

US TARIFF HIKE ON CHINESE PRODUCTS

Experts fear China may dump EV, batteries

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New Delhi, 14 May

India should be cautious of any Chinese move to dump electric vehicles (EV) and its batteries following the United States' (US) move to increase tariffs on these products from Beijing, trade experts said on Tuesday.

The US' decision to increase tariffs on Chinese EVs and batteries comes months after India announced an EV policy that entails lowering import duty on certain EVs, subject to manufacturing and investment commitment. India announced the policy in March to boost EV manufacturing in the country by top global players such as Tesla, VinFast, BYD among others.

However, the US' move could be a significant opportunity for India to ramp up production and export products, and enhance its trade footprint in the US market. Ajay Srivastava, a former trade official and the founder of Delhi-based think tank Global Trade Research Initiative (GTRI) said.

"Both the US and the EU are cutting imports of EVs from China. The raising of tariffs on EVs, batteries and many other new technology items by the US may push



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- Duty on electric vehicles has quadrupled from 25% to 100%
- Duty on lithium-ion electrical vehicle batteries will also increase from 7.5% to 25%

China to dump these products in other markets including India," Srivastava said, adding that it's a moment for India's Directorate General of Trade Remedies (DGTR) to remain vigilant.

Biswajit Dhar, distinguished professor at the Council for Social Development, also emphasised on the need to be vigilant as always as far as dumping of Chinese products is concerned.

Although, to be sure, India also has safeguard measures to check dumping from China.

India also has a policy in place that requires the government's approval to allow FDI proposals from countries sharing land borders, such as China.

Dhar also pointed out that there may not necessarily be a bigger rush for China plus one strategy since it is very difficult for any country to replicate what China has done in terms of manufacturing. According to the White House fact sheet, China's "unfair trade practices" concerning technology transfer, intellectual property, and innovation are threatening American businesses and workers.

"China is also flooding global markets with artificially low-priced exports. In response to China's unfair trade practices and to counteract the resulting harms, today, President Biden is directing his Trade Representative to increase tariffs...on \$18 billion of imports from China to protect American workers and businesses," it said.

The US has increased tariffs on as many as 14 Chinese imports, including semiconductors, EV, EV batteries, steel and aluminium, among other items. The duty on electric vehicles has quadrupled from 25 to 100 per cent, lithium-ion electrical vehicle batteries will also increase from 7.5 to 25 per cent.