

TARIFF WAR Explained



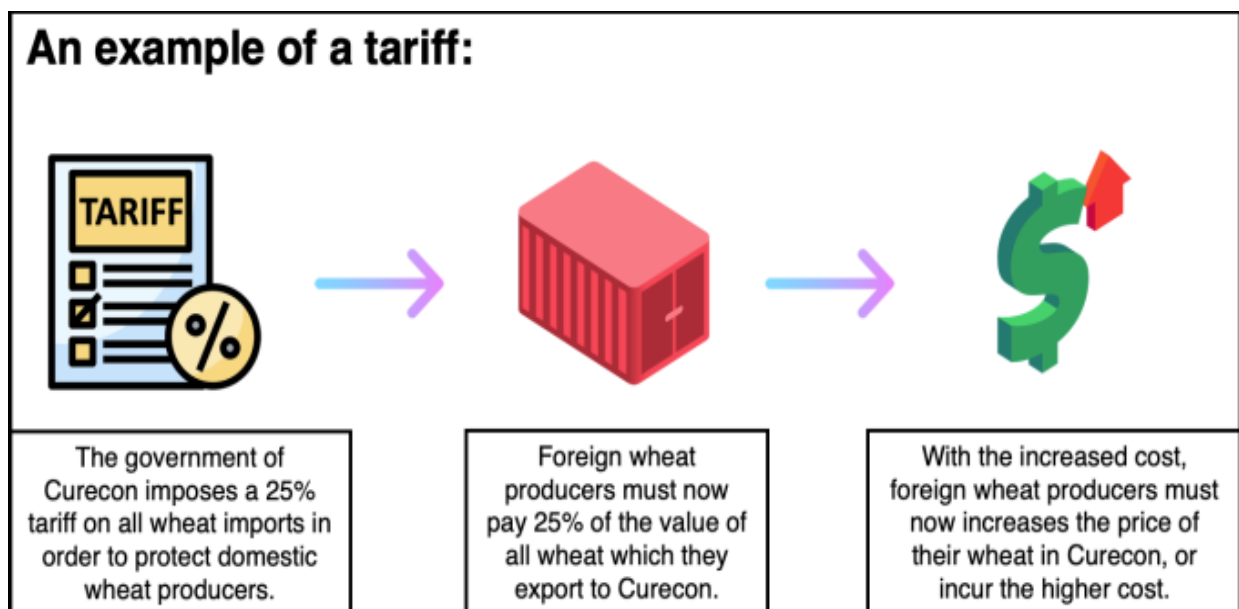
Context:

- **US President Donald Trump** has announced **sweeping tariffs** on **goods** imported from the **rest of the world**.
- **Trump** claims that a **10% tariff** on **all nations** and much higher rates of **up to 50%** on **individual countries** will boost the **US economy** and **protect jobs**.



1. What are tariffs?

- A **tariff** is a **duty (a tax)** imposed by a **national government**, customs territory, or supranational union on **imports** (or, exceptionally, exports) of **goods**.
- A tariff is a **type of protectionist** trade policy because it **increases the cost for foreign firms** to sell in a country.



UNITED STATES

What are tariffs?

A tariff is a tax imposed by one country's government on goods and services from a foreign country, making them more expensive to encourage local purchases.

For example:

A Chinese exporter
sells a pair of jeans to
a US importer for \$10

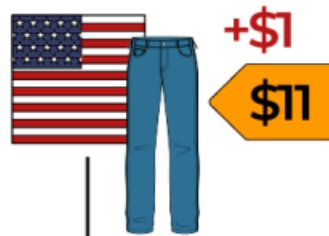


Tariff imposed
The US government
imposes a 10% tariff
on Chinese products



10% tariff

The US importer
will now have to pay \$1 extra
to the federal government
for the jeans, increasing its
cost to \$11



After adding expenses
and profit, the jeans
will be sold for \$20

Expenses
+ profit
+\$9

A US consumer
will most likely pay
more for the jeans

- In some cases:
- the exporter absorbs the tariff by lowering their prices
 - Or
 - the US business reduces their profit margins to keep retail prices stable



2. Enlist different types of tariffs?

- **Tariffs** are taxes imposed on goods and services that are traded internationally.
- **Tariffs** can be applied in different ways, and they can have **different effects on international trade.**

The Different Types of Tariffs



Tariff	Description
<p>Ad Valorem Tariffs</p>	<ul style="list-style-type: none"> • Ad valorem tariffs are levied as a percentage of the value of the imported goods. • For example, if a country imposes a 10% ad valorem tariff on cars, and a car is imported with a value of \$10,000, the tariff would be \$1,000. • Ad valorem tariffs are the most common type of tariff and are used by many countries to protect their domestic industries.
<p>Specific Tariffs</p>	<ul style="list-style-type: none"> • Specific tariffs are levied as a fixed dollar amount per unit of the imported goods. • For example, if a country imposes a specific tariff of \$50 per ton of steel imported, and 10 tons of steel are imported, the tariff would be \$500. • Specific tariffs are less common than ad valorem tariffs but are used in some industries where the value of the goods is difficult to determine.

<p>Compound Tariffs</p>	<ul style="list-style-type: none"> • Compound tariffs are a combination of ad valorem and specific tariffs. • For example, a country may impose a tariff of 10% of the value of the imported goods plus \$50 per unit. • Compound tariffs are used to protect domestic industries while also generating revenue for the government.
<p>Tariff-Rate Quotas</p>	<ul style="list-style-type: none"> • Tariff-rate quotas are used to limit the amount of a particular product that can be imported at a lower tariff rate. • Once the quota is reached, a higher tariff rate is applied. • For example, a country may allow 100,000 tons of sugar to be imported at a lower tariff rate, but any sugar imported above that amount would be subject to a higher tariff rate. • Tariff-rate quotas are used to protect domestic industries while still allowing some imports.
<p>Export Tariffs</p>	<ul style="list-style-type: none"> • Export tariffs are taxes imposed on goods that are exported from a country. • These tariffs are used to generate revenue for the government and to discourage the export of certain goods. • For example, a country may impose an export tariff on raw materials to encourage the processing of those materials within the country.

3. Who uses tariffs?

- Almost every country imposes some tariffs.
- In general, wealthy countries maintain low tariffs compared to developing countries.
- Developing countries impose more tariffs because they have more fragile industries that they wish to protect, or they might have fewer sources of government revenue.
- The United States, for instance, maintained high tariffs for decades, until income taxes supplanted tariffs as the most important source of revenue in the 1930s.
- After World War II, tariffs continued to decline as the United States emphasized trade expansion as a central plank of its global strategy.

4. How does a tariff work?

How Tariffs Work



5. Why do governments impose tariffs?

Reasons	Analysis
<p>Raising Revenue</p>	<ul style="list-style-type: none"> • Tariffs can be used to raise revenues for governments. • This kind of tariff is called a revenue tariff and is not designed to restrict imports. • For instance, in 2018 and 2019, President Donald Trump and his administration imposed tariffs on many items to rebalance the trade deficit. • In the fiscal year 2018, customs duties received were \$41.6 billion. • In fiscal year 2019, duties received were \$71.9 billion.
<p>Protecting Domestic Industries</p>	<ul style="list-style-type: none"> • Governments can use tariffs to benefit particular industries, often doing so to protect companies and jobs. • For example, in April 2018, President Donald Trump imposed a 25% ad valorem tariff on steel articles from all countries except Canada and Mexico. • In March 2022, President Joe Biden replaced the tariff on steel products from the United Kingdom with a tariff-rate quota of 500,000 metric tons, and reached quota deals with several other countries. • This proclamation reopened the trade of specific items with the U.K. while taking measures to protect domestic U.S. steel manufacturing and production jobs.

<p>Protecting Domestic Consumers</p>	<ul style="list-style-type: none"> • By making foreign-produced goods more expensive, tariffs can make domestically produced alternatives seem more attractive. • Some products made in countries with fewer regulations can harm consumers, such as a product coated in lead-based paint. • Tariffs can make these products so expensive that consumers won't buy them. • President Donald Trump placed 25% tariffs on imports from Canada and Mexico and 10% tariffs on imports from China. • The rationale behind these tariffs was to force these countries to cooperate with the U.S. to stem the flow of illegal immigrants and drugs like fentanyl from entering the U.S., as well as to boost domestic manufacturing and raise revenues.
<p>Protecting National Interests</p>	<ul style="list-style-type: none"> • Tariffs can also be used as an extension of foreign policy as their imposition on a trading partner's main exports may be used to exert economic leverage. • For example, when Russia invaded Ukraine, much of the world protested by boycotting Russian goods or imposing sanctions. • In April 2022, President Joe Biden suspended normal trade with Russia.

6. What are Tariff wars?

- **Tariff wars** refer to the **imposition of tariffs or duties on imported goods by one country**, leading to **retaliatory measures by trading partners**.

WHAT IS A TRADE WAR?



7. Enlist the major events of tariff war?

Events	Analysis
Smoot-Hawley Tariff Act	<ul style="list-style-type: none"> • The Smoot-Hawley Tariff Act of 1930, which raised tariffs on thousands of goods, is often cited as an example of the negative effects of protectionism and tariff wars. • It exacerbated the Great Depression by reducing international trade and worsening economic conditions globally.
US-China Trade War	<ul style="list-style-type: none"> • A key example of reciprocal tariffs happened during the U.S.-China trade war that intensified in 2018. • The U.S. placed tariffs on many Chinese products, claiming unfair trade practices and intellectual property theft. • In response, China imposed tariffs on American goods, including agricultural items like soybeans and pork.

