

TRUMP BEGINS US PRESIDENCY WITH 'AMERICA FIRST TRADE POLICY'

A slew of executive orders and announcements on Day 1 turn policymakers, investors cautious

Equities tumble, volatility surges

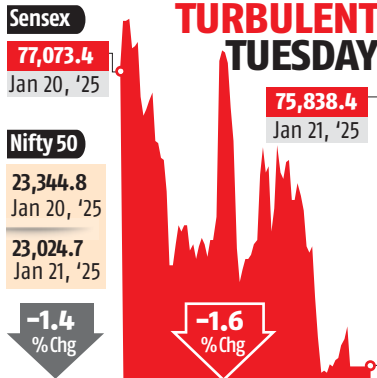
SUNDAR SETHURAMAN & SAMIE MODAK
Mumbai, 21 January

The domestic equity benchmarks plunged on Tuesday, shaken by growing uncertainty over US President Donald Trump's trade policies, which deepened investor concerns in a market where sentiment is already weighed down by subdued December quarter results from India Inc and heavy foreign outflows.

The Sensex closed at 75,838, shedding 1,235 points or 1.6 per cent, while the Nifty 50 ended at 23,025, down 320 points or 1.4 per cent. These declines marked the steepest falls for the Sensex since October 3 and for the Nifty 50 since January 13.

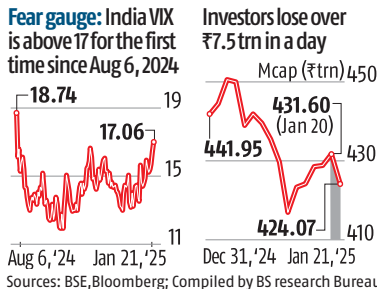
Both indices reached their lowest closing levels since June 6, 2024. Also, the Nifty 50 slipped below 23,000 for the first time since June 7 in intraday trade.

India's volatility index (VIX, based on the Nifty index option prices), often referred to as the "fear gauge", jumped nearly 4 per cent to 17.1—the highest level since August 6 last year. Turn to Page 6 ▶



BIG SENSEX LOSERS (As of Jan 21, 2025)

Share price (₹)	1-day chg (%)
Zomato 214.7	-10.9
Adani Ports & SEZ 1,106.1	-3.7
NTPC 324.3	-3.5



Donald Trump signs a flurry of executive orders on issues ranging from criminal pardons to immigration in his first act as the 47th US president

US 'supplemental tariffs' to target trade-surplus nations

SHREYA NANDI
New Delhi, 21 January

After assuming office as the 47th president of the United States, Donald Trump laid out an "America First Trade Policy", which includes imposing global "supplemental tariffs" to address what he termed "unfair and unbalanced trade". He also threatened a 100 per cent tariff on Brics nations, including India, if

the bloc attempts to reduce its reliance on the dollar for foreign trade.

During his presidential campaign, Trump had proposed a flat 10 per cent tariff on all imports to the

US, regardless of their origin. A memorandum issued by the new US administration also calls for a review of existing trade agreements and measures to counter currency manipulation by trading partners.

Union Minister Piyush Goyal is expected to meet industry representatives on January 30 to discuss US tariff measures

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₹ GIVES UP EARLY GAINS

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▶ TRUMP WARNS 100% TARIFFS IF BRICS REPLACES DOLLAR

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MORE US ENERGY EXPORTS TO INDIA LIKELY, SAYS PURI

INDIA TO TAKE BACK 18,000 ILLEGAL MIGRANTS FROM US

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THE RETURN OF THE 'GREAT DISRUPTOR'

US PLANS TO IMPOSE 25% TARIFF ON MEXICO, CANADA BY FEB 1

FIRST EXECUTIVE ORDERS

Trump announces ERS to collect tariffs, other foreign revenues

It also announced the creation of an External Revenue Service (ERS) to collect tariffs, duties, and other foreign-related revenues.

“The secretary of commerce, in consultation with the secretary of the Treasury and the United States trade representative, shall investigate the causes of our country’s large and persistent annual trade deficits in goods, as well as the economic and national security implications and risks resulting from such deficits, and recommend appropriate measures, such as a global supplemental tariff or other policies, to remedy such deficits,” the memorandum read.

For now, Trump has targeted only Mexico and Canada with high tariffs, announcing plans to impose a 25 per cent tariff on imports from these neighbouring countries starting February 1.

While India has not yet been singled out, New Delhi is closely watching US policy announcements. Trump has frequently criticised India’s trade surplus with the US, referring to it as a “tariff king”. Commerce and Industry Minister Piyush Goyal is scheduled to meet industry leaders and exporters on January 30 to discuss US tariff measures and how to mitigate potential disruptions. “We expect the US to impose



tariffs on China,” an SBI research report noted. “For India, past experience suggests that the country has broadened its export markets and exports towards value-added (products), and thus even if tariffs are imposed in a limited manner, India might be impacted but not significantly in the long run.”

Ajai Sahai, director-general and CEO of the Federation of Indian Export Organisations (FIEO), commented on the potential for broad-based US tariff hikes. If the US imposes additional tariffs across the board to generate revenue and provide greater protection,

“it will be based on the principle of most-favoured nation, which means that every country will be subjected to the (same) tariff. So that may not be an issue,” he said, adding that there remains little clarity on whether India will be specifically targeted.

Notably, Trump did not announce imposition of higher tariffs on China, despite having mentioned his plans for a 10 per cent tariff hike over a month ago. The memorandum indicates that the US will review its Economic and Trade Agreement with China and consider imposing tariffs or other measures based on the review’s findings.

Ajay Srivastava, former trade official and founder of the Delhi-based think tank Global Trade Research Initiative (GTRI), said that the US “lost the trade war with China (2017-23)” despite previous tariff measures, as imports were rerouted through duty-free channels like Mexico and Vietnam.

Separately, Trump reiterated his warning to the 10-member BRICS bloc, threatening a 100 per cent tariff if the group seeks to replace the US dollar in global trade. “If the BRICS nations want to do that, that’s okay, but we are going to put at least 100 tariff on the business that they do with the United States,” he told reporters.

