



US will impose reciprocal tariffs from April 2: Trump

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Context

U.S. President Donald Trump criticised the **high tariffs charged by India** and other countries, terming them as **"very unfair"** and announced **reciprocal tariffs from April 2 on nations that impose levies on American goods.**

Mr. Trump made these remarks in an address to the Joint Session of the Congress on Tuesday. It was the first address of his second term in the White House. Mr. Trump was sworn in as the 47th President of the U.S. on January 20.

"If you don't make your product in America, however, under the Trump administration, you will pay a tariff and in some cases, a rather large one," Mr. Trump said. "Other countries have used tariffs against us for decades and now it's our turn to start using them against those other countries. On average, the European Union, China, Brazil, India, Mexico and Canada — have you heard of them? And countless other nations charge us tremendously higher tariffs than we charge them," the U.S. President said.

Status of Trade between India & USA

Trade in numbers

Tables show top exports and imports between the U.S. and India from April 2018

India's total exports to the U.S.

\$52.9 billion

TOP EXPORTS TO U.S.

Electrical machinery	\$7.6bn
Precious stones/metals	\$6.3bn
Pharmaceuticals	\$5.9bn



India's total imports from the U.S.

\$29.6 billion

TOP IMPORTS FROM U.S.

Mineral fuels
Precious stones/metals
Nuclear reactors, boilers

What are Reciprocal Tariffs?

Reciprocal tariffs refer to the U.S. taxing the importing nation by the same tax rate with which they are taxing the U.S.

This system would bring US tariffs on imports in line with other nations' tax rates

Tariff equivalence across various products could raise the average tariff rate of the United States by about two percentage points.

Possible Impact on India

Higher tariffs: India is one of the countries with significantly higher relative tariff rates and hence is vulnerable to retaliatory tariffs. India's weighted average effective tariff on US exports to India is 9.5% compared with a 3% tariff rate on India's exports to the US

Weak sectors: It could hit India's **automobile, textile, and other industries**. For instance, if India were to slap a 25% tariff on US automobiles, the US would then slap a 25% tariff on US imports of Indian autos.

Wider impact: Tariffs reciprocal would lead to the door opening to "**a general tariff increase**" on emerging economies that charge high tariffs on US goods.