

# 'China Plus 1' benefited Vietnam, Thailand, others more: NITI Aayog

**Amiti Sen**

New Delhi

India has seen limited success so far from the 'China Plus One' strategy while Vietnam, Thailand, Cambodia, and Malaysia have benefited significantly, according to a NITI Aayog report on trade.

Indeed, US President-elect Donald Trump's plan for increased tariffs on China, Mexico and Canada spell more opportunities for India as they will lead to huge trade diversion, and it is up to the country to see what it can make of it, according to NITI Aayog CEO BVR Subrahmanyam.

"Whatever Trump has announced so far targets three countries. There are opportunities for India. The ball is coming our way. Whether we are going to catch it or drop the catch is for us to see... I think you will see some steps in the next few months," Subrahmanyam said on Wednesday at the launch of the *Trade Watch Quarterly* report, which seeks to give a snapshot of India's trade developments.

## TRUMP'S PROPOSAL

On November 26, Trump had said that he would impose a 25 per cent tariff on all goods coming from Mexico and Canada and an addi-



BVR Subrahmanyam, CEO of NITI Aayog SHIV KUMAR PUSHPAKAR

tional 10 per cent tariff on China, above any other tariffs, after he takes over on January 20. These tariffs are to clamp down on drugs and illegal immigration.

During his election campaign, Trump had declared his intention to impose a 10 per cent import tariff on goods coming in from all trade partners, including India, and a 60 per cent import tariff on China, if voted to power.

Trump's proposal of imposing a general tariff of 10 per cent will affect everybody and may not have any special impact on India, pointed out Arvind Virmani, Member, NITI Aayog.

However, the 60 per cent import tariff on China presents an opportunity to Indian companies in the medium and long term, he said.

The US is the largest trading partner of India, with In-

dia's exports to the country totalling \$77.51 billion and imports at \$42.2 billion in FY24.

## CBAM IMPACT

The NITI Aayog report also cautioned against the European Union's Carbon Border Adjustment Mechanism (CBAM), under which the bloc will impose additional import tariffs on six carbon-intensive sectors including steel, aluminium and cement, from 2026.

"Indian firms may incur tariffs of 20-35 per cent, leading to higher costs, reduced competitiveness, and lower demand in the EU market. Additionally, compliance costs will rise due to the need for detailed emissions reporting," it said.

The EU is India's second-largest trading partner. In FY24, the EU accounted for exports worth \$76 billion.