Why Trump's 100 per cent tariff strike on China could benefit India

Hours after he was denied the Nobel Peace prize, US President Donald Trump dropped a trade bomb on Beijing. For months, Trump had avoided "punishing" China with steep tariffs for buying Russian oil. China was slapped with 30 per cent tariffs, India with 50 per cent.

That changed on October 10. The 100 per cent tariff imposed on all Chinese exports to the US from November 1 comes on top of the 30 per cent tariff already in place. This, in effect, puts an embargo on Chinese exports to the world's largest economy. What triggered Trump's sudden action? The immediate provocation was a hardening of China's ban on the export of critical rare earth minerals to the US.

The festering wound is China's refusal to buy soyabeans from US farmers. This has driven American farmers, who depend on China buying over 50 per cent of their crop, to near bankruptcy. Along with 100 per cent tariffs on Chinese exports, an enraged Trump has banned the export of critical software to China. A meeting between President Trump and Chinese President Xi Jinping was expected on the sidelines of the ASEAN Summit on October 26 in Malaysia. That is unlikely to happen unless Trump backs off on his 100 per cent tariff threat. For its part, China has raised the ante in recent days. Apart from expanding the list of rare earth mineral exports that need elaborate end-use certification, Beijing says it will levy new port fees to all ships associated with the US. That, in economic terms, is a declaration of war.

What is worrying the powerful US defence establishment is that this is the first time China has targeted the US military. The new Chinese rules target US defence manufacturers, a red flag for Trump and the Pentagon. Since neither the new Chinese measures nor the retaliatory 100 per cent US tariffs go into effect till November, they could be part of hardball bargaining tactics between Washington and Beijing. Trump has said, notwithstanding the intensifying US-China trade war, he will attend the ASEAN summit in Kuala Lumpur on October 26. Xi has not yet decided his schedule and may not attend, ruling out a possible Trump-Xi meeting.

Indian Prime Minister Narendra Modi, however, is scheduled to attend. A Modi-Trump meeting on the sidelines of the summit is likely. Sergio Gor, the US ambassador-designate to India, called on Modi with a special message from Trump. Gor is on an extended six-day visit to India preparing himself for his critical role in rebuilding the India-US relationship.

The re-ignited US-China trade war has both positives and negatives for India. Unless negotiations between China and the US succeed before the November 1 deadline, China will have to find alternative markets for its exports of $525 billion (in calendar 2024) to the US. The 30 per cent tariff on Chinese exports that kicked in earlier this year has already led to a decline of 15 per cent in Chinese exports to the US.

The effective new embargo on US exports means China will be forced to sell large quantities of merchandise to alternative markets at heavily discounted rates. That will hit domestic manufacturers across the world, including in Asia. India too is vulnerable to Chinese dumping though it can control imports with special levies.

The upside for India is that oil prices have sunk after Trump's 100 per cent tariff announcement. India imports nearly 5 million barrels per day (mbd) of crude oil. A fall of $10 per barrel translates into a saving of $50 million (Rs. 440 crore) per day or $18 billion (Rs. 1.62 lakh crore) per year.

Equally important, with Chinese merchandise exports effectively banned from the US, the demand for alternative goods will rise. India, despite the 50 per cent tariff, could be one of the beneficiaries.

In a geopolitically fractured world, India must play its cards deftly. The Russia-Ukraine war remains Washington's main pain point with India. Trade negotiations between US and Indian officials have floundered on access to Indian agriculture but the real irritant is India's refusal to stop buying Russian crude. Having secured an Israel-Hamas ceasefire, Trump will now turn his attention to Russia-Ukraine. So far the US has not imposed direct sanctions on Russian oil. It has instead placed secondary sanctions on China and India for buying Russian oil. Ukraine's drone attacks on Russian oil refineries have, however, cut Russian refined exports by up to 20 per cent. Will that drive Russian President Vladimir Putin to the negotiating table?

The Russian army has made little headway on the ground over the past year. The frontline remains largely frozen. Russia is focusing its attacks on Ukraine's power grid as winter sets in. But new weapons from NATO have strengthened Ukraine's resolve and made the war increasingly damaging for Moscow. If it is looking for a face-saving exit ramp, Trump could provide Putin one. At their last meeting in Alaska, Putin told Trump as they completed their prepared statements from the podium — but declined to take questions from the assembled media — that their next meeting could be in Moscow.

Perhaps the time for that Moscow meeting has arrived. An end to the Russia-Ukraine conflict would remove the last irritant in the India-US relationship. With a new ambassador about to take charge at the US embassy in New Delhi, the Modi-Trump meeting in Malaysia on October 26, if it happens, could deliver critical forward momentum.

