India

Money, Military and Markets-XI

Wither free trade, welcome to tariffs!

- Imposing tariffs based on trade surplus/deficit goes against common sense and belies all post-Second World War theories of economic efficiency.
- However, this seemingly irrational economic move and withdrawal of the US safety umbrella over Europe is leading to Germany's rise - a positive for India.
- The US has undermined the WTO by giving a free hand to all nations to serve their self-interest. India appears to be playing its cards well.

Wither free trade, welcome to the era of tariff-led trading blocs

The era of widespread globalization and open markets seems to be giving way to economic nationalism. US economic policies, which emerged post-World War-II to counter a rising Japan by diversifying supply chains and sourcing the cheapest possible input materials for US consumption, are now shifting toward an irrational emphasis on trade deficit and surplus. In effect, the US is punishing its erstwhile friendly countries—nations it once relied upon for essential materials to build its industrial might. It was the US and its companies that developed China's industrial strength, fully aware of the intellectual property or IP rights infringement and related issues. Now, the Chinese 'Frankenstein' has grown so massive that it threatens to dominate the global industrial landscape. The emerging world will likely welcome the US stepping away from free trade. India's swift imposition of anti-dumping duty (ADD) is particularly remarkable. Recall that China was dumping steel at US$250/t in 2015, yet it still took India 12 months to impose a minimum import price (MIP). Compare that with the speed at which ADD is being imposed today. Almost all countries are following a similar path, particularly against China. The post-WTO world increasingly resembles a fragmented set of trade blocs rather than a global free market.

US changing its NATO policy is awakening Germany, a +ve for India

The US changing its NATO policy is reawakening the sleeping giant—Germany. Under President Donald Trump, the US policy on defending Europe shifted (at least in rhetoric), forcing Europe to rearm and reindustrialize itself. Germany has taken a significant step in this direction by pledging an investment of €500bn. Among developed nations, Germany has one of the lowest debt-to-GDP ratios, at 60%, giving it ample fiscal room to spend. This €500bn investment may be just the first of many such efforts in the coming years. Reinvesting in Germany's industry, infrastructure, and defence could be a significant positive for India. However, Germany still faces energy challenges, which have led to a 20% reduction in its chemical production in 2024, compared to 2021, and other energy-intensive industries are also struggling. This presents an opportunity for Indian companies producing energy-intensive chemicals, as Germany could become a strong market for them. Notably, China-Germany relations soured when some German media entities demanded that China compensate for Covid-related damages to the world. To this day, Germany supports investigations into the origins of the virus.

US policies are leading to a multipolar world, something it resented

Instead of strengthening US dominance, Trump's tariffs accelerated the shift towards a multipolar world where China, Russia, India, and other BRICS nations challenge the US hegemony. Regional supply chains and local currency trade will grow. The global economy moves toward diversification rather than relying on the US trade policy.

India has little to lose in Trump's tit-for-tat tariff war

As of now, the World Trade Organization or WTO is effectively dead—ironically, brought down by its biggest champion, the US. This sets the stage for India to thrive. India currently runs a modest trade surplus of $28-30bn with the US. To strengthen economic ties, India is likely to lower its tariffs on luxury and high-end cars, among other items. Tesla may enter India with zero tariffs, but whether it can succeed without a strong distribution network or charging infrastructure remains a separate question. Meanwhile, after offering a few strategic concessions, India could go full throttle in imposing trade restrictions on China.

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Wither free trade, welcome to tariffs!

The era of widespread globalization and open markets seems to be giving way to economic nationalism. Prime examples are the US-China trade war, supply chain de-risking, and reshoring efforts. Besides these, there is the US Inflation Reduction Act, EU subsidies, and India's production-linked incentive or PLI schemes promoting domestic manufacturing. Also, the restrictions on semiconductors, export controls, and raw material access battles. Countries are imposing duties to counter unfair trade practices, especially against China. The post-WTO world is looking more like a fragmented set of trade blocs rather than a global free market.

Trump and the tariff world

Trump's election and his unpredictable policies have added significant uncertainty to global supply chains. The once-dispersed supply networks—optimized to source the cheapest goods from around the world—received a rude shock during the Covid-19 pandemic. However, the biggest economic disruption is now emerging in the form of Trump's tariffs. The entire notion of efficiency and the principle of 'do what you do best' is being upended. In this new landscape, countries are increasingly turning inward, and we can expect a heavy dose of protectionism worldwide.

