

## Tariff or Tactics or Trade War ?



## Verbatim of Trump's Tariff Announcement on 30.07.2025



Donald J. Trump

@realDonaldTrump

Remember, while India is our friend, we have, over the years, done relatively little business with them because their Tariffs are far too high, among the highest in the World, and they have the most strenuous and obnoxious non-monetary Trade Barriers of any Country. Also, they have always bought a vast majority of their military equipment from Russia, and are Russia's largest buyer of ENERGY, along with China, at a time when everyone wants Russia to STOP THE KILLING IN UKRAINE — ALL THINGS NOT GOOD! INDIA WILL THEREFORE BE PAYING A TARIFF OF 25%, PLUS A PENALTY FOR THE ABOVE, STARTING ON AUGUST FIRST. THANK YOU FOR YOUR ATTENTION TO THIS MATTER. MAGA!

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Jul 30, 2025, 5:39 PM

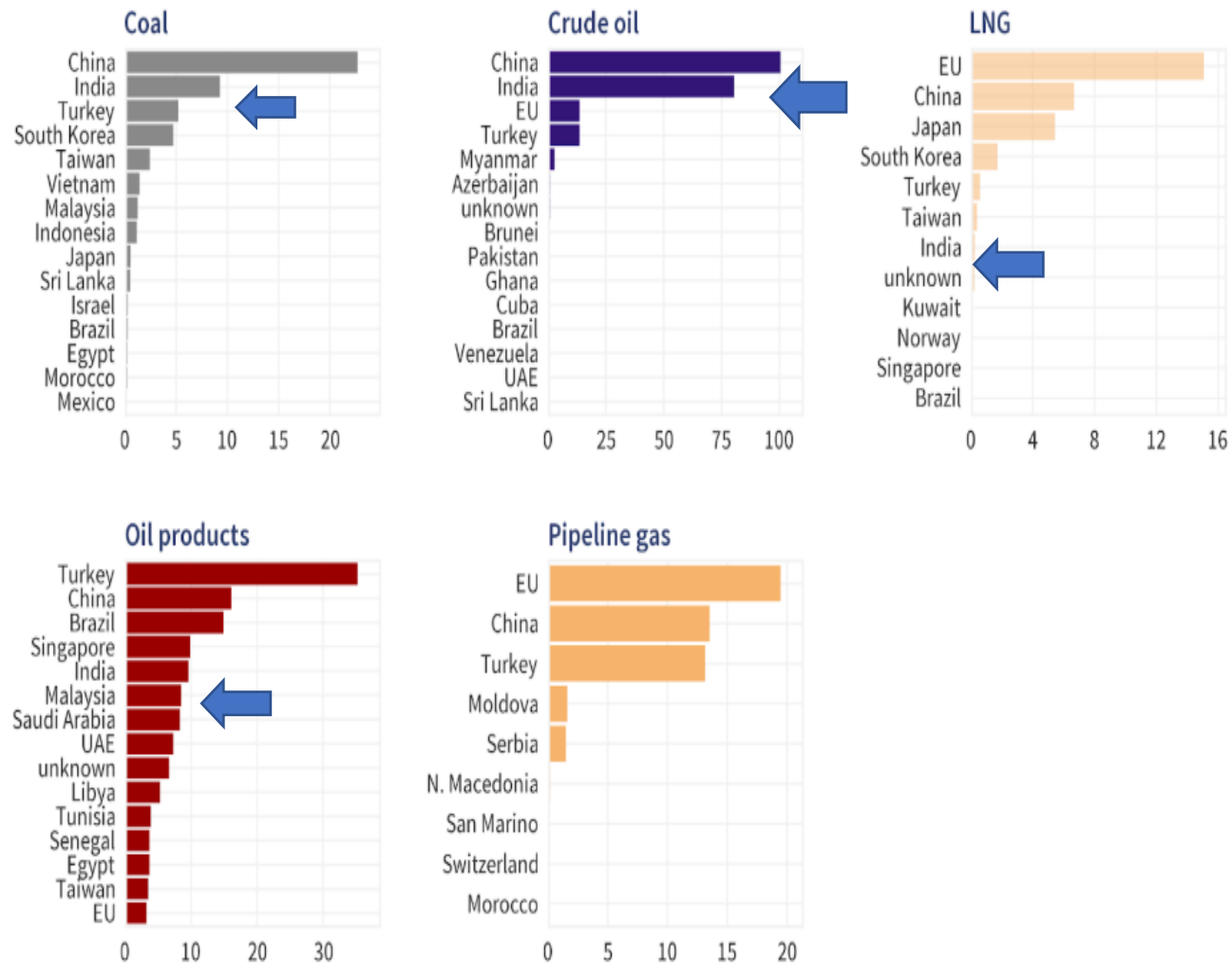
# Two Policy Waves For India ....So Far ....

