

India may see lower US tariffs: Moody's

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INDIA MAY BE subject to lower tariffs than many countries in the Asia Pacific, which could help the economy attract further investment and become a global manufacturing base, Moody's Ratings said on Thursday.

In its outlook on Asia Pacific sovereigns, Moody's Ratings said many export-reliant APAC economies were hit with very high US tariffs in April.

While negotiations will likely lead to some reduction in tariffs and other trade barriers on a bilateral basis, policy uncertainty is challenging investment decisions and disrupting trade.

Uncertainty about trade policy and a potential overhaul of global trade have raised cyclical and possibly structural credit risks in APAC, it said, adding that economies like Vietnam and Cambodia, which benefited from a diversification of investment and manufactur-

ing out of China and now face high US tariffs, are particularly at risk. "In contrast to countries like Cambodia and Vietnam, India has the potential to emerge as a beneficiary of a tariff-driven shift in investment and trade flows. India may be subject to lower tariffs than many in APAC, which could help the economy attract further investment flows and support its development as a global manufacturing base," Moody's Ratings said.

The signing of a free trade agreement with the UK in May and ongoing efforts to establish the same with the EU will further support such development. However, the US goal to reshore select manufacturing segments could challenge the extent to which India benefits, it added. On April 2, the US imposed an additional 26% reciprocal tariff on Indian goods but suspended it for 90 days. However, the 10% base-line tariff remains in place.