



Co-presented by



Associate Sponsors



Sections

ENGLISH | தமிழ் | বাংলা | മലയാളം | ગુજરાતી | हिंदी | मराठी | BUSINESS | बिज़नेस

Newsletters



EDITION India

# The Indian EXPRESS

JOURNALISM OF COURAGE

Tuesday, Feb 04, 2025 EPAPER TODAY'S PAPER

Home ePaper My Express UPSC World India Explained Opinion Politics Business Sports Cities Lifestyle Tech Research Videos

TRENDING Delhi Elections Mini Crossword Premium Express Shorts Podcast Health & Wellness

ADVERTISEMENT

News / Business / US-China trade tension escalates even as Trump pauses tariffs on Mexico, Canada. Why escalation is a global risk

# US-China trade tension escalates even as Trump pauses tariffs on Mexico, Canada. Why escalation is a global risk

Donald Trump said tariffs on the European Union (EU) would be imposed “soon” as they “do not take American cars, farm products” and “take almost nothing” while the “US buys millions of cars, tremendous amounts of food and farm products.”

Written by **Ravi Dutta Mishra**

New Delhi | Updated: February 4, 2025 22:05 IST



EXPRESS Shorts

5 min read



U.S. President Donald Trump looks on as he signs an executive order in the Oval Office at the White House in Washington, U.S., January 31, 2025. (REUTERS/Carlos Barria/File Photo)



## Day before Delhi polls, FIR against Kejriwal over Yamuna ‘poisoning’ remark

Cities 50 min ago

Haryana police booked AAP leader Arvind Kejriwal under the BNS Act after a complaint by a resident. Kejriwal and others were charged for making false allegations against the Haryana government and BJP. The FIR mentions a viral video and Kejriwal's statement in...

VIEW ALL SHORTS > LIVE BLOG

Mumbai News Live Updates: BMC announces Rs 74,427 crore budget for FY 2025-26

In a dramatic late-night development, US President Donald Trump **delayed his plans to impose 25 per cent tariffs on Mexico and Canada** just hours before they

were set to take effect. The trade war on North America, which had sent stock and currency markets globally into a tailspin, has now been paused for a month.

However, the tariff war with China escalated as Beijing on Tuesday retaliated against the 10 per cent US tariff by announcing an investigation into Google and imposing tariffs on US products. China stated that it would probe the US tech giant for alleged antitrust violations and slapped 15 per cent levies on coal and liquefied natural gas, as well as 10 per cent on oil and agricultural equipment from the US.

The risk of further trade escalation has also increased, as Trump on Sunday said that tariffs on the European Union (EU) would be imposed “soon” as they “do not take American cars, farm products” and that they “take almost nothing” while the “US buys millions of cars, tremendous amounts of food and farm products.”

While Trump’s tariffs have been paused, businesses have begun strategising ways to counter a tariff war, indicating heightened supply chain uncertainty. The tariff threat against the EU has escalated the risk of a global trade war, as the 27-member bloc is the world’s largest customs union and trader of services and manufactured goods.

### STORIES YOU MAY LIKE

Indians being deported, here's what Modi should tell Trump at next week's meet

A non-tribal to head Tribal Affairs Ministry? Why Suresh Gopi's comment doesn't pass the history test

Beating cancer thrice, endurance cyclist aims for Mt Annapurna: How strict exercise routine and diet helped him recover

### Read | China's finance ministry announces tariffs to counter Trump trade moves

The bloc is also India's second-largest export destination after the US, accounting for over \$75 billion worth of Indian exports, including pharmaceuticals, textiles, automotive parts, leather goods, and precious stones.

### India advantage: Trump's first trade war with China

During his first term, Trump initiated a tit-for-tat trade war with China, leading to significant trade diversion. However, US tariff threats on China did not work as intended.

“Back then, President Trump initiated a series of tariffs that led to retaliation and counter-retaliation, ultimately culminating in a trade deal with China. He called the 15 January 2020 agreement the ‘Phase One Deal,’ which included ‘many structural changes and massive purchases’ by China,” said Professor of International Economics at IMD Business School, Richard Baldwin, in a blog released on Sunday.

STORY CONTINUES BELOW THIS AD

8 hours ago

Parliament Budget Sess Updates: Those who wa Constitution in their po Muslim women live tro PM Modi in Lok Sabha

### EXPRESS EXPLAIN

Trump, Must about the ag



4 hours ago

NTA JEE Mains Answer Key 2025 Live Updates: Provisional answer script out, objection window closes on Feb 6

India vs England Highlights: Bowlers breathe fire as India skittle out England for 97 runs, win by 150 runs and clinch series 4-1

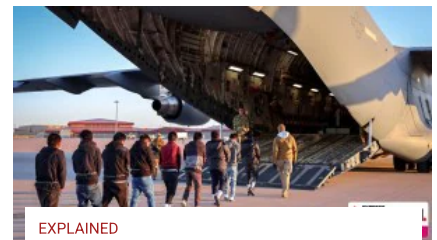
2 days ago

### Top Stories



### CITIES

Day before Delhi polls, FIR against Kejriwal over Yamuna 'poisoning' remark



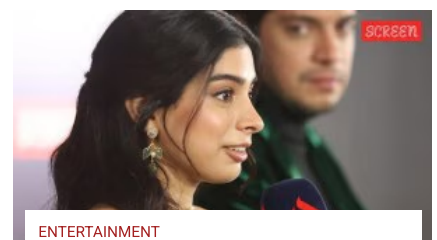
### EXPLAINED

Indian migrants sent back from US: Why Trump is using expensive military planes for deportation



### ENTERTAINMENT

Black: Aamir called it 'manipulative', Amitabh didn't charge a single rupee for it, said the film was 'sufficient fee'



### ENTERTAINMENT

Khushi Kapoor says her self-esteem took a hit after being mocked for her looks: 'I was called certain names'

“Subsequent analyses showed that China did not meet the purchase commitments outlined in the agreement, and they certainly didn’t reform structurally,” he added.