Japan's rise after World War-II led to the production of low-cost, high-quality goods, revolutionizing global manufacturing ➤

Japan's post-World War-II economic rise was remarkable, transforming the country into a global manufacturing powerhouse. Several key factors contributed to this success:

1. **Government-Industry Collaboration** – The Japanese government, through institutions like MITI (Ministry of International Trade and Industry), played a crucial role in guiding industrial policy, providing incentives, and protecting key industries.
2. **Focus on Quality and Efficiency** – Japanese companies adopted the **Total Quality Management (TQM)** and **Kaizen (continuous improvement)** principles, pioneered by experts like W. Edwards Deming and Joseph Juran. This led to the production of high-quality, cost-effective goods.
3. **Lean Manufacturing and Just-in-Time Production** – Toyota revolutionized manufacturing with the **Toyota Production System (TPS)**, reducing waste and improving efficiency. This influenced global production methods, including in the US and Europe.
4. **Export-Led Growth** – Japan strategically focused on exports, producing high-quality automobiles, electronics, and consumer goods that gained a reputation for reliability and affordability.
5. **Investment in R&D and Technology** – Japan became a leader in innovation, particularly in robotics, electronics (Sony, Panasonic), and automotive (Toyota, Honda, Nissan), setting global standards.
6. **Strong Work Ethic and Corporate Culture** – Lifetime employment and a culture of dedication helped companies build a stable, highly skilled workforce.

To compete with Japan, the West did what was once unthinkable—dispersing supply chains globally to drive costs down ➤

Japan's rise as a manufacturing powerhouse in the 1970s and 1980s forced Western companies to rethink their strategies. In response, Western companies took several key steps to regain competitiveness, one of the most significant being the global dispersion of supply chains to reduce costs.

1. **Offshoring to Low-Cost Countries**

- Western companies, especially in the US and Europe, started shifting production to low-cost labour markets like China, Southeast Asia, and Mexico.
- This move was driven by the need to match Japan's cost efficiency while maintaining profitability.

2. **Rise of Just-in-Time (JIT) and Lean Manufacturing**
   - Western companies adopted Japanese efficiency techniques, including JIT inventory systems and lean manufacturing, pioneered by Toyota.
   - The goal was to eliminate waste, reduce overhead costs, and improve productivity.
3. **Globalization of Supply Chains**
   - Instead of manufacturing everything domestically, companies outsourced different parts of production to specialized suppliers worldwide.
   - For example, an American electronics company might design products in the US, source components from Taiwan, assemble in China, and distribute globally.
4. **The Role of China and the Asian Tigers**
   - With China's economic liberalization (post-1978) and the rise of South Korea, Taiwan, and Singapore, Western companies leveraged these regions for mass production.
   - By the 1990s and 2000s, China had become the factory of the world, producing goods at unbeatable costs.
5. **Financialization and Cost-Cutting Prioritization**
   - Western corporations, driven by shareholder returns, prioritized cost-cutting and efficiency over vertical integration.
   - Many companies outsourced manufacturing entirely (e.g., Apple relying on Foxconn).

China became a factory to the world

China became a **'factory to the world'** due to a combination of economic policies, abundant labour, and infrastructure development. This transformation started in the late 20th century and accelerated in the 21st century, making China the dominant force in global manufacturing.

1. Economic Reforms & Open-Door Policy (1978)

- Deng Xiaoping's economic liberalization shifted China from a closed, centrally planned economy to a market-driven system.
- Special Economic Zones (SEZs), such as Shenzhen, were created to attract foreign direct investment (FDI).
- Foreign companies were offered incentives to set up factories, benefiting from cheap labour, low taxes, and export-friendly policies.

2. Massive, Low-Cost Labour Force

- China had an abundant and inexpensive workforce, making it highly competitive in labour-intensive industries.
- Rural-to-urban migration fuelled the rapid expansion of industrial zones.

3. Superior Infrastructure & Supply Chains

- China invested heavily in roads, ports, railways, and power plants, enabling smooth logistics.
- The Pearl River Delta, Yangtze River Delta, and Bohai Economic Rim became global manufacturing hubs with integrated supply chains.

4. Foreign Investment & Technology Transfer

- Western and Japanese companies outsourced manufacturing to China, taking advantage of its cost efficiency.
- Joint ventures led to technology transfer, helping China move up the value chain in industries like electronics, machinery, and automobiles.

5. Export-Oriented Growth

- China joined the WTO in 2001, boosting its access to global markets.
- The country became the largest exporter, supplying everything from textiles to high-tech products.

6. The Rise of Chinese Mega Factories

- Companies like Foxconn, BYD, and CATL developed massive factories to produce goods at an unprecedented scale.
- Apple, Nike, and Tesla rely on China for cost-effective, high-quality production.

Technology transfers and IP infringement led China to develop its own products which were superior to that of its customers ➤

Technology transfers and intellectual property (IP) infringement played a crucial role in China's ability to **move up the value chain** and develop products that often surpassed those of its Western and Japanese customers.

1. Forced Joint Ventures & Tech Transfers

- Foreign companies entering China were often required to form joint ventures with local companies.
- These partnerships led to the transfer of advanced technology, especially in industries like automobiles, semiconductors, and telecom.
- Example: Volkswagen and GM had to share technology with Chinese automakers like SAIC and FAW, helping China build a strong domestic automobile industry.

2. Reverse Engineering & IP Infringement

- Chinese companies gained access to foreign technology through reverse engineering, corporate espionage, and partnerships.
- Many local companies copied Western designs and improved upon them.
- **Example: Huawei, once a telecom equipment reseller, developed its own superior networking products and now competes with Cisco and Ericsson**.

