

# Donald Trump's New Tariff Plan: Impact on Countries Worldwide

**Welcome to the Ojaank IAS Academy. Finally, the day has come when Donald Trump has announced the tariffs that will be imposed on countries around the world. China, Pakistan, India, the European Union – the detailed breakdown of how much tariff America will impose on each country has come to the fore.**

**Until now, it seemed that Trump would impose a universal tariff (around 25%) on the entire world, but now he has adopted a different strategy. His new plan is "Reciprocal Tariff" – the country that has imposed the most tariff on America, America will impose half of that tariff on that country.**

 **by OJAANK IAS**



# What is a Reciprocal Tariff?



## Principle of Equal Treatment

The country that charges a certain amount on American goods, America will also charge the same or more on that country's goods.



## Level Playing Field

The goal is to bring equality in international trade, so that the trade conditions are the same for all countries.



## Example

If India imposes a 10% tariff on American goods, then America will also impose a 10% tariff on Indian goods. If it's 50%, then America will also impose 50%.



# Trump's "America First" Strategy



## Freeing from Trade Deficit

Trump believes that America has been dealing with trade deficits for decades and has been a victim of unfair trade practices by other countries.



## Reviving American Industry

Reviving American manufacturing and promoting domestic production.



## Protecting American Jobs

Safeguarding employment for American citizens and creating new jobs.

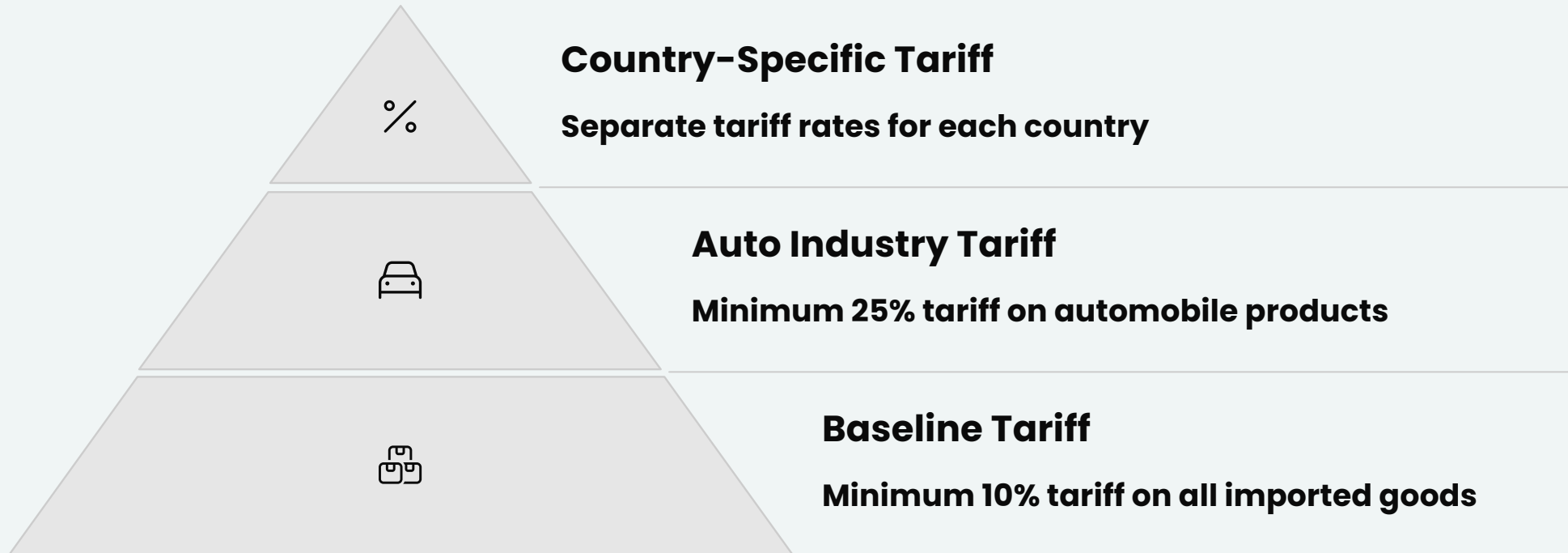


## Increasing Tariffs

Tariffs imposed by the US have been steadily decreasing over the past few decades, but now they are increasing again with Trump's arrival.