Meanwhile, exporters said that the current 10 per cent tariffs imposed on Chinese goods would create an opportunity for more Indian goods to enter the US market. According to an analysis by Oxford Economics, India was the fourth-largest beneficiary of the trade diversions that occurred between 2017 and 2023 after Trump launched a tariff war with China in his first term.

### US inflation risk to Indian exports

The US-based think tank Peterson Institute for International Economics (PIIE) said that Trump’s tariffs on Canada, Mexico, and China would cost the typical US household over \$1,200 a year.

Notably, high inflation in the US and Europe last year dampened Indian exports of labour-intensive items such as gems and jewellery and textiles.

STORY CONTINUES BELOW THIS AD

In its report, PIIE stated that US producers competing with newly tariffed imports will raise their prices in line with import price increases, further burdening US consumers.

“In general, higher prices alongside recessionary impacts from retaliation and supply chain disruption will negatively impact most US households. While Trump ran for president on a platform of lowering taxes, most Americans would see a net tax increase from his agenda so far. Both Trump and congressional Republicans have prioritised extending the tax cuts enacted in the 2017 Tax Cuts and Jobs Act—tax cuts that would otherwise expire at the end of 2025—but that is not enough to cushion most,” the report said.

### Why does a tariff war have a domino effect?

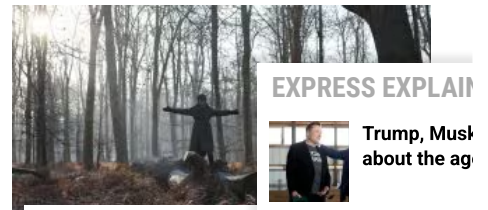
Baldwin further stated that the 25 per cent tariffs on Mexican and Canadian imports have hobbled the competitiveness of US-based manufacturers and have “tied running shoes on to the feet of US rivals in Europe and Asia.”

Baldwin explained that American cars are not truly made in America but are assembled there from parts produced in the US, Canada, and Mexico. With the 25 per cent tariffs on these countries, the cost of US-made cars will become less attractive to American buyers, leading to increased imports from Japan, Germany, and Korea.

STORY CONTINUES BELOW THIS AD



Subscribe to receive the day's headlines from The Indian Express straight in your inbox



EXPRESS EXPLAIN

Trump, Must about the ag

TRENDING

Kate Middleton shares powerful message on World Cancer Day with heartwarming photo taken by Prince Louis



TRENDING

Brazilian singer cancels mid-concert fireworks for dog, wins hearts online



SPORTS

Shubman Gill says there's no 'toxic competition' between him and Abhishek Sharma



SPORTS

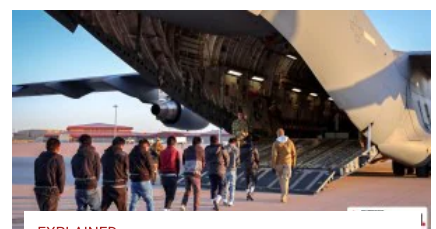
India vs England, 1st ODI - Cues from Nagpur nets: Ahead of Champions Trophy, Rohit Sharma and Co to follow ODI World Cup 2023 template



THE SPIRIT OF 1971

OPINION

1971 shapes India-Bangladesh history and future — not August 5



EXPLAINED

Why Trump is using expensive military planes for deportations

strugglingforexistence@gmail.com

Subscribe

“About half of US imported cars come from Japan, Germany, and Korea. They have not been subjected to the 25 per cent tariffs. What do you think will happen next? Almost surely, many US buyers will switch to German, Japanese, and Korean cars that the tariffs made relatively cheaper. My guess is that the US president will view it as unfair competition that he has to counter. He could impose a 25 per cent tariff blanket on all imported cars or negotiate ‘voluntary’ export restrictions with Japan, Germany, and Korea,” Baldwin said.



Ravi Dutta Mishra

Follow

Ravi Dutta Mishra is a Principal Correspondent with The Indian Express, covering policy issues related to trade, commerce, and banking. He has over five years of experience. [... Read More](#)

Expand



LIFESTYLE

‘Minister sahab ki beti thi’: Sunita Ahuja on Govinda’s fan sneaking into their home, his gunshot injury, while giving a tour of their opulent Mumbai abode



TECHNOLOGY

Samsung Galaxy S25 Ultra review: A polished smartphone that’s so good, it just got better with AI

### Buzzing Now

TRENDING

Kate Middleton shares powerful message on World Cancer Day with heartwarming photo taken by Prince Louis



TRENDING

Brazilian singer cancels mid-concert fireworks for dog, wins hearts online



TRENDING

Bryan Johnson walks out of Nikhil Kamath’s podcast: ‘air pollution made my skin break out... my eyes and throat burn’



TRENDING

Ex-UK PM Rishi Sunak enjoys tennis ball cricket at Mumbai’s Parsee Gymkhana



TRENDING

Man calmly pulls out giant python from canal in viral video; netizen asks, ‘What was the need?’



TOP CATEGORIES