risk of dumping will now intensify since the US will impose over 50 per cent tariffs on China (in addition to the additional tariffs imposed under the Biden administration). We need to be watchful of the import scenario. The government is also alert," said an exporter.



EXPORTS TO US

Top 5 merchandise exports to US in 2023-24 (in \$ billion)

Engineering goods	17.6
Electronic goods	10.1
Gems & jewellery	9.9
Textiles	9.2
Pharmaceuticals	8.7

Source:
Dept. of
commerce

Total exports to US: **\$77.5 billion**

Rakesh Mehra, chairman of the Confederation of Indian Textile Industry (CITI), said the biggest concerns now are a possible decline in US demand for goods, including textiles, and a lack of clarity on the fine print. It will be important to see how India positions itself among its competitors. "However, at present, the tariff announced by the US presents an opportunity for India compared to its competitors in terms of better market access. Given the uncertainty surrounding tariff structures, Indian exporters also need to explore alternative global markets to sustain and enhance trade volumes," Mehra of CITI said.

Exporters believe that certain sectors may benefit from the US-imposed reciprocal tariffs.

According to their preliminary assessment, sectors such as gems and jewellery, furniture, electronics, and footwear may gain from this situation. The reason is that competi-

tor nations face higher tariffs than India, potentially diverting more business to Indian exporters. On the other hand, exporters of marine products and carpets may be at a disadvantage since competitor nations face lower tariffs than India.

The Federation of Indian Export Organisations President S C Ralhan said the reciprocal tariffs imposed by the US on Indian exports present a complex scenario. While these tariffs pose challenges, India's position remains comparatively favourable.

"For instance, Vietnam faces a 46 per cent tariff, China 34 per cent, and Indonesia 32 per cent, placing India in a relatively better position than key competitors such as Vietnam, China, Indonesia, Bangladesh, Sri Lanka, and Myanmar," Ralhan said.

He said that the timely conclusion of a bilateral trade agreement between India and the US is crucial to mitigating these tariffs and providing relief to Indian exporters.