

Indian exporters hopeful of gaining from US-China tariff war

Amiti Sen
New Delhi

Indian exporters are hopeful that the US decision to impose penal tariffs on certain Chinese imports may result in opportunities for them as they could step in to meet some of the supply gap. This would be more so if Beijing retaliates, and it turns into a full-blown tariff war.

Exporters' body FIEO simultaneously cautioned that the threat of dumping from China cannot be ruled out and the government must keep a strict watch and take appropriate steps if needed.

"The US move will start the tariff war between the two countries as retaliation is expected from China. Right now, about \$18 billion worth of exports from China would be affected out a total of \$420 billion (China's exports to the US). This is a little over 4 per cent and thus marginal. But this will increase in times to

come. This provides opportunity to India and other competitors to chip in to fill the supply gap," pointed out FIEO President Ashwani Kumar at a media interaction on Thursday.

Going by the present set of import duties imposed by the US on China, India has opportunities in facemasks, PPE, syringes & needles, medical gloves, aluminium and iron & steel, per a list prepared by FIEO.

US TARIFFS

Earlier this week, US President Joe Biden announced heavy penal tariffs on China across strategic sectors such as steel and aluminium, semiconductors, electric vehicles, batteries, critical minerals, solar cells, ship-to-shore cranes and medical products. Once China retaliates and imposes penal duties on US products, Indian exporters may have additional opportunity in China, but it would depend on whether market access is provided by China for these products, exporters

say. "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 under Section 301 of the Trade Act of 1974 on \$18 billion of imports from China to protect American workers and businesses," per a statement issued by the White House.

According to FIEO, China is sitting on overcapacity in many sectors and thus the threat of dumping, could not be ruled out, when an important market was closed for its exports.

"I am sure industry, and the government will be keeping a close watch on imports and if surge or dumping happens, DGTR will take appropriate action to safeguard our industry," Kumar said.