

US-China Deal: The Trade Wind Shift

What is the US-China Tariff suspension agreement?

- The US and China have agreed to **pause further tariff hikes for 90 days** as they engage in trade negotiations.
- **Tariff Reduction:**
 - US: Reduced tariffs on Chinese goods from **145% to 30%**.
 - China: Reduced its import duties on US goods to **10%**.
- **Scope:** Applies primarily to **high-value traded goods like electronics, machinery, and chemicals**.
- **Nature:** **Temporary and tactical** – not a permanent resolution, but a recalibration step.

Country	Impact	Opportunities	Risks/Challenges
China	<ul style="list-style-type: none"> • Short-term increase in exports to the US • China+1 continues 	<ul style="list-style-type: none"> • Temporary regaining market share in US for electronics machinery and chemicals 	<ul style="list-style-type: none"> • Policy uncertainty limits long-term investment
United States	<ul style="list-style-type: none"> • Eases import cost pressures • Tactical de-escalation in trade war 	<ul style="list-style-type: none"> • Lower costs for businesses reliant on Chinese inputs • Temporary reduction in inflation 	<ul style="list-style-type: none"> • No structural resolution • Dependence on Chinese supply chain remains a political risk
India	<ul style="list-style-type: none"> • Relatively lower tariffs, better positioning Indian trade. 	<ul style="list-style-type: none"> • Further bilateral trade agreement could potentially reduce tariffs. • Opportunity for increased exports to the US remains strong. 	<ul style="list-style-type: none"> • If talks with the US fail, certain sectors may face risks, though this is a less likely possibility.

Source: The White House Briefings and Statements, Internal Analysis.
Data as on 12th May 2025.

Trade is a relative game, if India faces tariffs but competing nations are hit with even steeper ones, India stands relatively better positioned, opening up new windows of opportunity in global markets.

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