# New Tariff Structure



**Trump has announced a three-tier tariff structure. First, any goods entering the US will be subject to a minimum 10% tariff. Goods related to the automotive industry will have a minimum 25% tariff. Additionally, separate tariff rates have been set for each country.**

# Country-Specific Tariff Rates

Country	Tariff on American Goods	Tariff Imposed by America
China	67%	34%
European Union	39%	20%
India	52%	26%
Cambodia	97%	49%
Pakistan	58%	29%

Trump showed a chart to explain the tariff rates that will be imposed on each country. He claimed that China imposes a 67% tariff on American goods, so America will impose a 34% tariff on Chinese goods. For India, he said that India imposes a 52% tariff, so America will impose a 26% tariff.



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# Controversial Data and Impact on India

## 52% Disputed Figure

Trump claims that India imposes a 52% tariff on American goods, when the actual average is around 10-12%

## Potential Response

India may now increase its tariff on American goods



## India's Efforts

India has recently reduced tariffs on several goods and capped the maximum tariff at 70-75%

## Modi's Mention

Trump called PM Modi his "good friend", but also said that tariffs will be imposed

Questions are being raised about Trump's 52% tariff claim. The Indian government has already reduced tariffs on several goods, and the maximum tariff is capped at 70-75%. Most American goods are subject to a 5%, 10%, or 15% tariff in India. Based on this controversial figure, a 26% tariff has been imposed on India.

# Trump's "Liberation Day" Message

## Rebirth of American Industry

Trump declared April 2 as "Liberation Day" and said it is the day of rebirth for American industry.

## End of Economic Exploitation

"We will no longer tolerate economic exploitation" – Trump's message emphasizes American economic freedom.

## Expected Benefits

The Trump administration claims this will rebuild American manufacturing, strengthen national security, create millions of jobs, and reduce the trade deficit.

Trump has named his tariff plan announcement as "Liberation Day." He believes this is the day of rebirth for American industry and that America will no longer tolerate economic exploitation. His administration claims this policy will rebuild American manufacturing, strengthen national security, create millions of jobs, and reduce the trade deficit.



# Reactions of World Countries



## European Union

The European Union has said that it will take retaliatory action and impose similar tariffs. They believe that this move by Trump is against the rules of the WTO.



## United Kingdom

The UK has warned that this will have long-term economic impact.



## Australia

Australian Prime Minister Anthony Albanese has called it "illogical" and "unfriendly".



## India

India has not yet given any official reaction. India was already trying to reduce tariffs, but now there is a possibility that it may also increase tariffs on American goods.



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Q1. Consider the following statements regarding Strategic AI Diplomacy:

1. The Quad AI agreement focuses on ethical AI use between India, the US, Japan, and Australia.
2. India-US ICET promotes cooperation in AI, semiconductors, and critical technologies.
3. The India-France AI agreement is limited to trade and ignores ethical AI development.

Select the correct answer:

- 1) Option 1 and 2 only
- 2) Option 2 and 3 only
- 3) Option 1 and 3 only
- 4) Option 1, 2 and 3

Q1. सामरिक एआई कूटनीति के संबंध में निम्नलिखित कथनों पर विचार करें:

1. क्वाड एआई समझौता भारत, अमेरिका, जापान और ऑस्ट्रेलिया के बीच नैतिक एआई उपयोग पर केंद्रित है।
2. भारत-अमेरिका आईसीडीटी एआई, अर्धचालक और महत्वपूर्ण प्रौद्योगिकियों में सहयोग को बढ़ावा देता है।
3. भारत-फ्रांस एआई समझौता व्यापार तक सीमित है और नैतिक एआई विकास की उपेक्षा करता है।

उसही उत्तर का चयन करें:

- 1) Option केवल 1 और 2
- 2) Option केवल 2 और 3
- 3) Option केवल 1 और 3
- 4) Option 1, 2 और 3

Q2. Which of the following are the key features of the National Quantum Mission of India (2023)?

1. Public-private financing of over Rs 6,000 crore.
2. Development of quantum communication and AI integration.
3. Establishment of four Quantum Science Centres.
4. Quantum encryption will be made mandatory in Aadhaar by 2025.

Select the correct answer:

- 1) Option 1, 2 and 3
- 2) Only Option 2 and 4 only
- 3) Option 1 and 3 only
- 4) Option All four

Q2. निम्नलिखित में से कौन सी भारत के राष्ट्रीय क्वांटम मिशन (2023) की प्रमुख विशेषताएं हैं?

