

India may gain from US-China trade war

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The restart of a tariff war between the United States (US) and China may have a positive impact on Indian exporters, as observed from the previous trade war during US President Donald Trump's first term.

“When the trade war between the US and China took place last time, India was the fourth largest beneficiary of the trade diversion. Data shows that during the trade war (2017-19), there was a significant jump in exports to the

US,” a senior government official said. Days after taking over as President of the US, Trump on Saturday announced a 25 per cent tariff on imports from its top two trade partners and neighbouring nations — Canada and Mexico — and a 10 per cent levy on Chinese imports.

While Canada and Mexico retaliated, on Monday, a 30-day suspension on US tariffs was announced after reaching an agreement with Trump.

However, China on Tuesday announced retaliation and said the country plans to impose higher tariffs

on US imports.

Trump's move is in line with its protectionist 'America First Trade Policy' that it plans to implement. The policy will include imposition of global 'supplemental tariffs' to tackle 'unfair and unbalanced trade'.

An external revenue service (ERS) is being set up to collect tariff, duties and other foreign-related revenues.

However, the official warned that going ahead, India may not be completely 'immune' from additional tariffs from the US, considering Trump's announcement of

America's latest policy stance.

Exporters have also stated that the imposition of Customs duties by the US on imports from China provides huge export opportunities for them. The tariffs would affect exports from China to the US as they would push up prices of their goods in the American market, making them less competitive.

Officials said sectors such as electronics, pharmaceuticals, textiles, auto components and chemicals may see further export boost to the US due to the trade war between Washington and Beijing.