Since April 2, 2025, Donald Trump has made two India-specific tariff announcements :

Date	Announcement Type	Tariff Rate	Effective Date	Notable Details
April 2, 2025	“Liberation Day” reciprocal tariffs	Initially 27%, later adjusted to 26%	April 9	Exemptions for key sectors; later struck down by court
July 30, 2025	New tariff + penalty linked to Russia ties	25%	August 1, 2025	Additional penalty; pharma still exempt

# Who is buying Russia's fossil fuels?

Shipments arriving since EU oil bans until end of January 2025



Source: CREA analysis based on Kpler, Marine Traffic, ENTSOG and customs data.



**Coal:** From 5 December 2022 until the end of January 2025, China purchased 45% of all Russia's coal exports. India (18%), Turkey (10%), South Korea (9%), and Taiwan (5%) round off the top five buyers list.

**Crude oil:** China has bought 47% of Russia's crude exports, followed by India (37%), the EU (6%), and Turkey (6%).

**Oil products:** Turkey, the largest buyer, has purchased 25% of Russia's oil product exports, followed by China (11%), and Brazil (11%).

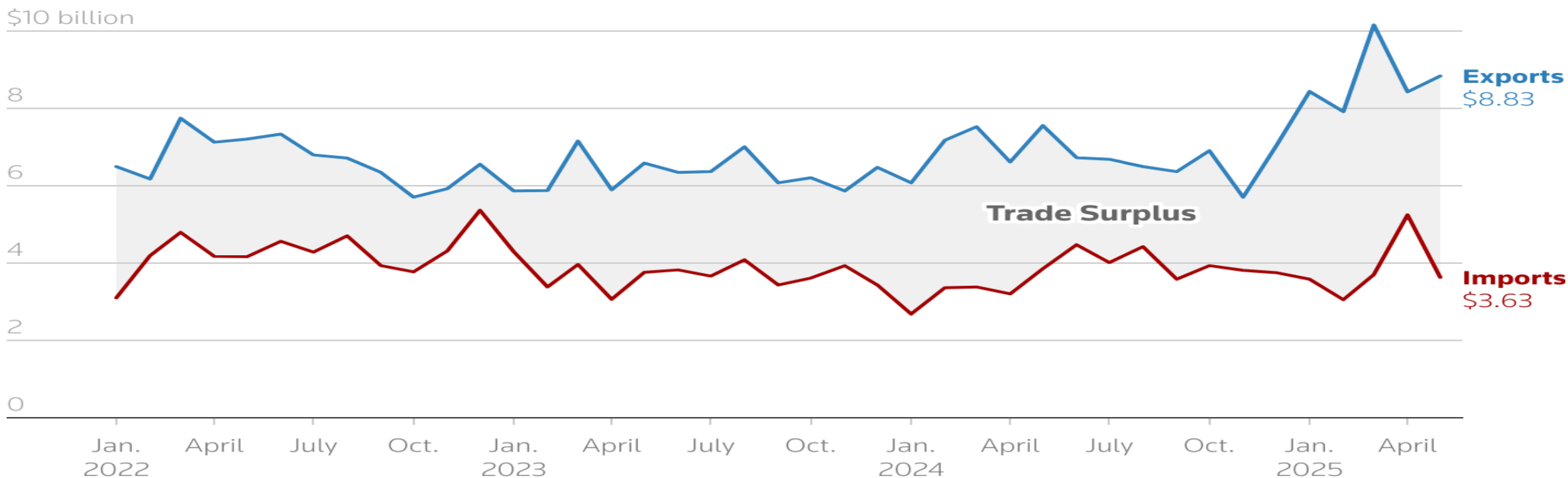
**LNG:** The EU was the largest buyer, purchasing 49% of Russia's LNG exports, followed by China (22%), and Japan (18%).