Why Great Nicobar project is crucial for India in Indo-Pacific Great Game

On the same day President Trump lamented on Truth Social that "we have lost India and Russia to deepest, darkest China", Singapore's Prime Minister Lawrence Wong, on an official visit to New Delhi, appreciated India's interest in joint naval patrols in the strategic Malacca Strait—highlighting the enduring nature of the China-India rivalry shaping Asia's future.

This came close on the heels of the announcement of India's multi-billion-dollar project to build a transshipment port, airport, power plant, and township on the Great Nicobar Island (GNI)—located astride the busy Malacca Strait—thereby underscoring intent to leverage geography for strategic advantage. The Strait provides the shortest sea route between the Middle East and East Asia. It gives New Delhi a strategic perch over the Six Degree Channel, the narrow passage through which up to 60 per cent of global trade and most of China's energy imports flow.

The Andaman and Nicobar chain of 572 islands (ANI), stretching from Myanmar to Sumatra, serves as India's natural maritime fortress, with Great Nicobar offering New Delhi a forward base between the South China Sea and the northern Indian Ocean. By developing the island chain, India aims both to counter China's naval expansion and to transform Great Nicobar into "India's Singapore", a growth hub for the Bay of Bengal and a pivot in its Indo-Pacific strategy.

Playing Politics with Geopolitics

However, as is often the case with most mega-projects in India, the $9.6 billion Great Nicobar project has also become embroiled in controversy. Congress leader Sonia Gandhi has denounced it as a "planned misadventure", citing the trampling of tribal rights, environmental destruction, and legal bypasses. Critics warn of damage to coral reefs, sea turtle nesting grounds, and the displacement of the Shompen tribe. Yet Congress's opposition takes on a deeper significance when viewed against the party's still-secret 2008 MoU with the Chinese Communist Party, signed in the presence of Xi Jinping.

Going by the CCP's MoUs elsewhere, that pact likely bound both parties to consult and avoid actions detrimental to the other's strategic interests—fuelling speculation that Congress's stance may align, intentionally or not, with China's strategic interests. At its core, the debate pits ecological survival against geopolitical goals. For its part, the ruling Bharatiya Janata Party frames the project as a strategic imperative: an unsinkable aircraft carrier at the mouth of the Malacca Strait, vital for India's naval reach, power projection, and Indo-Pacific posture, dismissing Congress's opposition as obstructionist at best, and at worst, inadvertently advancing Beijing's regional ambitions.

Ground Zero

The Bay of Bengal and the Malacca Strait are indeed the ground zero in India–China maritime rivalry. Encounters between their navies in the Indian Ocean are becoming more frequent. Beijing sees the Great Nicobar project as a threat—extending India's naval and economic reach in the eastern Indian Ocean and challenging Beijing's bid for regional dominance.

Chinese research and fishing vessels have been mapping the seabed for submarine deployments in the Indian Ocean. In 2019, the Indian Navy expelled a Chinese research ship operating near the Andaman Islands. In neighbouring Myanmar, India's development of Sittwe port and China's construction of Kyaukphyu port illustrate the intensifying contest for strategic footholds. The littoral states of the Bay of Bengal now find themselves increasingly entangled in the rivalry between Asia's rising powers.

This maritime rivalry must be seen against the backdrop of China's expanding naval ambitions. Chairman Xi Jinping envisions sea power as central to restoring China's "rightful place" in the world. With over 370 warships and submarines, China now possesses the world's largest navy, eroding US predominance at sea.

Having consolidated its hold over the South China Sea by militarising artificial islands, China's navy has now set its sights on the Indian Ocean. As China's economic interests have grown, so has its military presence in the Indian Ocean. Over the past decade, China has maintained a continuous presence of 10–12 warships, submarines, and research vessels on average.

Chinese Checkers in Indian Ocean

Chinese strategists wax lyrical about resurrecting Admiral Zheng He's 15th-century expeditions to the "Western Ocean" (the old name for the Indian Ocean). Beijing's cultivation of friendly, pliant regimes along the Indian Ocean littorals through economic inducements and strategic pressure mirrors the Ming dynasty's past attempts to control the trade routes by altering political regimes in Malacca, Sumatra, and Sri Lanka so as to facilitate commercial and political dominance.

Retired Rear Adm Yin Zhuo advocates building "at least five to six aircraft carriers" to maintain "two carrier strike groups in the West Pacific Ocean and two in the Indian Ocean". At the same time, American strategist Alfred Thayer Mahan's theories of sea power inform China's Belt and Road Initiative, aimed at securing overseas markets, resources, and bases. Beijing has poured investment into ports in Cambodia, Thailand, Myanmar, Bangladesh, and Sri Lanka, while projecting an even stronger naval presence across the western Indian Ocean—from the Maldives and Pakistan to Djibouti and Africa's east coast—positioning itself astride critical maritime chokepoints.

