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U.S.-China Trade War can make Indian Products Competitive: CII

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According to Confederation of Indian Industry (CII), with the U.S. imposing an additional 25% duty on imports worth \$34 billion from China, certain Indian products may become more competitive.

According to the CII report 'New Export Opportunities for India in Trade with US and China', India should focus on new categories such as machinery, vehicles and transport parts for export to the US where it has a competitive advantage in the US-China trade war.

Key Highlights

- India can focus on several goods for expanding its exports to the U.S. and China after the increase in duties by both countries on imports from each other.
- Top exports from India to the U.S. which are covered in the list of items for which the tariffs have been raised include pumps, parts of military aircraft, parts for electro-diagnostic apparatus, passenger vehicles of 1500-3000 cc, valve bodies and parts of taps.

Exports of these items stood at more than \$50 million in 2017, according to CII, and can be increased with concerted efforts. Countries such as Vietnam, Indonesia, Thailand and Malaysia have increased their exports of these products to the U.S. in recent years.

- Between 2012 and 2017, China's exports to the US have moved up the value chain with accelerated growth in high-technology items such as telecommunications equipment, automotive and cell phones.
 - Considering the fact that the US has raised tariffs for imports from China, the report suggested that products such as intermediate parts for the defence and aerospace sector, vehicles, and auto parts and engineering goods have a higher export potential.
 - The report suggests that the trade dialogue with the US should be strategised taking into account India's competitive advantage in these products.

Confederation of Indian Industry (CII)

- CII is a non-government, not-for-profit, industry-led and industry-managed organization, playing a proactive role in India's development process.
- Founded in 1895, India's premier business association has members from the private as well as public sectors, including SMEs and MNCs, and an indirect membership of enterprises from around national and regional sectoral industry bodies.
- CII partners with industry, Government, and civil society, through advisory and consultative processes to create and sustain an environment conducive to the development of India.

Trade War: Set to Become a Reality