**Pipeline gas:** The EU was the largest buyer, purchasing 39% of Russia's pipeline gas, followed by China (27%), and Turkey (27%).

# Refreshing USA-India Trade Dynamics

## India's trade with US

Monthly trade surplus with U.S. crossed over five billion dollars in May 2025



Source: CMIE

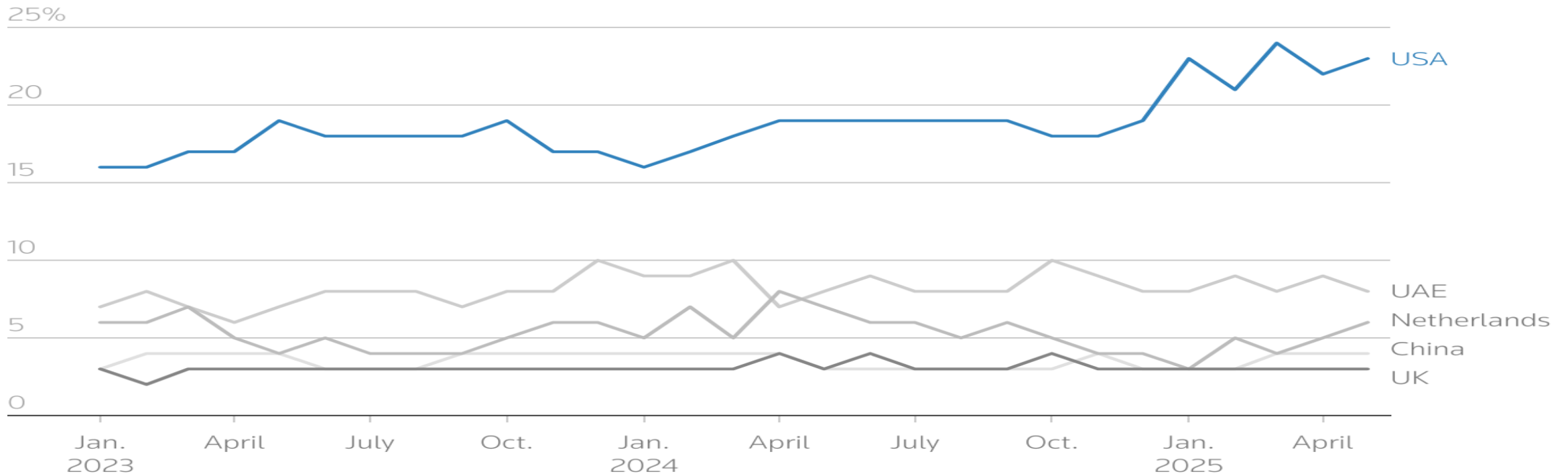
Vineet Sachdev • Jul 1, 2025 | REUTERS

# Refreshing USA-India Trade Dynamics vis-à-vis Other Countries ...

## More Indian exports to US in 2025

India's exports of goods to the U.S. has increased since the beginning of the year

