

India among nations most vulnerable to US tariffs: S&P

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S&P Global Ratings on Monday said several Asia-Pacific economies could face higher tariffs under the Trump administration, while India, South Korea, and Thailand could be most vulnerable to trade retaliation.

In its report titled 'Asia-Pacific Economies Likely To Be Hit By US Trade Tariffs', S&P said economies like Vietnam, Taiwan, Thailand, and South Korea have relatively greater economic exposure to the US, meaning that tariffs, if imposed, would have the largest economic impact. "India and Japan have more domestically oriented economies that will provide some mitigation from tariffs," S&P said.

US President Donald Trump has said he will impose reciprocal tariffs on its trading partners, including India. The new US administration has already enacted additional 10 per cent tariffs on imports from China and 25 per cent tariffs on steel and aluminum.

"We believe this might not be the end of it. Uncertainty is high because of the high leeway the US administration gives

itself in imposing trade tariffs on partner economies, and bilateral negotiations can impact outcomes as well. However, several Asia-Pacific economies are under scrutiny and risks to economic activity loom," S&P said.

S&P said some places in the region levy significantly higher tariffs on US products than the US levies on their products and those economies will be under potential scrutiny for "reciprocal tariff action". "This is a tricky item to track because it's unclear at what level of disaggregation the US administration will compare tariffs. And the outcomes could differ greatly, depending on the level of detail applied," S&P said.

S&P looked at the weighted average tariffs rates in the Asia-Pacific economies on US products; US tariffs on imports from the same economies; and the differential between the two. "These estimates of effective tariffs are a useful indicator to gauge import tariff imposition. The results show India, followed by South Korea and Thailand might be most vulnerable to trade retaliation based on this criteria," the report added.



The report stated India and Japan have more domestically-oriented economies that will provide some mitigation from tariffs