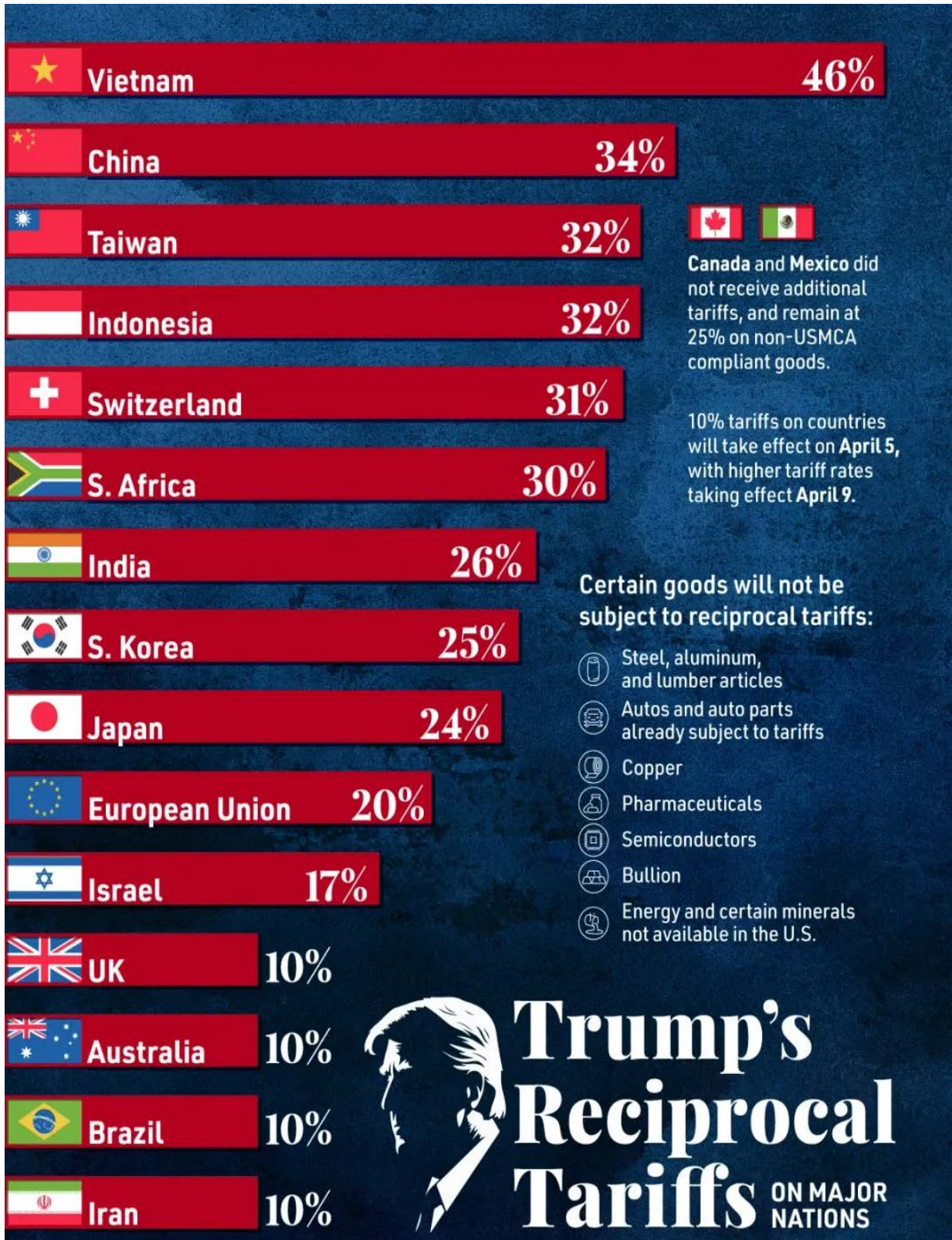
	<ul style="list-style-type: none"> • This cycle of tariffs increased costs for consumers and businesses in both nations.
European Union tariffs:	<ul style="list-style-type: none"> • The European Union has also been involved in tariff wars, particularly with the US over issues such as steel and aluminum tariffs and digital services taxes. • In 2018, after the U.S. introduced tariffs on steel and aluminum, the EU retaliated with tariffs on American goods, targeting items such as bourbon whiskey, motorcycles, and agricultural products.
Canada and United States	<ul style="list-style-type: none"> • The Canada-U.S. relationship also saw reciprocal tariffs. • After the U.S. imposed tariffs on Canadian steel and aluminum in 2018, Canada responded with tariffs on various U.S. products, including ketchup, whiskey, and other consumer goods. • This example showed that even close allies can engage in reciprocal tariff actions when faced with unilateral trade measures.
India's Tariffs on US Products	<ul style="list-style-type: none"> • India has taken reciprocal tariff actions against the United States. • After the US raised tariffs on steel and aluminum imports from India, India responded by increasing tariffs on several American goods, including almonds, apples, and some electronics. • This shows how developing countries may react to protectionist policies from larger nations by implementing their own tariffs.

8. Why is Trump using tariffs?

- For decades, **Trump has argued that the US should use tariffs to boost its economy.**
- **Trump wants to reduce the gap between the value of goods the US buys from other countries and the value of those it sells to them.**
- **He argues that America has been taken advantage of by "cheaters" and "pillaged" by foreigners.**
- **Trump has said tariffs will create more factory jobs, shrink the federal deficit, lower food prices and allow the government to subsidize childcare.**
- *"Tariffs are the greatest thing ever invented,"* Trump said at a rally in Flint, Michigan, during his presidential campaign.

9. What are Trump's 'reciprocal tariffs'?

- **Reciprocal tariffs are import duties imposed by a country in response to the tariffs placed on its exports by another country.**
- **They are designed to create a level playing field in international trade by ensuring that both trading partners impose similar tariff rates on each other's goods.**



10. Mention about the tariff announced by Trump?

Country	Trump estimates of tariffs on US goods	Trump's 'reciprocal' tariffs	US trade deficit in 2024 (with a minus sign) in \$ millions	US Trade Deficit as a percentage of the total US Trade deficit	Per capita income (US is at \$ 89,680)
Cambodia	97%	49%	-12,300	1.0	\$ 2,950
Vietnam	90%	46%	-1,22,071	10.1	\$ 4,990
Sri Lanka	88%	44%	NA	NA	NA
Bangladesh	74%	37%	-6,152	0.5	\$ 2,770
Thailand	72%	36%	-45,609	3.8	\$ 7,750
China	67%	34%	-2,95,402	24.6	\$ 13,870
Taiwan	64%	32%	-73,937	6.1	\$ 34,920
Indonesia	64%	32%	-17,883	1.5	\$ 5,250
Switzerland	61%	31%	-38,463	3.2	\$ 1,11,720
South Africa	60%	30%	-8,837	0.7	\$ 6,520
Pakistan	58%	29%	-2,989	0.2	NA
India	52%	26%	-45,664	3.8	\$ 2,940
South Korea	50%	25%	-66,007	5.5	\$ 37,670
Japan	46%	24%	-68,468	5.7	\$ 35,610
Malaysia	47%	24%	-24,830	2.1	\$ 14,420
EU	39%	20%	-2,31,769	19.3	\$ 45,240
Israel	33%	17%	-7,425	0.6	\$ 54,370
Philippines	34%	17%	-4,880	0.4	\$ 4,440
UK	10%	10%	11,857	-1.0	\$ 54,280
Brazil	10%	10%	7,351	-0.6	\$ 10,820
Singapore	10%	10%	2,829	-0.2	\$ 93,960
Chile	10%	10%	NA	NA	\$ 17,930
Australia	10%	10%	-73,927	6.1	\$ 67,980
Turkey	10%	10%	-1,453	0.1	\$ 16,880
Colombia	10%	10%	1,347	-0.1	\$ 7,900
World			-12,02,872		\$ 14,450

11. How were Donald Trump's tariffs calculated?

- **US President Donald Trump** has imposed a **10% tariff on goods** from **most countries** being imported into the US, with even **higher rates** for what he calls the "**worst offenders**".

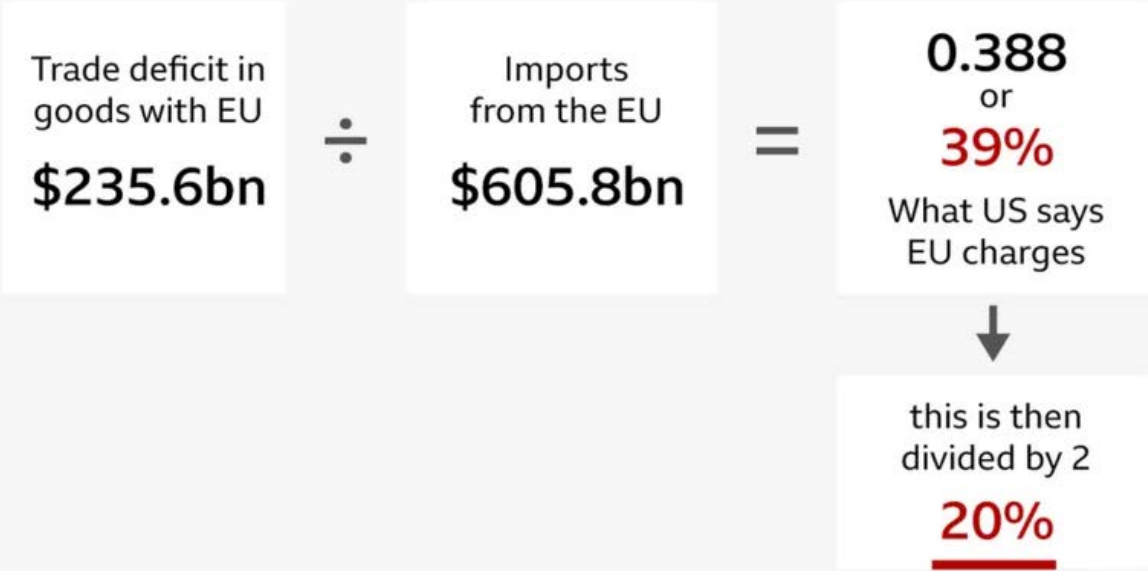
- When Trump presented a giant cardboard chart detailing the tariffs in the White House Rose Garden it was initially **assumed that the charges were based on a combination of existing tariffs and other trade barriers** (like regulations).
- But later, the **White House published what might look like a complicated mathematical formula.**

$$\Delta\tau_i = \frac{x_i - m_i}{\varepsilon * \varphi * m_i}.$$

- But if we unpick the formula above it boils down to simple maths:
 - Take the **trade deficit for the US in goods with a particular country, divide that by the total goods imports from that country** and then **divide that number by two.**
- For example, the **US buys more goods from China** than it sells to them - there is a **goods deficit of \$295bn.**
- The total **amount of goods** it buys from **China is \$440bn.**
 - **Dividing 295 by 440** gets you to **67%** and you **divide that by two** and round up.
 - Therefore the **tariff imposed on China is 34%.**

Trump's tariff rates explained

Country	Tariffs Charged to the U.S.A. including Currency Manipulation and Trade Barriers	U.S.A. Discounted Reciprocal Tariffs
China	67%	34%
European Union	39%	20%
Vietnam	90%	46%
Taiwan	64%	32%
	46%	24%



12. What are the features of reciprocal tariffs?

Features	Analysis
Balancing Trade Relationships	<ul style="list-style-type: none"> • Reciprocal tariffs aim to promote fair trade practices by ensuring that countries do not face unfair advantages or disadvantages in terms of tariffs applied to their goods in different markets.

<p>Negotiation Tool</p>	<ul style="list-style-type: none"> • Reciprocal tariffs can be used as a negotiating tool in trade disputes or to incentivize other countries to reduce or eliminate tariffs on the country's exports.
<p>Protect Domestic Industries</p>	<ul style="list-style-type: none"> • Reciprocal tariffs can provide protection to domestic industries by making imported goods less competitive in the local market.
<p>Countermeasures Against Unfair Practices</p>	<ul style="list-style-type: none"> • Reciprocal tariffs target protectionist policies like excessive import taxes, subsidies, or trade restrictions imposed by other countries.
<p>Trade wars</p>	<ul style="list-style-type: none"> • The imposition of reciprocal tariffs can strain diplomatic relations between countries, potentially leading to trade wars or retaliatory measures.

13. What is the history of reciprocal tariffs?

- The **concept of reciprocal tariff policies** started in the **19th century** when **countries began using tariffs to shield their local industries** and boost economic development.
- **Reciprocal tariffs**, or reciprocal trade agreements, involve **nations agreeing to lower or remove tariffs on goods** in a mutual way.
- A notable early example is the **Cobden-Chevalier Treaty of 1860 between Britain and France**, which significantly **cut tariffs between the two nations**, enhancing trade and economic collaboration.
- In the early **20th century**, **reciprocal tariff policies** became more prominent with the **Smoot-Hawley Tariff Act in the United States in 1930**.

- This act raised **tariffs on many imported goods, prompting other countries to retaliate with their own tariffs**, worsening the Great Depression.
- After **World War II, reciprocal tariff policies played a crucial role in international trade talks**.
- The **General Agreement on Tariffs and Trade (GATT) was created in 1947 to lower tariffs** and encourage free trade through reciprocal agreements.
- **Reciprocal tariff policies have historically been a means for countries to defend their local industries, stimulate economic growth, and negotiate trade deals**.
- While they can be **useful for these purposes, they also risk causing trade conflicts** and obstructing global economic cooperation.

14. Which countries have the highest trade deficits?

- The **US has the largest trade deficit in the world**.
- According to data from **2023, the US imported \$1.1 trillion more than it exported** in that year.
- The **US trade deficit has been rising continuously since 2019, and has now been at more than \$1 trillion for four years in a row**.
- **India and the United Kingdom** follow, each exceeding **\$230 billion in trade deficits**, reflecting high import reliance.