### Share of top five countries for India exports



Source: CMIE

Vineet Sachdev • Jun 30, 2025 | REUTERS



## Refreshing USA-India Trade Dynamics

### India's Trade Dynamics with USA (Top 10 Commodities), Jan -Dec, 2024

Exported				Imported			
S.No.	Commodity	Value (\$M)	% Share		Commodity	Value (\$M)	% Share
1	SMARTPHONES	7071.32	8.8		PETROLEUM CRUDE	5374.6	12.1
2	DIAMOND	4883.39	6.0		LIQUIFIED NATURAL GAS	2568.8	5.8
3	OTHER MEDICINE	3746.04	4.6		DIAMOND	2520.2	5.7
4	PETROLIUM OIL AND OTHER OILS	3562.94	4.4		COKING COAL	2146.0	4.8
5	VANNAMEI SHRIMP	1752.75	2.2		UNWROUGHT FORMS OF GOLD	2064.2	4.6
6	Gold (Studded with diamonds)	1636.07	2.0		AEROPLANES AND OTHR AIRCRAFT	1845.9	4.2
7	Photovoltaic cells	1482.69	1.8		STEAM COAL	1378.9	3.1
8	ANTICANCER DRUGS	1372.25	1.7		TANKERS	1019.4	2.3
9	OTHER PARTS OF VEHICLES	935.2	1.2		ALMONDS FRSH OR DRIEDIN SHELL	938.7	2.1
10	Garments & Textile	720.15	0.9		OTHER PETROLIUM PRODUCTS	861.4	1.9
	Share of Top 10 Commodities Exported to USA	27162.8	33.6		Share of Top 10 Commodities Imported from USA	20718.0	46.6
	India's Total Export to USA	80774.8	18.2		India's Total Import from USA	44421.2	6.2
	India's Total Export	442706	100.0		India's Total Import	718163	100
India enjoys Trade Surplus of (+) 36.3Bn							

# How much is our say in USA's Import ?

TOP Commodities Exported to USA (Value in \$Bn)								
S.No	Commodity	India's Export to World (Value , \$Bn)	India's Export to USA (Value, \$bn)	% Share of commodity	% Share in India's Total Export to USA	USA Import from World Value (\$Bn)	India's share in USA Export of Commodity	Existing Tariff (Weighted average tariff)
		(A)	(B )	(C)=B/A*100	(D)=(B/++)*100	(E )	(F =B/E*100 )	(G)
1	Smartphones	24.14	7.1	29.4 %	8.8%	114	6.2%	0.4%
2	Diamond (cut & Polished)	15.97	4.9	30.6%	6.1%	15.4	31.8%	2.1%
3	Pharmaceuticals	27.9	8.7	31.1%	10.8%	212.7	4.1%	0.00%
4	Petroleum OIL & Others	61.4	4.38	7.1%	5.4%	235.8	1.9%	6.9%
5	Vannamei Shrimps##	4.88	1.8	36.8%	2.2%	6.0	30.0%	0.00%
6	Gold(Studded with diamonds)	6.8	1.6	23.5%	2.0%	16.0	10.2%	2.1%
7	Photovoltaic cells	2	1.9	95%	2.4%	23.3	8.2%	0.4%
8	Auto Components	21.2	6.79	32%	8.4 %	95.9	7.1%	1.0%
9	Garments & Textile	35.9	7.8	30.3%	9.7%	106.6	7.3%	9.0%

