

# Govt weighing 'full impact' of Trump's tariffs on China

FE BUREAU  
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**THE GOVERNMENT WILL** assess any positive or negative implications for India from the tariffs that have been imposed by the US on China, a senior official said on Thursday.

Though the duties on China are prima facie expected to boost exports from India to the US due to the duty arbitrage, the chances of dumping of goods from the neighbouring country has to be taken into consideration as it has excess capacity in almost every sector, the official added.

On February 1, the US imposed 10% tariffs on Chinese goods. China has retaliated to the additional duties by the US and has also filed a complaint at the World Trade Organisation (WTO) calling the recent tariff action discriminatory.

"We are trying to analyse the announcements made by the US on increasing tariffs. We will take the decision in due course."

"We are also asking our industry how these tariffs are going to affect them positively or negatively. We are looking at the exact items on which tariffs are coming

## TRADE WAR

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on China," the source said.

As the talk on tariffs by the US on China has been around for some months now, the increase in orders for Indian exporters from the US has already been seen, chief executive officer and director general of Federation of Indian Export Organisations (FIEO) Ajay Sahai said.

The sectors that will likely benefit from the higher duties on

China include auto components, mobiles and electronics, electronic machinery, apparel, leather and footwear, furniture, pharma and toys, he said.

While some sectors have seen rising US interest, in the engineering goods sector in general the new order books have slowed, according to industry sources. President Donald Trump has talked of

increasing duties on steel and aluminium and the industry feels that 25% duties on iron and steel and 10% on aluminium could be brought back. These additional duties were imposed in 2018 during Trump's first presidency.

Buyers are wary of signing new contracts as they fear sudden imposition of duties will upset all calculations and absorbing extra duties on already negotiated contracts would be difficult, an industry source said.

The US is the trading partner with which India has the highest trade surplus. During April-November 2024-25, the US was the second-largest trading partner of India with \$82.52 billion bilateral trade in goods — \$52.89 billion exports and \$29.63 billion imports.

After the products on which there could be dumping from China is known, the government can be vigilant and start imposing safeguard duties. Already the Director General of Trade Remedies (DGTR) is already conducting an investigation into 31 products from China where the local industry has complained of below cost sales and injury from unfair competition.