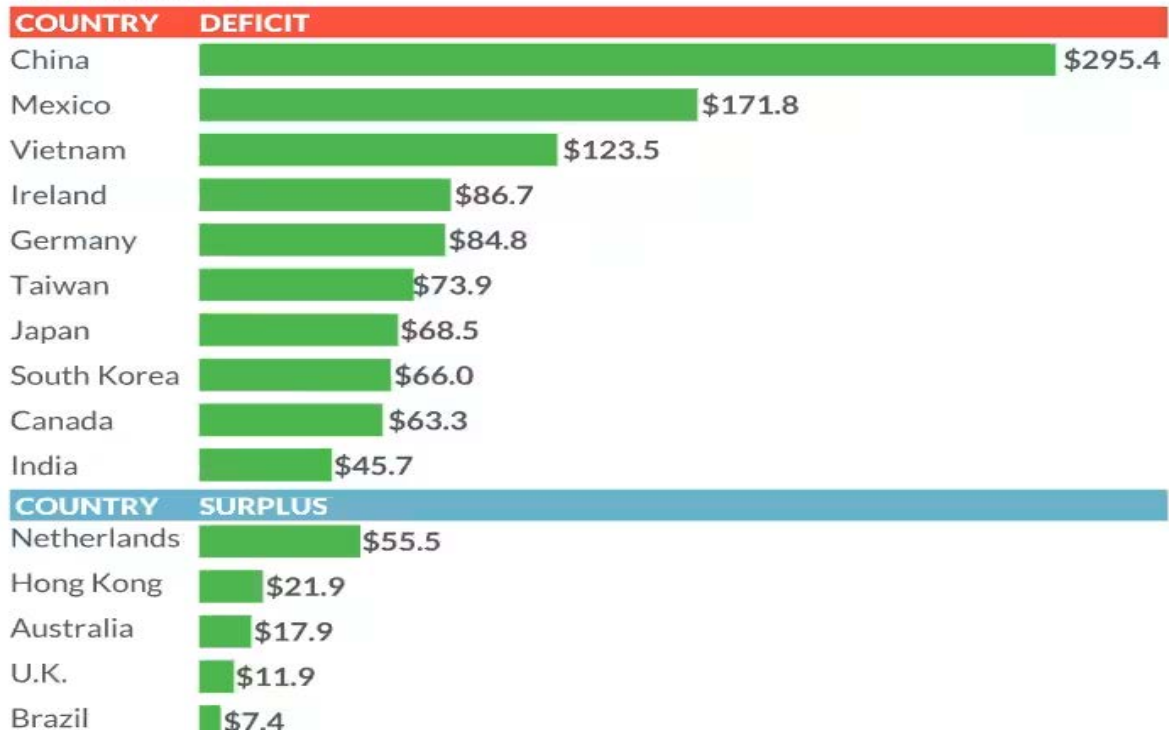


15. With which countries does the US have the largest trade deficit?

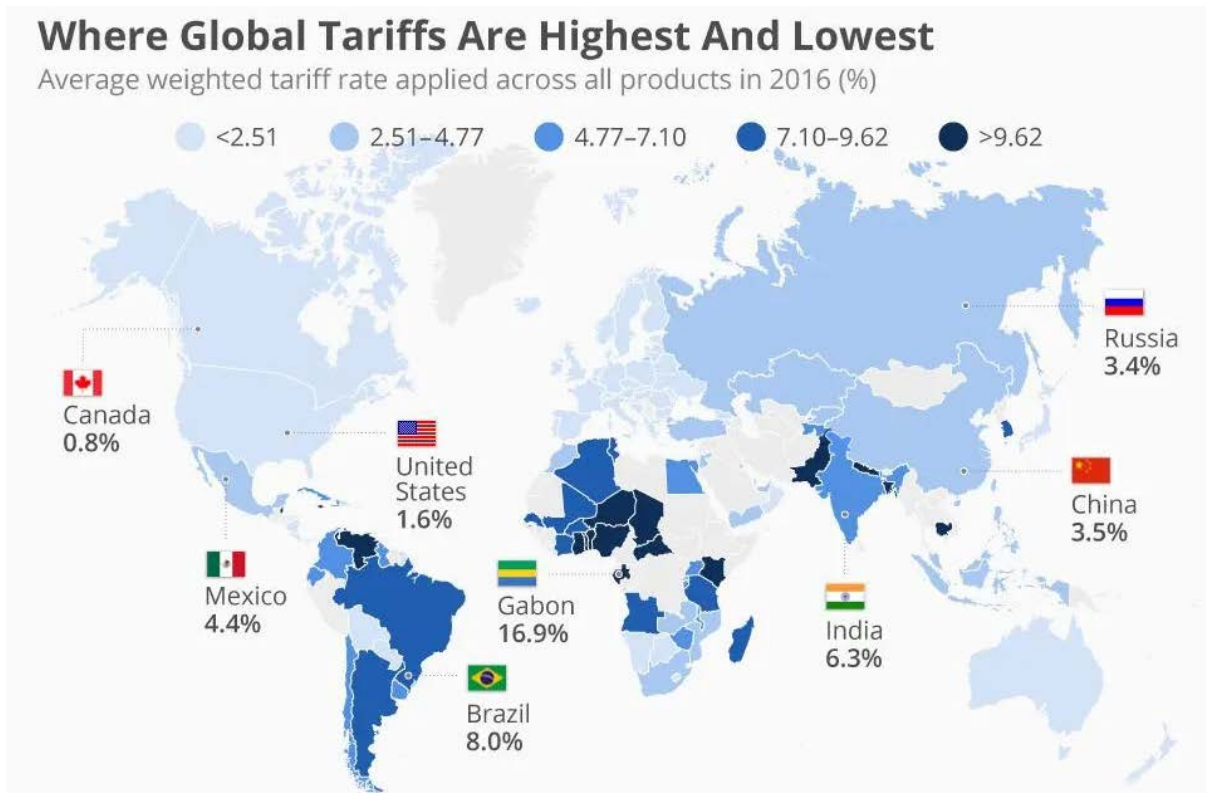
- In 2024, the US had a trade deficit with 92 countries and a trade surplus with 111 countries.
- The US's large trade deficit is highest with three major economic partners – China, Mexico and Vietnam.
- In 2024, the US-China deficit was \$295bn, the US-Mexico deficit at \$172bn and the US-Vietnam deficit at \$123bn.

U.S. runs trade deficits with most countries

2024, in billions



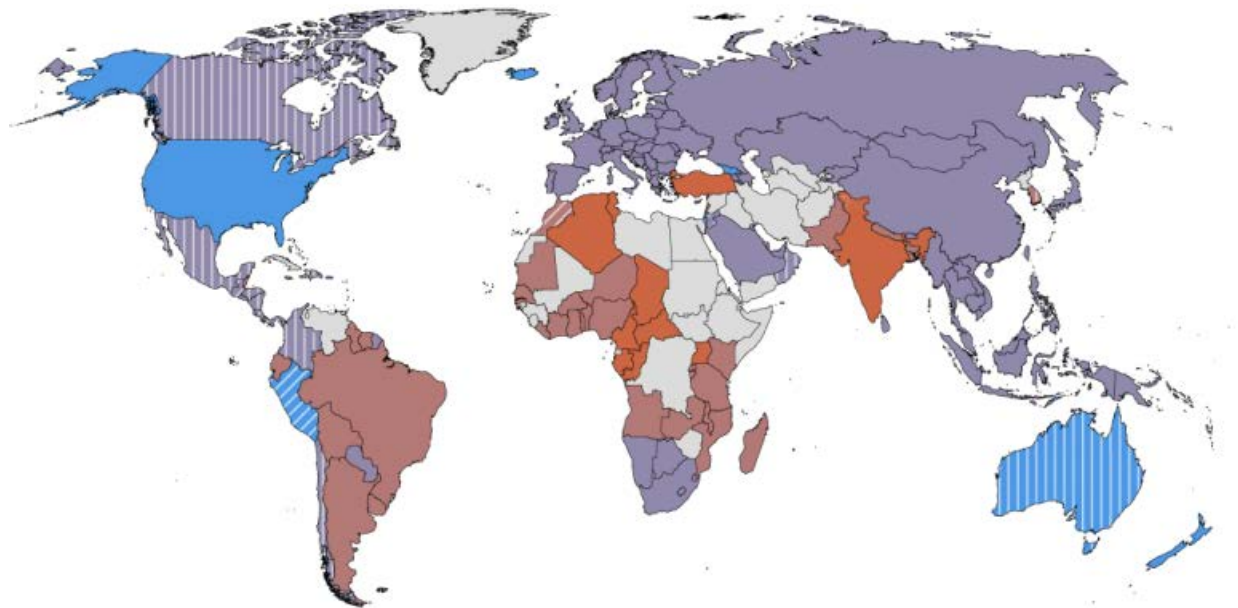
16. Which countries have the highest and lowest tariffs?



UNITED STATES

Where are tariffs higher than the US?

The United States applies an MFN (most favoured nation) simple average tariff of 3.3%, which is lower than most countries worldwide.



17. What are the implications of tariffs?

Implications	Analysis
<p>Disruption of international trade flows</p>	<ul style="list-style-type: none"> • Tariff wars often lead to a decrease in imports and exports between countries, disrupting established supply chains and affecting businesses that rely on global trade.

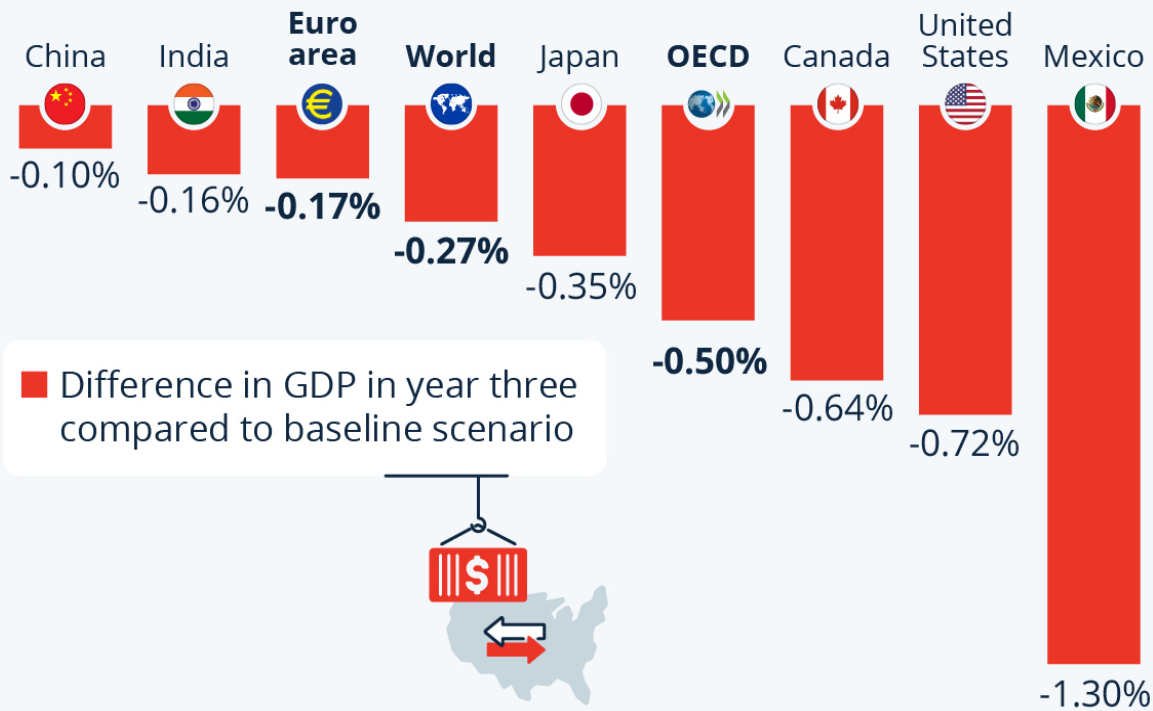
Increase in prices	<ul style="list-style-type: none">• Tariffs can lead to higher prices for imported goods, impacting consumers who may have to pay more for products they rely on.
Economic uncertainty	<ul style="list-style-type: none">• Tariff wars can create uncertainty in the global economy, making businesses hesitant to invest or expand, which can negatively impact economic growth.
Retaliatory measures	<ul style="list-style-type: none">• Tariff wars can escalate as countries retaliate with their own tariffs, leading to a cycle of increasing trade barriers and tensions.