1. 6000 करोड़ रुपये से अधिक का सार्वजनिक-निजी वित्तपोषण।
2. क्वांटम संचार और एआई एकीकरण का विकास।
3. चार क्वांटम विज्ञान केन्द्रों की स्थापना।
4. 2025 तक आधार में क्वांटम एन्क्रिप्शन अनिवार्य किया जाएगा।

सही उत्तर का चयन करें:

- 1) Option केवल 1, 2 और 3
- 2) Option केवल 2 और 4
- 3) Option केवल 1 और 3
- 4) Option सभी चार

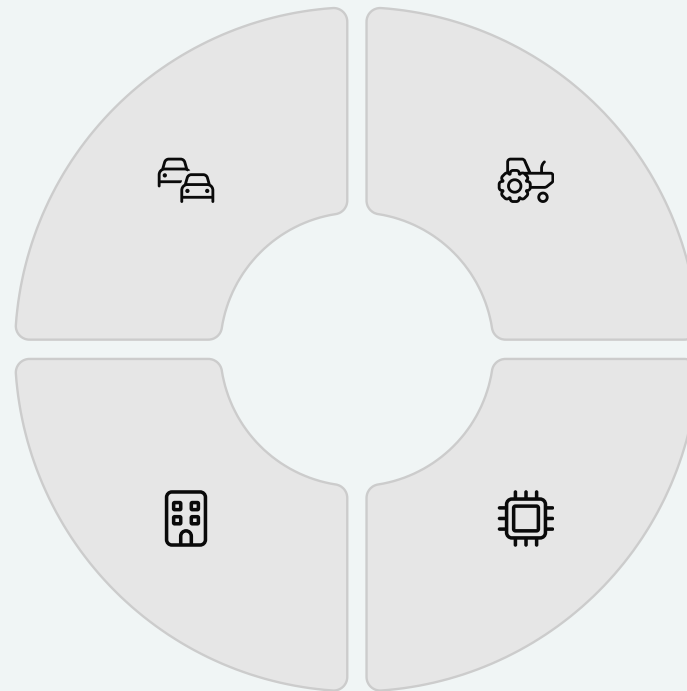
# Key Sectors Likely to be Impacted

## Automotive

Prices of cars and auto parts in the US could increase significantly, causing trouble for American consumers.

## Construction

The rising costs of steel and aluminum will increase the cost of infrastructure and housing in the US.



## Agriculture

India, the European Union, and China may also impose tariffs on US agricultural products.

## Technology

American citizens will have to pay more to purchase electronic goods.

# Views of Supporters and Critics

## Arguments of Supporters

- **This is a bold and necessary step**
- **It is essential for economic sovereignty**
- **Other countries will be ready for better trade agreements**
- **American industry and jobs will be protected**

## Arguments of Critics

- **Prices will increase**
- **There will be problems in the supply chain**
- **Inflation will increase**
- **The likelihood of a recession will increase**
- **According to Goldman Sachs, the likelihood of a recession in the US has increased from 20% to 35%**

**There is a division of opinions on Trump's tariff plan. Supporters believe it is necessary to protect American industry and jobs, while critics say it will lead to higher prices, problems in the supply chain, and increased inflation. According to Goldman Sachs, the likelihood of a recession in the US has increased from 20% to 35%.**

# Global Economic Impact



## North America

The greatest impact will be on the United States, Mexico, and Canada



## European Union

The European Union will be the second most affected region



## Global Scale

The impact will gradually spread throughout the world

**According to economists at Aston University, the tariffs will have the greatest impact on North America (the United States, Mexico, Canada), followed by the European Union, and then gradually spread throughout the world. Even if the United States imposes a 25% tariff and other countries do not retaliate, the US exports could still decline by 56% and imports by 38%.**

# The Threat of Inflation and Economic Damage

## 5%+

### Inflation in the US

Tariffs could lead to over 5% inflation in the US

## 15%

### Import Dependence

The US economy now relies on over 15% imports

## \$1.4T

### Global Losses

Global losses could reach \$1.4 trillion

The biggest threat of the tariffs is inflation. Experts estimate that it could lead to over 5% inflation in the US, which is very high for a developed country. The US economy now relies on over 15% imports, whereas 50–60 years ago it was only 4–5%. Overall, these tariffs could lead to \$1.4 trillion in losses globally. This new tariff will be effective from April 9th.



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