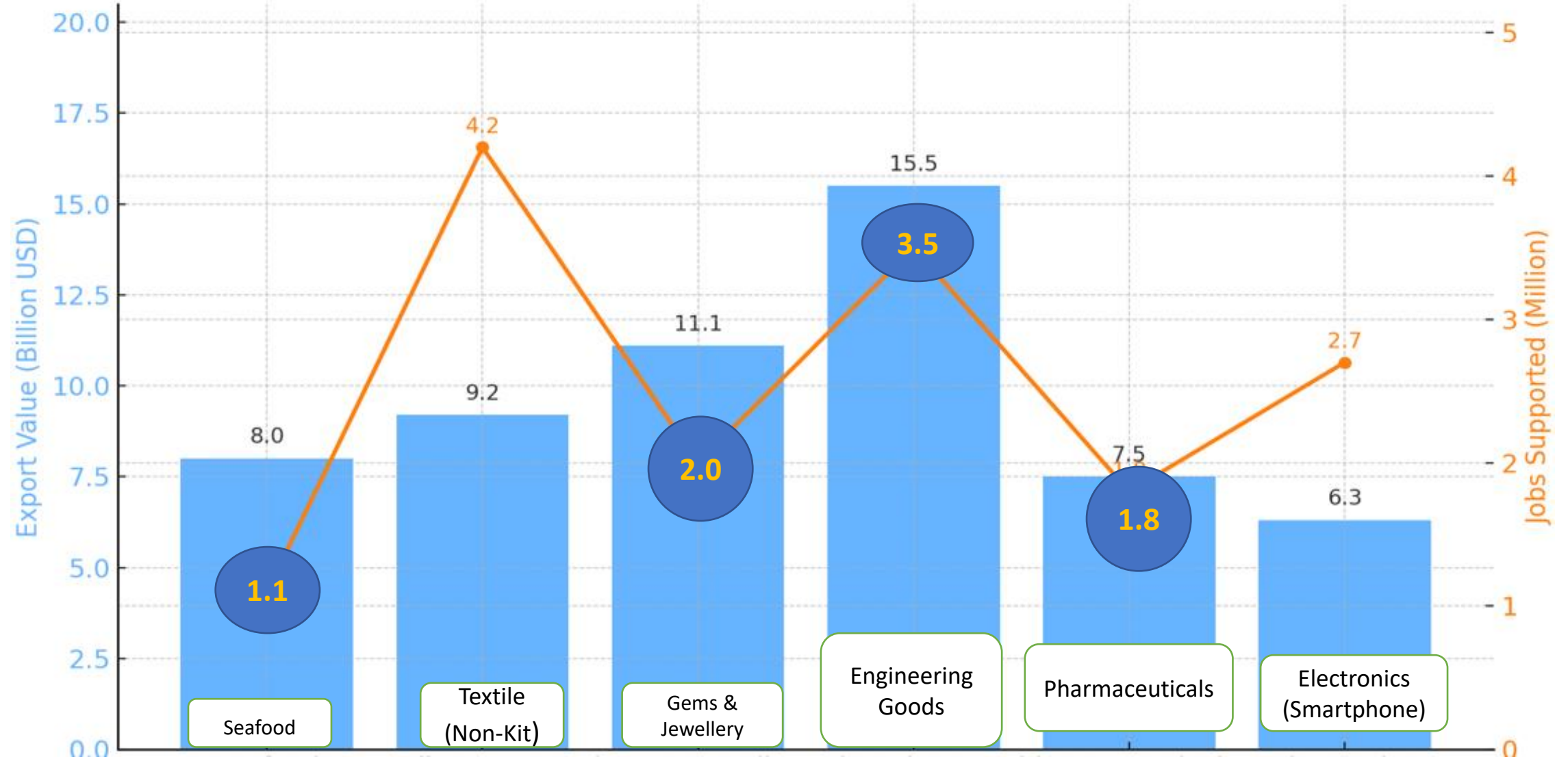
**## India's Seafood Export = \$ 7.38 Bn, out of Which Share of Shrimps is : \$4.88Bn (66.12% )**

**++ India's Total Export to USA = \$80774.8 Bn**



# Volume of Export & Job Support : Sensitivity for Employment

Export Value and Jobs Supported by Indian Export Sectors (2024)