18. What will be the impact of tariffs on GDP?

- **The OECD published its latest economic outlook, downgrading its global growth projections for 2025 and 2026 in light of various political and economic uncertainties.**
- **Compared to its last outlook, published in December 2024, the OECD revised its global GDP growth projection for 2025 from 3.3 percent to 3.1 percent and its 2026 estimate from 3.3 percent to 3.0 percent.**

No One Wins in a Trade War

Estimated impact of a 10-percent tariff increase on all non-commodity imports to and from the U.S. in year 3



19. How tariff impacts the supply chain?

- **Tariffs impact the supply chain in a multitude of ways, influencing everything from costs and pricing to sourcing and inventory strategies.**
- While **businesses can adapt through diversification, nearshoring, and strategic stockpiling**, they must also deal with increased complexity and uncertainty.

How Tariffs Impact Supply Chain

1. Increased Costs for Imported Goods

- Tariffs are essentially taxes on imported goods, which increase the cost of sourcing materials or finished products from abroad. This directly raises the cost of goods sold (COGS) and may lead to higher production costs for manufacturers relying on these imports.

2. Price Increases for Consumers

- When companies face higher costs due to tariffs, they often pass these costs onto consumers in the form of higher prices. This can affect demand, particularly for price-sensitive consumers, reducing sales and affecting overall business performance.

3. Supplier Diversification

- To avoid tariffs, companies may seek alternative suppliers in countries not subject to the tariffs. This can lead to a reshuffling of global supply chains, with businesses moving production or sourcing from different regions to mitigate tariff impacts.

4. Supply Chain Disruptions

- Tariffs can cause delays and disruptions as businesses scramble to find new suppliers or deal with logistical challenges. The added complexity of managing tariffs often means increased paperwork, inspections, and customs procedures, which can slow down the flow of goods.

5. Changes in Trade Volumes

- As tariffs make certain goods more expensive, trade volumes between countries can decrease. Businesses may reduce imports, look for substitutes, or shift to domestic suppliers, which can disrupt global supply chains and alter trade patterns.

6. Re-evaluation of Sourcing Strategies

- Tariffs can force companies to reconsider their sourcing strategies, especially if the tariffs are applied on critical raw materials or components. Businesses might move toward more localized sourcing or on-shoring to minimize exposure to international trade taxes.

7. Inventory and Stockpiling Adjustments

- To mitigate the financial impact of tariffs, businesses may choose to stockpile inventory before the tariff is implemented. Alternatively, they might look to reduce inventory levels to avoid paying the higher tariff prices on future shipments.

8. Currency Fluctuations

- Tariffs can influence currency exchange rates. If tariffs are imposed between two countries, it can lead to shifts in currency values, as one country's goods become more expensive. Currency fluctuations can impact the cost of imports and exports, further complicating supply chain planning.

9. Longer Lead Times

- Tariffs can lead to longer lead times for the procurement of raw materials or finished goods, especially if companies shift their sourcing to countries with lower or no tariffs. This can disrupt production schedules and lead to delays in product availability.

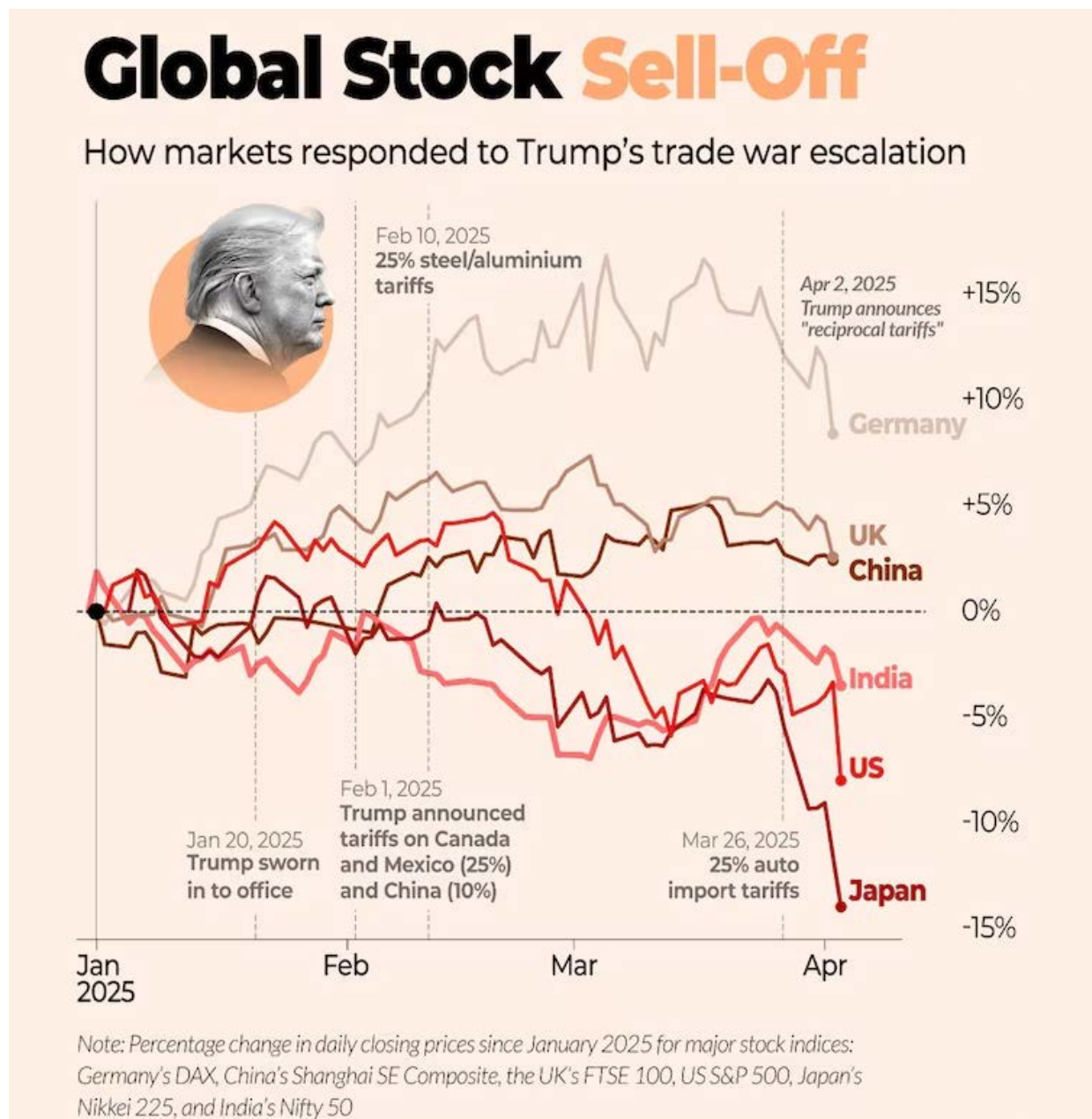
10. Shifts in Global Supply Chain Strategy

- Over time, companies may adjust their entire global supply chain strategy in response to tariffs. This could mean relocating manufacturing facilities (e.g., near key markets to avoid tariffs), forming new trade agreements, or implementing new technology to streamline and optimize their supply chains.

20. How does the Trump tariff impact the global stock market?

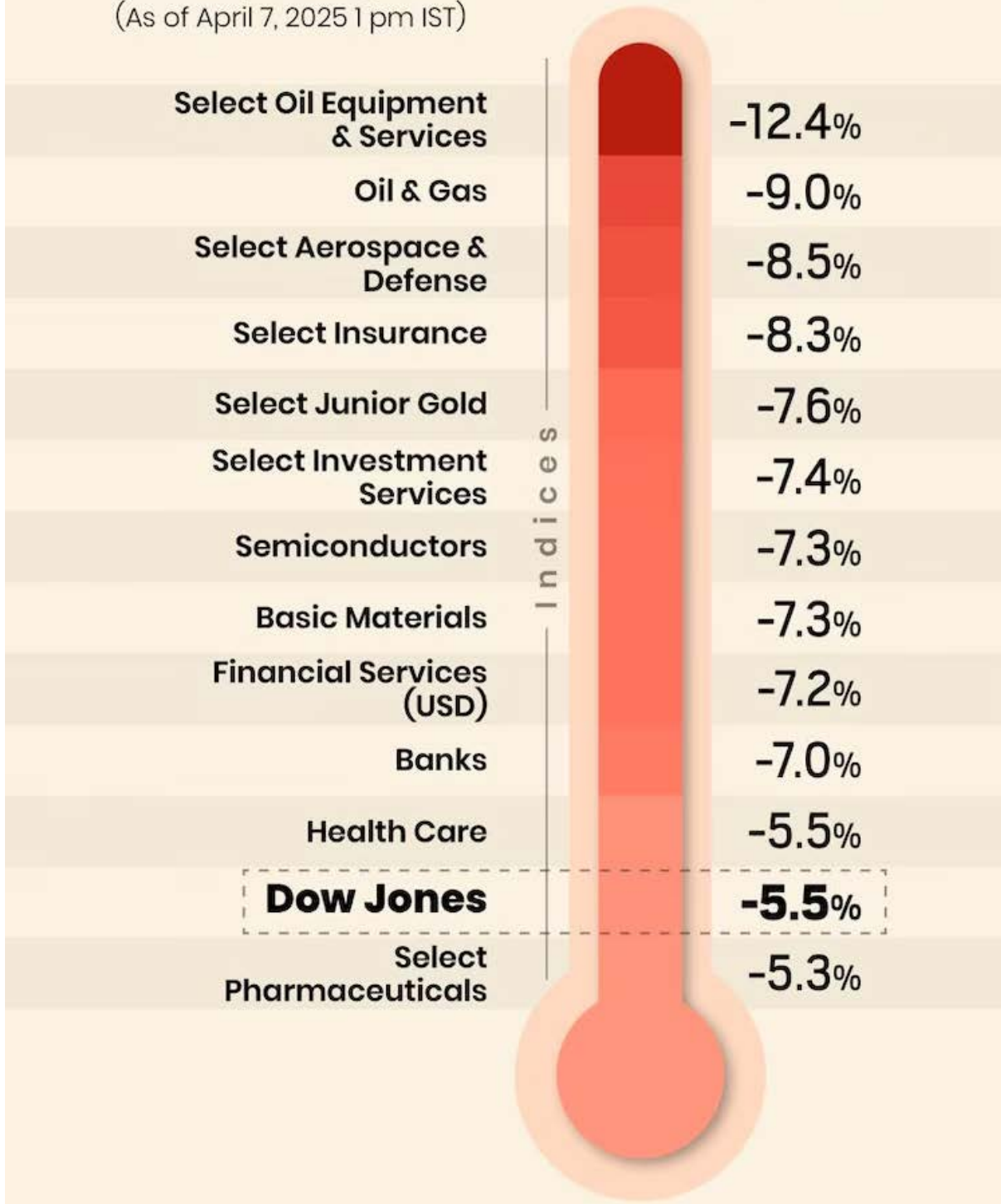
- **Markets** across the globe plunged into chaos on **April 7, 2025** (Monday) as **Donald Trump's** sweeping tariffs sent shockwaves from **Wall Street to Asia**.
- With **no signs of backing down**, US President Donald Trump **doubled down on his aggressive trade stance**, demanding that other nations **"pay a lot of money"** to lift duties as high as 50%.