By securing port access, conducting anti-piracy patrols, and supplying military hardware to littoral states, China is steadily entrenching itself as a "resident power" in the Indian Ocean. The launch of the China–Indian Ocean Forum in 2022, notably excluding India, underscores Beijing's determination to shape regional dynamics without accommodating its southern rival.

Containment Begets Containment

Confronted with a heavily militarised land frontier that erupted into clashes in 2020, India's Great Nicobar project signals that Chinese pressure along the Himalayas could carry significant costs at sea—through the chokepoints that carry most of China's trade and energy—thereby strengthening New Delhi's overall deterrence vis-à-vis Beijing.

India has also unveiled plans to expand its naval fleet from 140 to over 200 by 2035—an ambitious buildup to secure its seas, including four nuclear submarines and three carrier battle groups—deployed in the Arabian Sea, Bay of Bengal, and northern Indian Ocean. The tri-service Andaman and Nicobar Command (ANC) at Port Blair and the Island Development Agency are transforming the archipelago into a forward military base and economic hub. The island already hosts the Indian Navy's INS Baaz airbase.

Since 2017, the Indian Navy has maintained round-the-year, mission-ready deployments near key maritime chokepoints and has conducted joint exercises with Japan, the US, Australia, and Southeast Asian partners, emphasising anti-submarine warfare to track Chinese submarines transiting from the Western Pacific into the Indian Ocean. India's participation in the Quad's Indo-Pacific Partnership for Maritime Domain Awareness, the US-led Combined Maritime Force in the Arabian Sea, and arms transfers to Vietnam and the Philippines further enhance its deterrence posture.

The Indian Navy's Maritime Infrastructure Perspective Plan aims to transform minor island detachments on ANI into fully developed maritime hubs. Upgrades to airfields, jetties, and military facilities will link the archipelago to major trade routes while enhancing surveillance and rapid-response capabilities across the Andaman Sea and Bay of Bengal. These measures reinforce India's Act East Policy and its commitment to a "free and open" Indo-Pacific, while turning a remote outpost into a linchpin of India's maritime power and strategic reach.

Despite tensions over trade and Russia, defence cooperation remains a cornerstone of India–US relations. India's planned $4 billion purchase of six additional P-8I aircraft, supplementing its existing fleet of 12, will enhance anti-submarine warfare and surveillance in the eastern Indian Ocean, especially when deployed from the Nicobar Islands. As part of this effort, plans are afoot to deploy an initial network of unmanned surface vessels patrolling key sea routes and chokepoints by March 2026, strengthening early warning and situational awareness.

By the end of 2027, Andaman Port will include liquefied natural gas storage facilities, providing additional energy security for military and civilian vessels. Complementing this, India has invited Japan to invest $30 million (4.02 billion yen) through an Official Development Assistance programme, reflecting deepening cooperation in maritime infrastructure and security. Tokyo is boosting cooperation with both India and Southeast Asia, with reported investments in the Andamans and Indonesia's Sabang port. The Andamans are poised to anchor a coordinated surveillance network across the Malacca, Sunda, Lombok, and Ombai-Wetar Straits, leveraging India's archipelago alongside Australia's Cocos (Keeling) Islands, cementing their role as a cornerstone of India's integrated deterrence strategy. Once fully implemented, the Great Nicobar project could prove to be a masterstroke.

Economically, it aims to position India as a major hub in global shipping and logistics on par with Colombo and Port Klang, reducing reliance on foreign ports that drive up costs and delays.

Ahead of PRS India 2025

Ahmedabad, Leading up to India's most anticipated recycling industry events, Bharat Recycling Show and Plastics Recycling Show India 2025, Media Fusion & Crain Communications hosted an exclusive high-level roundtable meet at The Fern Residency, Ahmedabad. The session brought together prominent stakeholders from across Gujarat's recycling, circular economy, and waste management sectors to discuss the evolving policy landscape, market potential, and pathways to sustainable industrial growth.

The meet featured a panel discussion on "Policy, Markets, and Circular Growth: Challenges and Opportunities Ahead for the Recycling Industry", which delved into strategies for enhancing material recovery, promoting innovation in waste management, and achieving India's circular economy goals. The discussion witnessed participation from key industry voices including Mr. Chetan Joshi, President - TRRAI (Global Affairs & Imports); Mr. Sandip Singh, CEO, Ishitva Robotic Systems; Mr. Amit Patel, Founder & CEO - CircleLife Environment; Mr. Prashant Trivedi, Immediate Past Chairman, Ahmedabad Chapter, Indian Plastic Institute (IPI); Mr. Punit Gopalka, MD & CEO - Packem Umasree Pvt. Ltd; Mr. Jitendra Chopra, President, Aluminium Extrusion Manufacturers of India. (1-7)