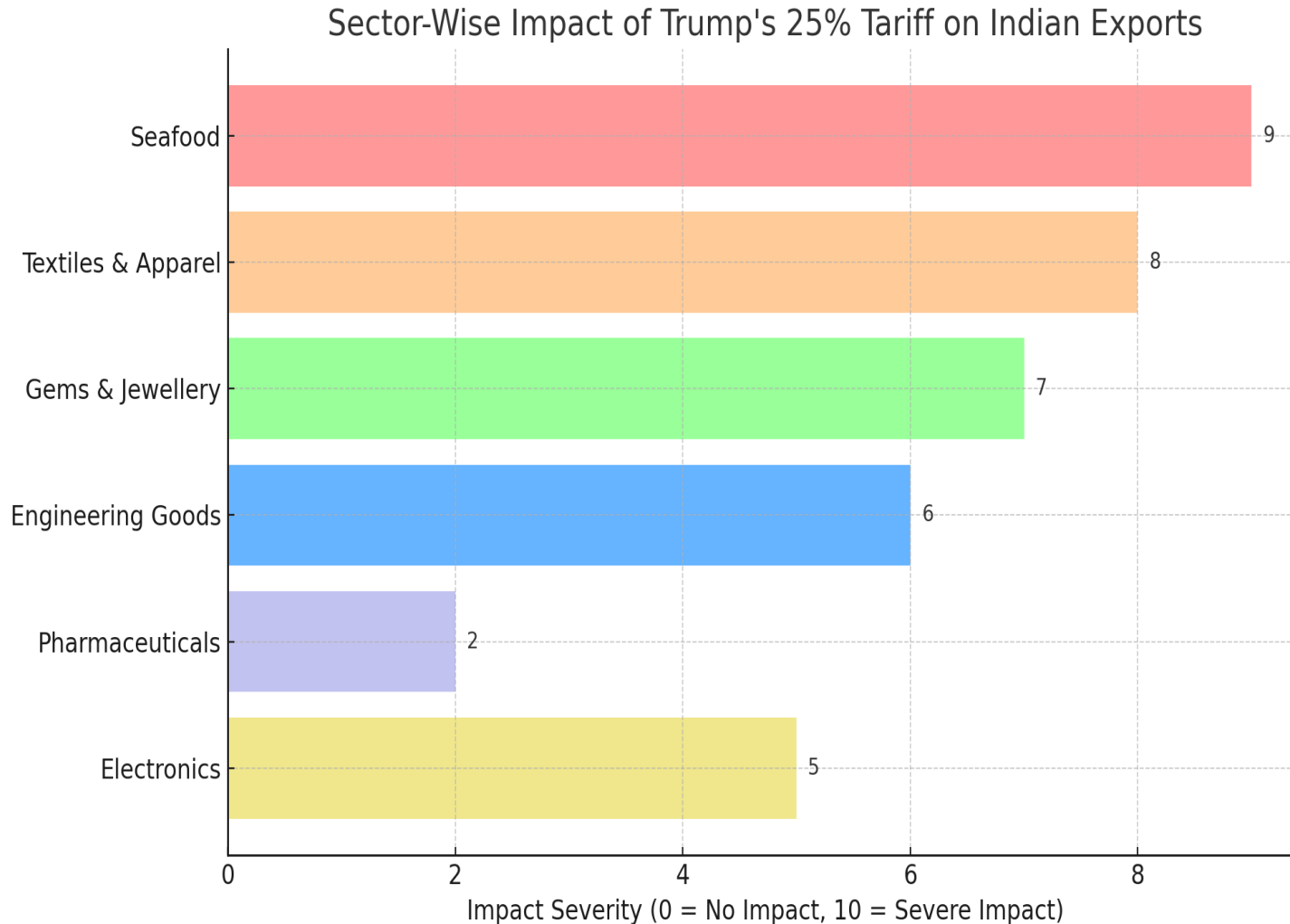
## Probable Impact on GDP

Impact Severity	Export Loss	GDP Shrinkage Estimate
Low Impact	\$5-10 billion	0.1-0.3% of GDP
Medium Impact	\$15-20 billion	0.4-0.6% of GDP
High Impact	\$25-30 billion	0.7-1.0% of GDP