- **Asian markets** have been **hit particularly hard**, with markets in **Japan and Taiwan hitting circuit breakers** for the **first time since March 2020**.
- In **Tokyo**, the **Nikkei 225 nosedived to its lowest level in over 18 months**, with banks shedding almost a quarter of their market cap in just three sessions.
- **India's Dalal Street** fared no better, with the **Sensex and Nifty crashing more than 5% in pre-open trade**.



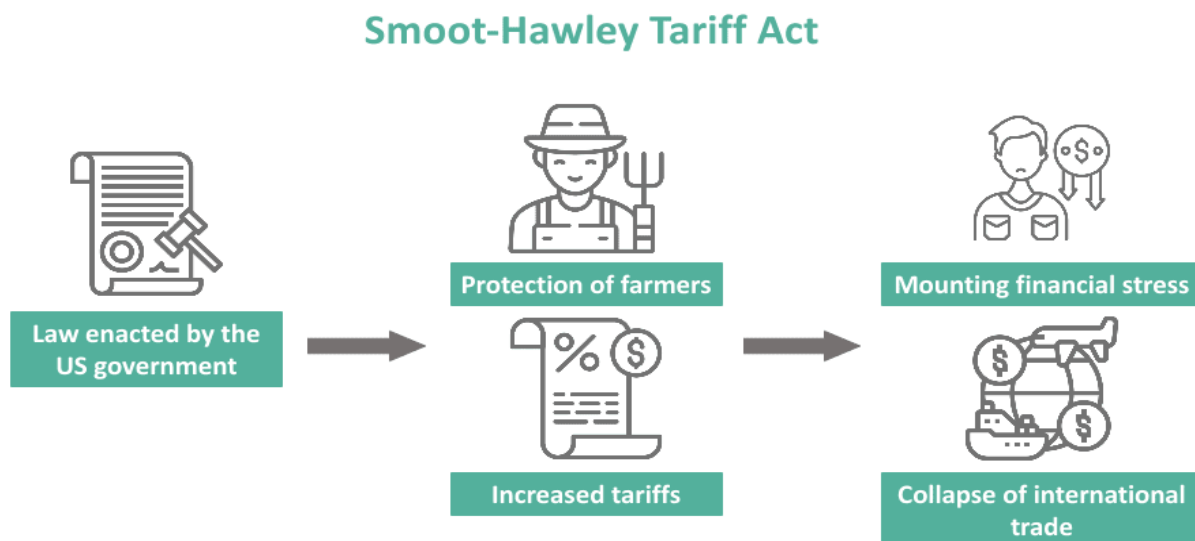
From Fever to Freefall: US Markets in Meltdown Mode

Intraday change in Dow Jones sectoral indices
(As of April 7, 2025 1 pm IST)



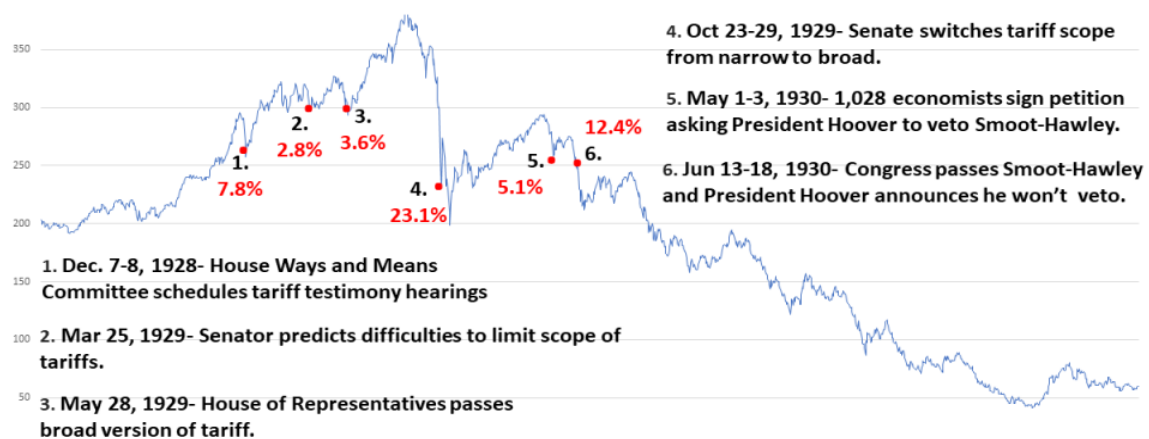
21. What happened the last time the US imposed tariffs on this scale?

- The last time the **US imposed tariffs** similar to those **issued by Trump** was at the **outset of the Great Depression**.
- The **Smoot-Hawley tariffs** were **passed in 1930** against the advice of many economists.
- They raised the **average tariff by 20 percent**.
- The goal was to **protect American farmers and businesses** that had **ramped up production during World War I**, only to see prices collapse when European manufacturing ramped back up thereafter.
- However, the **tariffs ended up triggering retaliatory tariffs from European trading partners**, causing **international trade to decrease significantly**.



- Between the **United States and Europe alone**, **trade fell by about two-thirds between 1929 and 1932**, deepening the depression.
- The **tariffs were ultimately repealed in 1934**.
- But they had more **lasting geopolitical impacts** as some historians speculate that the resulting **economic fallout** globally helped contribute to the **rise of Adolf Hitler in Germany**.

Market crashes caused by Smoot-Hawley tariff news 1928-1932



22. Do Americans support Trump's tariff move?



- On **April 2**, which Donald Trump dubbed "**Liberation Day**," the president announced **extensive new tariffs**.
- Trump's announcement sent the **markets into turmoil** with **Wall Street recording its worst day since 2020**, when COVID-19 was in full swing.
- A **Wall Street Journal** poll conducted by **Trump's campaign pollster, Tony Fabrizio**, showed a downturn in **Trump's approval rating**.

- **Trump's approval ratings** have **fallen to their lowest point** since he assumed office amid the tariff furor.
- While **Trump's immigration policies** remain **relatively popular**, buoying his overall approval ratings, that's not the case when it comes to his economic policies.
- **Polls conducted** over the last month indicate that **between 37 and 45 percent of Americans approve of Trump's performance on the economy.**
- **51 percent of Americans** said they back the statement that *"Republicans are crashing the American economy in real time and driving us into recession. This is not liberation day, it's recession day."*
- A majority of Americans said in a **March 27 CBS News/YouGov poll** that **Trump is focusing too much on tariffs** and not enough on reducing prices.
- A separate **YouGov poll** conducted shortly after **Trump's tariff announcement** found that a majority of **Americans disapproved** of the tariffs, **40 percent strongly so.**



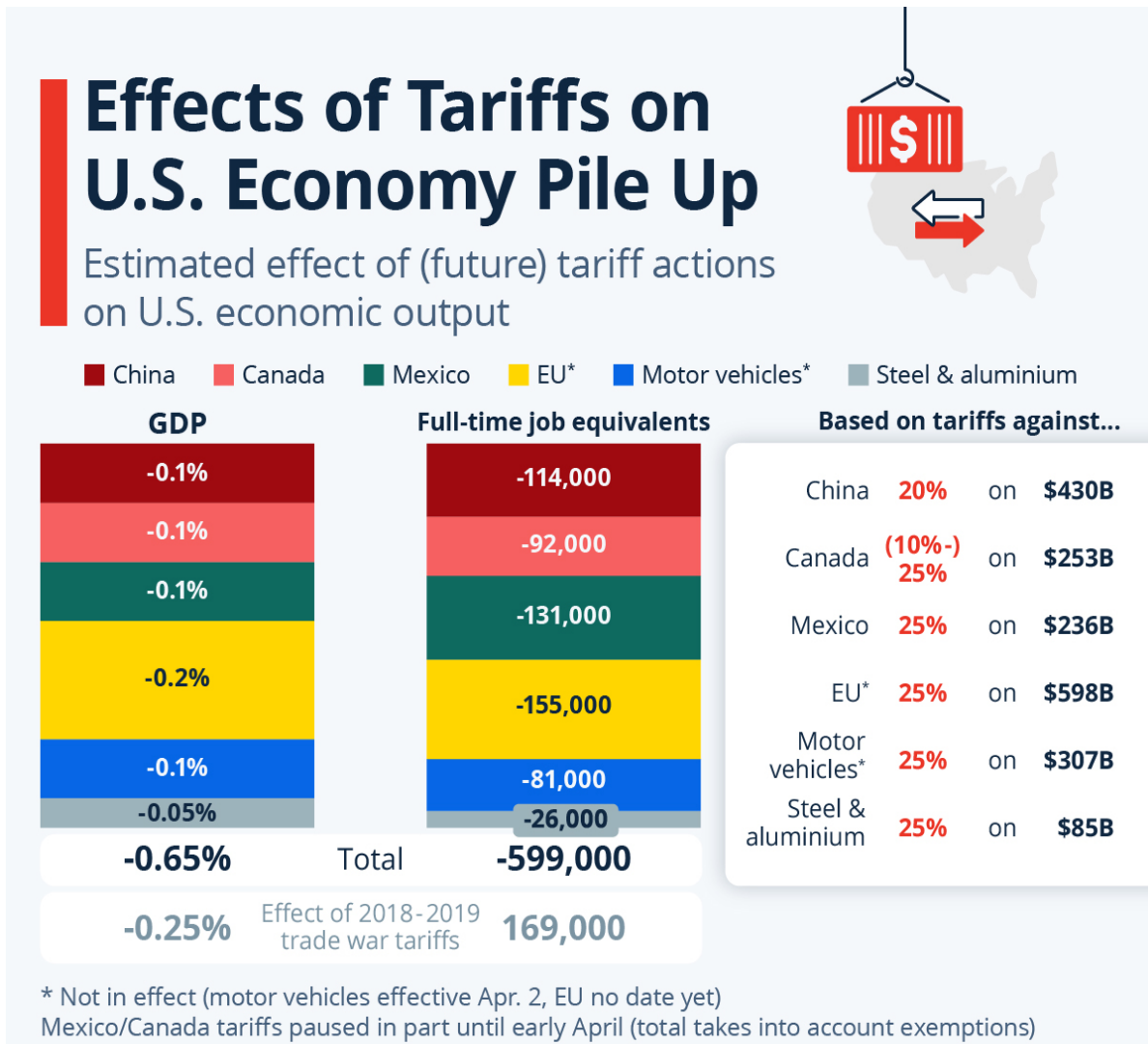
23. Why did Donald Trump spare Russia, North Korea from massive Liberation Day tariffs?

- **Russia and North Korea** were also **not on the list of countries facing additional tariffs**, and exactly why is a bit of a mystery.
- The **White House** has reportedly argued that they are “**already facing extremely high tariffs**, and our **previously imposed sanctions preclude** any meaningful trade with these countries.”
- However, other countries facing significant US sanctions, including **Venezuela**, were **hit with additional tariffs**.
- Also, the **US still trades significantly** more with **Russia than with other countries that were not spared**, some of which are remote islands.
- After **Russia’s 2021 invasion of Ukraine**, the **US imposed economic sanctions on Russia** that caused **trade between the two countries** to fall from about **\$35 billion to \$3.5 billion last year**.
- Russia is currently in talks to lift those sanctions as part of an agreement to end the war in Ukraine.

24. What will be the impact of tariffs on the USA?

- As per a report by **The Tax Foundation**, tariff actions currently in effect and announced by the **Trump administration could lower U.S. GDP by up to 0.65 percent**.
- All these tariff actions combined could also **lower U.S. full-time employment by almost 600,000**.
- For comparison, **The Tax Foundation estimates that 2018-2019 trade war tariffs, mostly with China, lowered U.S. GDP by just 0.25 percent and cost around 170,000 full-time jobs** (including retaliatory action).
- On the other side of the equation stands **an increase of government income of between \$229-263 billion from tariffs in 2025** (and slightly more each year after that if they stayed in place).

- However, compared to **all of government revenue**, this **number would still be in the single digit percent share** of the budget.



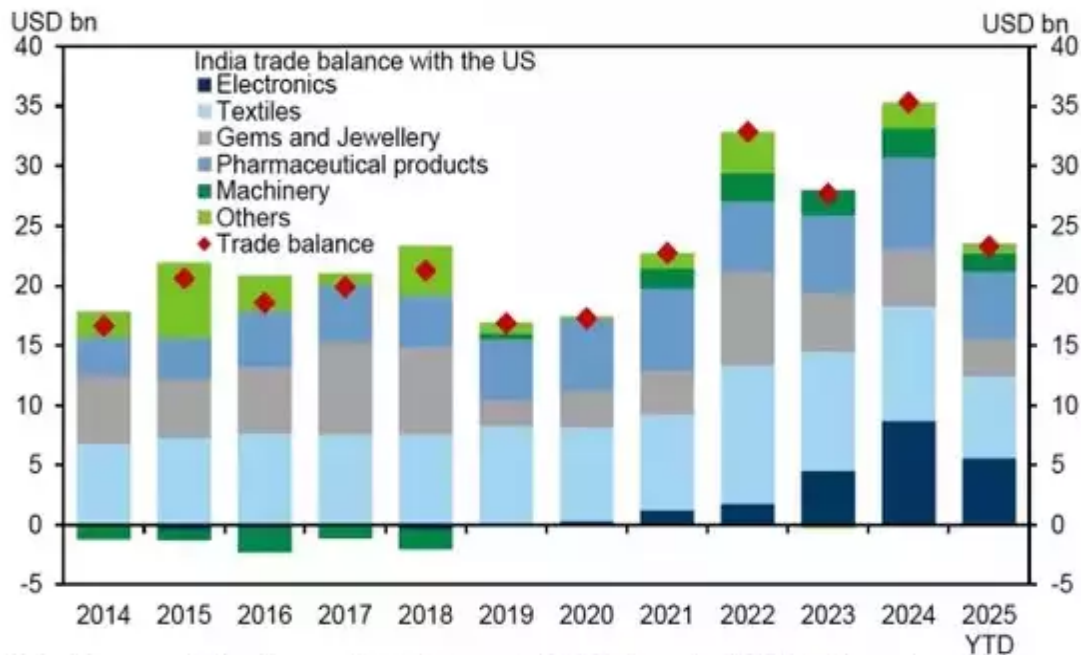
25. What can be the potential impact of Trump's Tariffs on the Indian Economy?

- The recent imposition of a **26% reciprocal tariff** by the United States on Indian imports coupled with the **ongoing US-China trade tensions**, affects various sectors of the Indian Economy.

IF TARIFFS ARE IMPOSED AT COUNTRY LEVEL

Expected Tariff	Potential Export Loss	Loss As A % Of GDP
10%	\$6 billion	0.16
20%	\$31 billion	2.1

Exhibit 1: India's goods trade surplus with the US has doubled over the last 10 years to \$35bn in FY24, driven by electronics, pharmaceutical products, and textiles



Note: Years are in fiscal years. Trade balance in 2025 is from April 2024 to November 2024

Sectors	Analysis																					
<p>Trade and Exports</p>	<ul style="list-style-type: none"> India, with a sizable export sector, is vulnerable to shifts in global demand and supply chains. <div data-bbox="527 409 1437 478" style="background-color: #003366; color: white; text-align: center; padding: 5px;"> <p>MOST VULNERABLE SECTORS</p> </div> <table border="1" data-bbox="527 493 1437 871" style="width: 100%; border-collapse: collapse;"> <thead> <tr style="background-color: #003366; color: white;"> <th>Sector</th> <th>Differential</th> <th>India's US Exports (\$ Bn)</th> </tr> </thead> <tbody> <tr> <td>Seafood</td> <td>18%</td> <td>2</td> </tr> <tr> <td>Iron & steel</td> <td>19%</td> <td>3</td> </tr> <tr> <td>Nuclear reactors, machinery</td> <td>12%</td> <td>6.6</td> </tr> <tr> <td>Pharma products</td> <td>10%</td> <td>8.9</td> </tr> <tr> <td>Gems & jewellery</td> <td>9.6%</td> <td>9.3</td> </tr> <tr> <td>Electrical machinery</td> <td>5.9%</td> <td>12.6</td> </tr> </tbody> </table> <p style="font-size: small; text-align: right;">(Based on tariff differential, export value trade balance data)</p> <p>Reduced Global Demand and Export Vulnerability:</p> <ul style="list-style-type: none"> One of the most direct consequences of escalating trade wars is the slowdown in global economic growth. This reduction in demand translates into falling orders for Indian exports, particularly in labour-intensive and value-added sectors such as: Textiles and apparel, Gems and jewellery, IT services, Auto components. With global consumption cooling and protectionism rising, Indian exporters are likely to face lower margins, order cancellations, and increased competition in international markets. <p>Trade Diversion: Limited and Conditional Gains:</p> <ul style="list-style-type: none"> While there is optimism that India might benefit from trade diversion—substituting Chinese goods in the U.S. and other western markets. 	Sector	Differential	India's US Exports (\$ Bn)	Seafood	18%	2	Iron & steel	19%	3	Nuclear reactors, machinery	12%	6.6	Pharma products	10%	8.9	Gems & jewellery	9.6%	9.3	Electrical machinery	5.9%	12.6
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- The actual gains are **limited in scale and scope** due to capacity constraints and supply chain inefficiencies.
- **Short-term in nature**, as companies may eventually realign supply chains only if India ensures **policy consistency, faster logistics, and quality manufacturing**.
- Tempered by the fact that India too is now subject to a **significant 26% tariff rate**, limiting any pricing advantage it might gain over China.

Export Uncertainty and Long-term Strategic Concerns:

- Prolonged global trade instability **erodes business confidence**, especially among small and medium exporters.
- This will lead to **hesitation in signing long-term contracts, delays in investment in export-oriented infrastructure and disruptions in planning and procurement**.
- Exporters find it **difficult to price competitively** when future tariff regimes are uncertain, discouraging long-term engagement with global partners.

Sector-Specific Impacts-Pharma, Textiles & Jewellery:

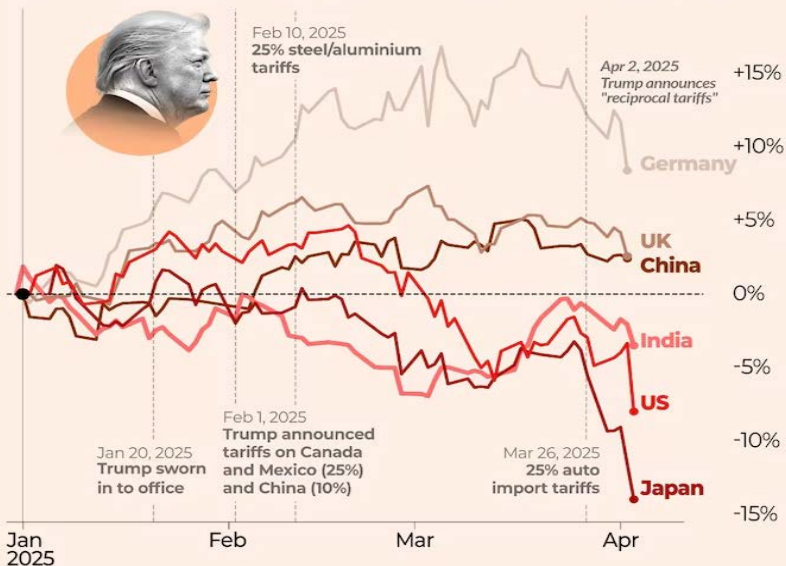
- **Pharmaceuticals:** Although globally competitive, India's pharma sector depends heavily on **Chinese APIs (70% import share)**. Supply chain disruptions can lead to production delays and higher costs, affecting export competitiveness and regulatory compliance.

	<ul style="list-style-type: none"> • Textiles and Apparel: A highly labour-intensive sector, this is particularly exposed to both tariff increases and shrinking global demand, especially in the U.S. market. • Gems and Jewellery: India’s prominent position in the global diamond and jewellery trade is threatened by increased duties and weakening global luxury demand. <p>Tariff rates for exports to US 'before' and 'after' April 9</p> <table border="0"> <tr> <td data-bbox="548 709 950 1186"> <p>Gems & jewellery</p>  <p>Export: \$9.2 bn Before: 5.5% to 13.5% After: 31.5% to 39.5%</p> <p>Remarks: Although tariffs have been increased, raising challenges and costs for the sector, India still has an advantage as countries like China face even higher tariffs than India. Due to USMCA, Canada and Mexico get a competitive advantage over India.</p> </td> <td data-bbox="987 709 1388 1186"> <p>Telecom</p>  <p>Export: \$6 bn Before: 0% After: 26%</p> <p>Remarks: The sector faces high tariffs but remains competitive as compared to China and Vietnam, who face higher tariffs. Solutions include Mission 500 and concluding the BTA deal by year-end. The government can extend PLI benefits beyond 2026.</p> </td> </tr> <tr> <td data-bbox="548 1213 950 1633"> <p>Textile</p>  <p>Export: \$9.5 bn Before: 6% to 9% After: 32% to 35%</p> <p>Remarks: The sector will also face the heat of the reciprocal tariffs announced by Trump, like others. India still has an advantage as China, Vietnam, and Bangladesh face even higher tariffs.</p> </td> <td data-bbox="987 1213 1388 1633"> <p>Pharma</p>  <p>Export: \$8.73 bn Before: 0% After: 0%</p> <p>Remarks: There has been no major impact as the sector has been exempted under the Executive order Annexure-II. Most of the products under Chapter 30 are covered under the Annexure -I of the executive order.</p> </td> </tr> </table>	<p>Gems & jewellery</p>  <p>Export: \$9.2 bn Before: 5.5% to 13.5% After: 31.5% to 39.5%</p> <p>Remarks: Although tariffs have been increased, raising challenges and costs for the sector, India still has an advantage as countries like China face even higher tariffs than India. Due to USMCA, Canada and Mexico get a competitive advantage over India.</p>	<p>Telecom</p>  <p>Export: \$6 bn Before: 0% After: 26%</p> <p>Remarks: The sector faces high tariffs but remains competitive as compared to China and Vietnam, who face higher tariffs. Solutions include Mission 500 and concluding the BTA deal by year-end. The government can extend PLI benefits beyond 2026.</p>	<p>Textile</p>  <p>Export: \$9.5 bn Before: 6% to 9% After: 32% to 35%</p> <p>Remarks: The sector will also face the heat of the reciprocal tariffs announced by Trump, like others. India still has an advantage as China, Vietnam, and Bangladesh face even higher tariffs.</p>	<p>Pharma</p>  <p>Export: \$8.73 bn Before: 0% After: 0%</p> <p>Remarks: There has been no major impact as the sector has been exempted under the Executive order Annexure-II. Most of the products under Chapter 30 are covered under the Annexure -I of the executive order.</p>
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<p>Supply Chain Disruptions</p>	<p>India’s manufacturing sector is highly dependent on imports of intermediate goods and components, particularly from China.</p> <p>Electronics and Consumer Goods:</p>				