## Who may take our pie or may be Likely Winner ?

Sector	Competitor Countries (With existing/proposed tariff rate )	Probable Reasons
Textiles & Apparel	<b>Bangladesh (20%) , Vietnam (20%), Cambodia (36%)</b>	<b>Bangladesh:</b> Extremely competitive in garments, strong U.S. ties. <b>Vietnam:</b> Rapidly growing textile exporter with trade deals. <b>Indonesia &amp; Cambodia:</b> Smaller, but agile suppliers.
Seafood	<b>Ecuador (10%), Vietnam(20%), Thailand(36%)</b>	<b>Ecuador:</b> Already rising in U.S. shrimp imports. <b>Vietnam:</b> Strong seafood export base, clean compliance. <b>Thailand:</b> Known for processed seafood and premium quality.
Gems & Jewellery	<b>Thailand (10% or 36%) , UAE (10%), China (10% or 34%)</b>	<b>Thailand:</b> Known for colored stones and gold craftsmanship. <b>UAE:</b> Increasing role in jewellery trading via Dubai. <b>China:</b> Large manufacturing base, especially for synthetic stones.
Engineering Goods	<b>Mexico (10%), China , (10% or 34%) Turkey (10% or 36%)</b>	<b>Mexico:</b> Strong U.S. supply chain via USMCA. <b>China:</b> May regain share if not simultaneously targeted. <b>Turkey:</b> Emerging in machinery and metals.
Pharmaceuticals	<b>Ireland (10%or 20%), Germany(10% or 20%), China(10% or 36%)</b>	<b>Ireland:</b> High-end pharma, already a top U.S. supplier. <b>Germany &amp; Switzerland:</b> Known for formulations. <b>China:</b> For APIs and bulk drugs if not penalized further.
Electronics	<b>Vietnam (20%), Taiwan(10% or 32%), Malaysia (10% or 24%)</b>	<b>Vietnam:</b> Major Apple/tech manufacturing base. <b>Taiwan:</b> Strong in semiconductors and hardware. <b>Malaysia:</b> Integrated into U.S.-oriented electronics supply chains.

## Probability of the Impact of Tariff (on the Scale of 0-10)



- ✓ Seafood faces the **most severe** impact due to high U.S. dependence and limited price flexibility.
- ✓ Textiles & Apparel and Gems & Jewellery are also highly vulnerable due to their reliance on U.S. markets and low profit margins.
- ✓ Engineering Goods and Electronics are moderately affected.
- ✓ Pharmaceuticals face the **least** impact as they're currently exempt from the tariff.

## Why USA-India Trade Deal Remained Unresolved ?

Issue Area	U.S. Demand	India's Position
Dairy & Agriculture	Market access for GM crops, dairy	Politically too risky; cultural & subsidy constraints
Steel/Autos	Reduction of current U.S. duties	Wants rollback of U.S. auto/steel tariffs
Non-Tariff Barriers	Ease e-commerce, data, IP regimes	Preserving data rules, digital policy control
Tariff Parity	Equal tariff commitment like Vietnam/China	India seeks favorable exemptions

# What Could be India's Possible Strategy ?

Action Area	India's Possible Strategy	Remarks
Diplomacy	Bilateral talks, exemptions, USTR negotiations	India's imports of U.S. aircraft, LNG, defense tech, and Apple/Tesla supply chains can give bargaining power.
Retaliation	Tariffs on politically sensitive U.S. exports	<b>Strategic Counter-Tariffs</b> on: U.S. <b>agricultural goods</b> (soybeans, almonds, apples), <b>Whiskey</b> (Kentucky) <b>Luxury motorcycles</b> (Harley-Davidson)
WTO & Alliances	Legal action + multilateral coalition	Collaborate with other affected countries like Vietnam, Mexico, EU, and ASEAN to <b>form a bloc</b> .
Market Diversification	Focus on EU, UK, ASEAN, Africa	<b>Digital economy exports</b> (IT, fintech, SaaS) should be prioritized in non-U.S. markets.
Domestic Support	PLI, MSME aid, trade finance	<b>MSMEs</b> impacted by reduced U.S. demand should get: Cheaper working capital, Duty-free raw materials Export subsidies where WTO-compliant
Currency & Trade Tools	Rupee trade, EXIM support	Push for <b>EXIM Bank-backed trade credit</b> to open new markets.
Supply Chain Adjustment	Value addition in Vietnam/UAE/Mexico	Set up <b>joint ventures in tariff-neutral countries</b> (e.g., Mexico) under “nearshoring” models.

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