	<ul style="list-style-type: none"> • According to a LiveMint report, a significant portion of components in smartphones, laptops, and appliances sold in India come from China. Tariffs disrupt these supply chains, increasing costs and reducing availability. <p>Pharmaceuticals:</p> <ul style="list-style-type: none"> • India imports nearly 70% of its Active Pharmaceutical Ingredients (APIs) from China. • Any disruption here can affect drug production, pricing, and availability domestically. <p>Auto Components:</p> <ul style="list-style-type: none"> • The automotive industry may experience supply chain disruptions and increased costs, impacting both exports and domestic production. <p>Manufacturing Competitiveness:</p> <ul style="list-style-type: none"> • Higher input costs and production delays due to disrupted supply chains reduces the global competitiveness of Indian manufacturers.
<p>Financial Markets volatility</p>	<p>Equity Markets:</p>

Global Stock Sell-Off

How markets responded to Trump's trade war escalation



Note: Percentage change in daily closing prices since January 2025 for major stock indices: Germany's DAX, China's Shanghai SE Composite, the UK's FTSE 100, US S&P 500, Japan's Nikkei 225, and India's Nifty 50

- **Indian equities** have faced **sharp sell-offs**, particularly in sectors exposed to global trade and exports.
- **IT, pharmaceuticals, textiles, gems & jewellery**, which face weakening global demand and reduced price competitiveness due to U.S. tariffs.
- **Cyclical sectors** like **automobiles and metals**, which suffer from supply chain disruptions and **rising input costs**.
- The benchmark indices, **Sensex and Nifty**, have **seen steep corrections**—one of the worst in recent months—mirroring investor anxiety and global risk-off sentiment.
- Defensive sectors such as **FMCG and utilities** have offered **relative stability**, acting as safe havens within the equity space.

Debt Markets:

- While **foreign outflows** from Indian debt instruments have pushed **bond yields higher**, leading to rising borrowing costs, the overall domestic debt market remains resilient, **supported by the RBI's accommodative stance**.
- The central bank has undertaken **rate cuts** and **infused liquidity** to cushion the economy from global shocks.
- **Falling interest rates** have benefitted debt mutual funds, providing **capital gains as bond prices rise**.
- However, **sustained currency volatility, volatile oil prices, and supply chain-driven inflation** may **challenge this stability** over time.

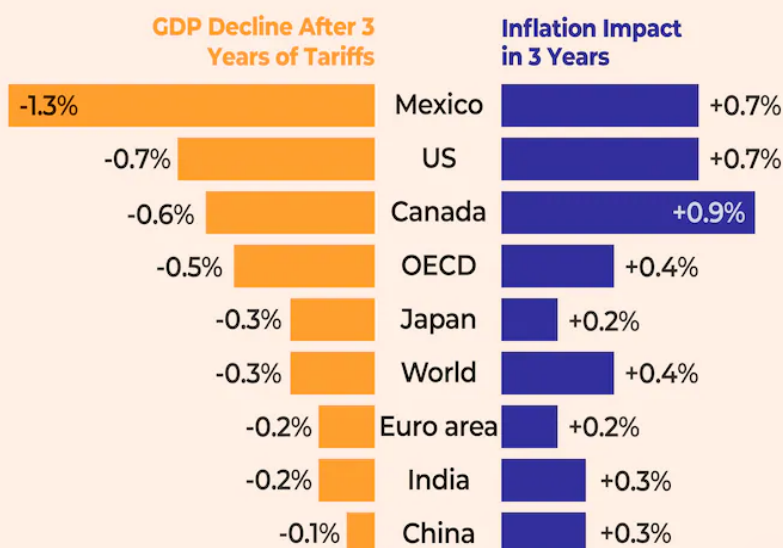
Surge in Precious Metals:

- Global uncertainty has **led to a sharp rise in gold and silver prices**, with gold hitting lifetime highs post-tariff announcements. These gains are driven by: Risk-averse investor sentiment, prompting movement away from equities to safe-haven assets.
- **Dollar and inflation volatility**, as tariff wars disrupt trade flows and monetary expectations.
- **In India**, where **gold** is both an **investment** and a **cultural commodity**, this surge has dual implications—**boosting portfolio hedges but also increasing import bills**.

<p>Macroeconomic Implications</p>	<p>GDP Growth:</p> <ul style="list-style-type: none"> • Government estimates suggest a limited direct impact on GDP—approximately 0.1% decline—owing to India’s strong domestic demand base. • Economists and market analysts warn of broader repercussions. • Slower global trade and weaker external demand may affect export-oriented sectors. • Supply chain disruptions and reduced investment confidence could dampen private sector activity. • Potential job losses in affected sectors like textiles, gems & jewellery, and manufacturing could further reduce consumption. <p>Inflation:</p> <ul style="list-style-type: none"> • Tariff-related disruptions are expected to exert inflationary pressure, especially through:Imported inflation caused by a weaker rupee and higher global input prices. • Costlier raw materials and intermediate goods, particularly in industries reliant on Chinese imports (e.g., electronics, pharmaceuticals, auto components). • Manufacturers pass on higher costs to consumers, leading to an increase in retail inflation. • Consumer durables such as smartphones, home appliances, and electronics are already seeing price hikes, directly impacting household budgets.
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How a Tariff Hike Could Hurt Economies

OECD warns that a 10% tariff increase could shrink the US economy by 0.7% and slow global growth



Note: Figures represent the percentage point change from the baseline scenario. The OECD simulation assumes a 10% tariff on non-commodity imports by the US and retaliatory tariffs from other countries

Currency Volatility:

- The Indian Rupee has become increasingly vulnerable to **depreciation** amid global risk aversion triggered by trade tensions.
- **Foreign portfolio investors (FPIs)** are rebalancing away from emerging markets, creating **capital outflows**.
- A weaker rupee raises the **cost of imports**, worsens the **current account deficit**, and increases the burden of external debt servicing.
- **Currency instability** also undermines **investor confidence**, deterring **Foreign Direct Investment (FDI)** — particularly in **export-linked and tariff-sensitive sectors**.

Employment crisis

Export Oriented Jobs:

- **Textiles, garments, gems & jewellery, IT services, and pharmaceuticals** are major export-driven industries employing millions of workers, especially in **labour-intensive roles**.



- The **imposition of tariffs by the US** and the subsequent global demand slowdown could lead to **lower export volumes, profit margin compression and reduced production cycles or plant shutdowns**.
- Ultimately resulting in **layoffs, hiring freezes, or wage cuts**.

Manufacturing Slowdown and resulting job loss:




- Tariff-induced disruptions in global supply chains could lead to **production delays or halts, increased costs for manufacturers and reduced factory activity**.
- This threatens jobs in both formal sector units and **MSMEs** that operate on **tight margins and low inventories**

Informal Sector Vulnerability:

- A large chunk of **India's workforce** is employed informally, especially in sectors like **apparel, jewellery, construction,** and unorganised manufacturing.
- These workers are most vulnerable to external shocks, with **limited job security or social protection.**
- As exports dip or input costs rise, informal workers often face **immediate retrenchment, delayed wages** and **reduced working hours** or factory closures.

Lag in Job Creations:

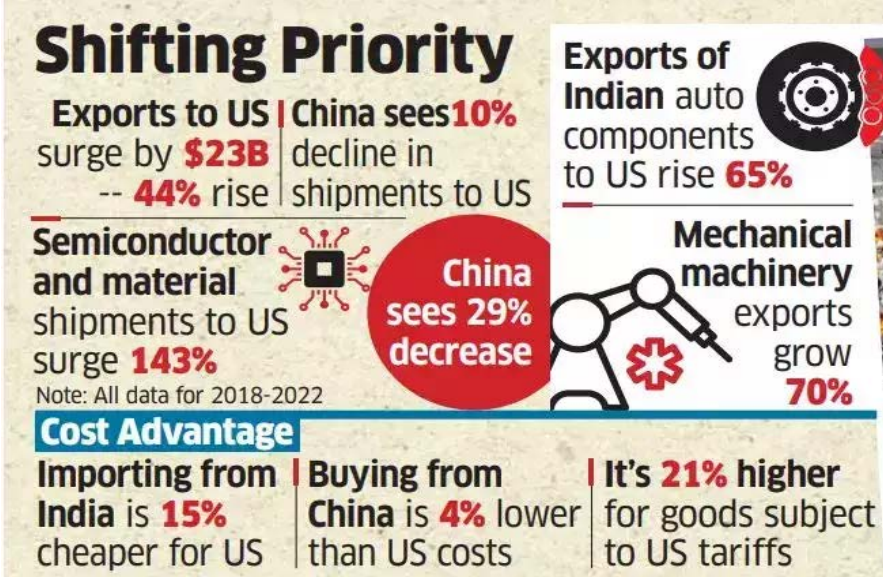
- Recent Tariff Tensions might **deter domestic and foreign investors** from committing capital to India's export-linked sectors.
- This may hamper the government's **Make in India** and **PLI (Production-Linked Incentive)** initiatives aimed at creating manufacturing jobs.

<p>China dumping products in India</p>	<p style="text-align: center;">How much is the exposure?</p> <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;">  <p>\$437 billion merchandise exports FY24 (12.4% of GDP)</p> </div> <div style="text-align: center;">  </div> <div style="text-align: center;">  <p>Of this, \$77.5 billion to US FY24 (2% of GDP)</p> </div> </div> <hr/> <p style="text-align: center;">Key sectors exporting to the US: Capital goods, textiles, pharmaceuticals, diamonds and smartphones</p> <div style="background-color: #f0f0f0; padding: 10px; margin-top: 10px;"> <ul style="list-style-type: none"> ■ The US has imposed 20% tariff on China and 25% each on imports from Mexico and Canada <ul style="list-style-type: none"> –High tariffs on Chinese exports to the US can pose a risk of China dumping into India ■ The US has imposed a blanket tariff of 25% on imports of steel, aluminum, imported cars and auto components </div>
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26. What are the positive aspects for India?

Sectors	Analysis
<p>Trade Diversions</p>	<ul style="list-style-type: none"> ● With American importers looking to reduce reliance on Chinese suppliers, India stands to benefit from a re-routing of global trade flows. ● Key sectors like electronics, pharmaceuticals, textiles, chemicals, and auto components could see an uptick in exports to the U.S., mirroring gains made during the previous U.S.-China trade war.

	<ul style="list-style-type: none"> • Example: In the past, Indian electronics and engineering exports to the U.S. rose due to tariff-induced demand shifts. • A similar scenario may unfold again, boosting export revenues and capacity utilization in domestic industries. • Also Certain untapped sectors could see specific benefits. • For example, if US tariffs on Chinese dairy products create a void, India, with a significant dairy industry, could potentially step in to fill that gap in the US market or in regions traditionally supplied by the US.
<p>Leveraging Changed Geopolitical Dynamics</p>	<ul style="list-style-type: none"> • China, under economic stress due to U.S.tariffs,has extended diplomatic overtures toward India—proposing expanded bilateral trade and mutual economic cooperation. • This opens a window for India to strategically negotiate better trade terms with both China and the U.S., and to reduce over-dependence on any single trading partner by diversifying export destinations. • Recently,Chinese President Xi Jinping told his Indian counterpart Droupadi Murmu that the two countries should work more closely together and their relationship should take the form of a "Dragon-Elephant tango" - a dance between their emblematic animals.

<p>Reconfiguration of Global Value Chains</p>	<ul style="list-style-type: none"> • The Global Value Chain disruptions amid the ongoing trade tariff tensions provides new opportunities for India to tap into untapped international production networks, especially in semiconductors, specialty chemicals, and processed foods.  <p>Shifting Priority</p> <p>Exports to US surge by \$23B -- 44% rise China sees 10% decline in shipments to US</p> <p>Exports of Indian auto components to US rise 65%</p> <p>Semiconductor and material shipments to US surge 143% China sees 29% decrease</p> <p>Mechanical machinery exports grow 70%</p> <p>Note: All data for 2018-2022</p> <p>Cost Advantage</p> <p>Importing from India is 15% cheaper for US Buying from China is 4% lower than US costs It's 21% higher for goods subject to US tariffs</p>
<p>Revamping Domestic Momentum</p>	<ul style="list-style-type: none"> • Trade tensions can act as a blessing in disguise in accelerating internal economic reforms—such as improving logistics, infrastructure, tax clarity, and labour laws—to better attract relocating companies and expand exports.
<p>India-China relations</p>	<ul style="list-style-type: none"> • India and China have long had a complex relationship, marked by political tensions and border disputes, but their economic interdependence has never faded. • With Trump’s latest trade war escalation, both nations may find common ground to deepen trade ties, reduce dependence on the US market, and develop alternative economic

	<p>strategies that benefit both sides.</p> <ul style="list-style-type: none">• Recently, Chinese President Xi Jinping told his Indian counterpart Droupadi Murmu that the two countries should work more closely together and their relationship should take the form of a "Dragon-Elephant tango" - a dance between their emblematic animals.
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27. Why is Andhra Pradesh Chief Minister N Chandrababu Naidu concerned with US tariffs?

- Amid US President Donald Trump's tariff announcements, Andhra Pradesh Chief Minister **N Chandrababu Naidu** has written to the Centre, **seeking help for the state's fish farming products.**
- Naidu has requested the central government to ensure that products like **shrimp are exempt from additional duty.**
- **Andhra Pradesh is a major exporter of shrimp and fish to the US.**
- Aqua farmers and **shrimp and fish exporters** operate with **5 to 6 per cent profit margins**, according to officials.
- The Trump administration has levied a **27 percent tariff on aqua exports from India**, which will come into effect this week, apart from a **5.77% countervailing duty** and a **1.38% anti-dumping duty imposed by the US Department of Commerce.**
- This will **drastically increase the cost of exports.**
- On the other hand, countries that compete with India, especially Ecuador, face less tariffs, with the US imposing only 10 per cent tariff on the South American country.
- This will **harm the interests of Indian aqua farmers.**

28. Mention measures to mitigate adverse effects of tariff?

Measures	Analysis
Diversification of Supply Chains	<ul style="list-style-type: none"> • By diversifying supply sources, companies can reduce their dependence on imports from countries with high tariffs. • Establishing relationships with suppliers in different geographical locations helps mitigate risks associated with any single country's tariff policy.
Utilization of Trade Finance Instruments	<ul style="list-style-type: none"> • Financial instruments such as letters of credit, trade credit insurance, and factoring provide safeguards against the uncertainties tariffs bring. • These tools help manage the risks of non-payment and supply chain disruptions, providing more stability in cash flow management.
Cost Management and Efficiency Improvements	<ul style="list-style-type: none"> • Streamlining operations and adopting lean management techniques can offset some of the cost pressures brought on by tariffs. • Efficiency improvements in production and logistics can reduce overall operational costs, helping to absorb the impact of tariffs.
Governmental and Legal Support	<ul style="list-style-type: none"> • Engaging with trade associations and seeking government assistance programs designed to support businesses impacted by tariffs can provide relief.

	<ul style="list-style-type: none"> • Additionally, understanding legal avenues to challenge or apply for exemptions from certain tariffs can be crucial.
<p>Strategic Stockpiling</p>	<ul style="list-style-type: none"> • Where feasible, stockpiling goods prior to tariff implementations can lock in lower prices and provide a buffer against immediate price increases. • This requires careful planning to avoid excess inventory and associated costs.

10 Strategies to Mitigate Tariffs

<p>Diversify Suppliers Seek suppliers in countries with lower tariffs or those not subject to the tariff increases. This reduces dependency on high-tariff regions.</p> <p>Source Locally Move production or sourcing closer to home or within a tariff-free region (like free trade zones) to bypass high tariffs on imports.</p> <p>Reevaluate Product Designs Consider altering product designs or specifications to avoid tariffs on certain materials or components, or find tariff-friendly alternatives.</p> <p>Increase Inventory Before Tariff Changes Stock up on goods or raw materials before tariffs rise, allowing time to adjust the supply chain or explore other options.</p> <p>Negotiate with Suppliers Work with suppliers to share the burden of higher tariffs, or try to renegotiate contracts to absorb some of the additional costs.</p>	<p>Shift Production to Lower-Tariff Regions If possible, move production to countries where the company can manufacture goods at a lower tariff rate.</p> <p>Use Duty Drawback Programs Take advantage of government programs that allow companies to reclaim some of the tariffs paid on goods that are later exported.</p> <p>Explore Tariff Engineering Modify the way products are classified under tariff codes to minimize the tariff impact. This could involve minor design tweaks that qualify for lower tariff rates.</p> <p>Pass on Costs to Customers If market conditions allow, raise product prices to offset increased costs due to tariffs. Ensure to communicate price adjustments clearly to consumers.</p> <p>Utilize Free Trade Agreements (FTAs) Leverage any existing free trade agreements to export to countries with preferential tariff rates. Consider entering into new trade deals if eligible.</p>
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29. Enlist measures to stop trade war?

- In order to stop a trade war, it's crucial to **prioritize diplomatic engagement, open communication, and negotiation of fair trade agreements.**
- Countries involved should **address the root causes of the dispute,** such as **unfair trade practices, intellectual property concerns,** or tariff imbalances, through constructive dialogue and compromise.

Measures	Analysis
<p>Diplomatic Engagement</p>	<ul style="list-style-type: none"> • Open Communication: <ul style="list-style-type: none"> ▪ Start by initiating open and transparent discussions to address concerns before tensions escalate into full-blown trade wars. ▪ Utilize backchannel diplomacy if needed. • Summit or Trade Talks: <ul style="list-style-type: none"> ▪ Schedule high-level meetings to bring the countries' leaders or trade ministers together. ▪ This can help reduce misunderstandings that arise from a lack of direct communication. • Third-Party Mediation: <ul style="list-style-type: none"> ▪ Engage international organizations like the WTO or regional bodies (e.g., ASEAN, EU) to mediate trade disputes. ▪ These institutions can provide neutral arbitration, making the process less confrontational.
<p>Negotiating Trade Deals</p>	<ul style="list-style-type: none"> • Revisit Existing Agreements: <ul style="list-style-type: none"> ▪ Take a close look at existing trade agreements (like NAFTA or EU-Canada CETA) to find areas that might be skewed, outdated, or unfair.

	<ul style="list-style-type: none"> ▪ Renegotiate clauses that trigger grievances, ensuring both sides benefit more equally. • Address Root Causes: <ul style="list-style-type: none"> ▪ Dive deep into the underlying causes of the trade war, such as currency manipulation, unfair subsidies, or intellectual property violations. ▪ Target these specific problems through negotiated solutions rather than using blanket tariffs.
<p>Focus on Fair Trade Practices</p>	<ul style="list-style-type: none"> • Strengthen Intellectual Property Protections: <ul style="list-style-type: none"> ▪ Address IP theft or forced technology transfer in trade negotiations by demanding stricter enforcement of international IP laws. ▪ This should be done under WTO or bilateral agreements. • Transparency & Market Access: <ul style="list-style-type: none"> ▪ Ensure that market access is provided on a non-discriminatory basis, so companies from both sides can compete on equal terms. ▪ This includes eliminating hidden barriers like discriminatory taxes, tariffs, or licensing requirements. • Avoid Protectionism: <ul style="list-style-type: none"> ▪ Shift away from protectionist policies (like excessive subsidies or tariffs that favor domestic industries) that disrupt global trade and harm international relationships.

<p>Economic Incentives & Cooperation</p>	<ul style="list-style-type: none"> ● Incentivize Collaboration: <ul style="list-style-type: none"> ▪ Incentivize trade cooperation by offering joint ventures or investment opportunities in sectors that matter to both sides. ▪ For instance, countries can collaborate in technology, renewable energy, or infrastructure development. ● Strategic Alliances: <ul style="list-style-type: none"> ▪ Build broader economic alliances or regional trade blocs (like APEC, Mercosur, or the Trans-Pacific Partnership), where all members benefit from smoother trade relations and coordinated policies. ● Shared Goals: <ul style="list-style-type: none"> ▪ Focus on creating joint economic goals that benefit both sides. ▪ For example, working together on global climate change solutions or new technologies can foster greater cooperation, making a trade war less appealing.
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30. What is the relevance of the topic for UPSC CSE?

- **For Prelims:** India-US Relations, LEMOA, COMCASA, BECA, Silicon Valley, International Bank for Reconstruction and Development , Exercise Malabar, NISAR mission , Digital services tax , CAATSA, US-India initiative on Critical and Emerging Technology.
- **For Mains:** Significance of the United States for India, Key Issues in India-US Relations, Trade war, Role of WTO.

Some previous years prelims questions.

- Q1. What is “Terminal High Altitude Area Defense (THAAD)”, sometimes seen in the news? (2018)
- (a) An Israeli radar system
 - (b) India’s indigenous anti-missile programme
 - (c) An American anti-missile system
 - (d) A defence collaboration between Japan and South Korea

Ans: (c)

Some previous years mains questions.

- Q1. ‘What introduces friction into the ties between India and the United States is that Washington is still unable to find for India a position in its global strategy, which would satisfy India’s National self-esteem and ambitions’. Explain with suitable examples. (2019-15 Marks)

Some questions from this year and previous years interview transcripts.

Board Dinesh Dasa sir:

- What is Reciprocal tariff and what are their impacts?
- Tell me something about globalization and De-globalisation.

Board Lt general Raj shukla sir:

- Tell me something about the Tariff war by Trump.
- What is the percentage of tariff imposed on China, Canada and Mexico?
- Why are tariffs imposed on these countries?
- Tell me something about the Auto tariff on india export and car brand exported from india

Board Sheel Vardhan Singh sir:

- You are interested in Geopolitics.
- I am a magician.
- I turn you into President Zelenskyy and those sitting beside you are Mr. Trump and Mr. Putin.
- How would you negotiate?

Board BB Swain sir:

- Why does Trump want Greenland?
- Which resources are found there?
- Why so much chaos in geopolitics?

Board Suman Sharma mam:

- Tell me something about global world order
- Differentiate early World order vs present World order?
- Tell me something about Trump's impact on World order?

Board Lt general Raj shukla sir:

- Many millionaires are coming in the Trump administration?
- Is it good?

Board Lt general Raj shukla sir:

- How is Trump good for Indian interests?
- Wouldn't such sanctions affect Indian exports?

Some questions for QUIZ.

Q1. Consider the following Countries:

1. United States
2. India
3. France

4. Saudi Arabia
5. Italy

How many of the above countries are part of the IMEC?

- (a) Only two
- (b) Only three
- (c) Only four
- (d) All five

Ans: (d)

Some questions for POLL.

Q1. Do you think that under the Trump regime India-US relations will flourish?

- (a) YES
- (b) NO
- (c) Can't say.

Q2. Should India fear Trump's Trade war?

- (a) YES
- (b) NO
- (c) Can't say.

Q3. Will Trump's tariff help strengthen India-China relations?

- (a) YES
- (b) NO
- (c) Can't say.