3. Government Support & Industrial Policy

- The Chinese government actively supported key industries through subsidies, tax breaks, and funding.
- 'Made in China 2025' aimed to make China self-sufficient in high-tech industries like artificial intelligence or AI, semiconductors, and electric vehicles.
- **Example: SMIC (Semiconductor Manufacturing International Corporation) benefited from state backing to compete with TSMC and Intel.**

4. The Rise of Superior Chinese Products

China no longer just assembles products—it **leads in several high-tech industries**:

- **Telecom**: Huawei overtook Western companies in 5G technology.
- **EVs & Batteries**: BYD and CATL dominate global battery markets, surpassing Tesla and Panasonic.
- **Drones**: DJI holds over **70% of the global drone market**, beating US competitors.
- **High-Speed Rail**: China has developed the **world's largest and most advanced** high-speed rail network.

As a result, China began generating massive trade surpluses with most countries worldwide—most notably, the US ➤

While Indian stock markets rallied with lots of hope of China+1 strategy but it is still not visible.

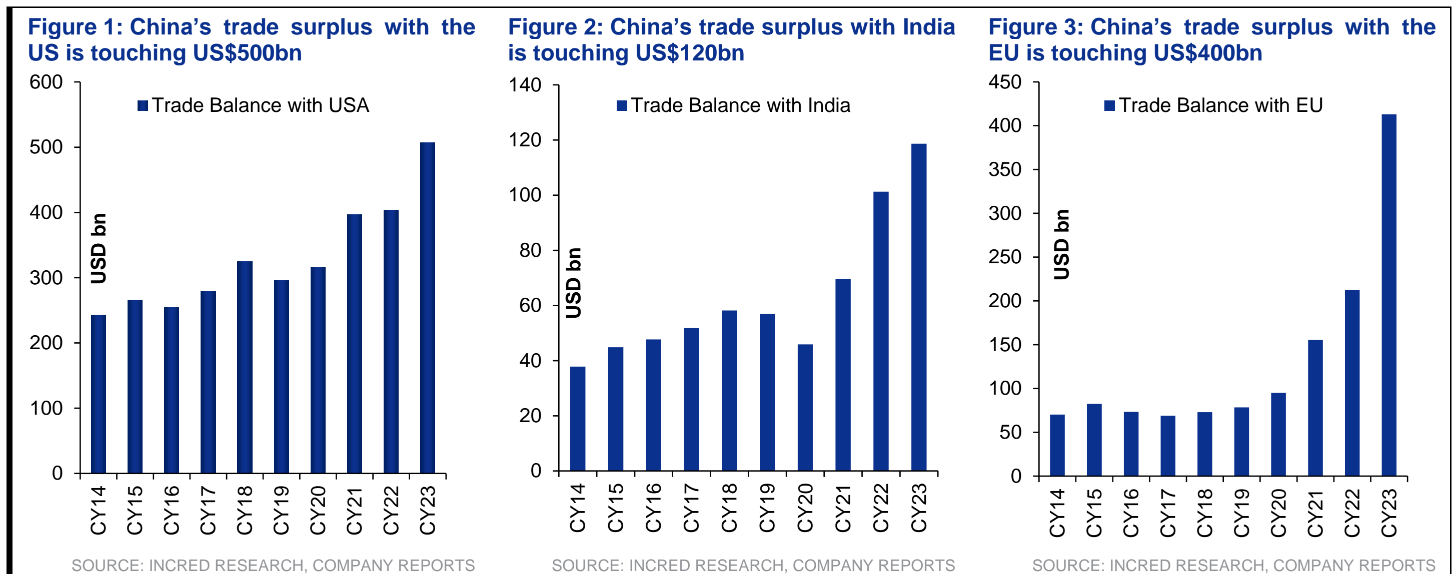


Figure 1: China's trade surplus with the US is touching US$500bn

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 2: China's trade surplus with India is touching US$120bn

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 3: China's trade surplus with the EU is touching US$400bn

SOURCE: INCRED RESEARCH, COMPANY REPORTS

China is running so much trade surplus that its yuan could have become an alternative to USD, but for Xi and the lack of trust of in China ›

China's massive trade surplus does position it as a dominant economic power, but it hasn't translated into making the yuan (CNY) a real alternative to the US dollar or USD. China cannot replace the USD yet because of capital controls, lack of trust, and limited financial market depth. The yuan may gain regional influence, especially in Asia and Africa, but the USD's dominance is far from over.

1. **China's Trade Surplus is Huge, But Not Enough for Reserve Currency Status**
   a. China has been running annual trade surpluses exceeding US$800 bn, mostly with the US and Europe.
   b. However, a trade surplus alone doesn't make a currency dominant. The USD remains the global standard because of trust, deep financial markets, and the US military's role in securing trade routes.
2. **Limited Convertibility of the Yuan**
   a. The Chinese government tightly controls capital flows, limiting the ability of foreign entities to freely trade, hold, and invest in yuan.
   b. The yuan is still not fully convertible, making it unattractive as a global reserve currency.
3. **Absence of a Deep and Open Financial Market**
   a. The USD dominates because of the deep, liquid US Treasury market, where global investors can park trillions in safe assets.
   b. China's bond market is still not trusted by global investors due to concerns about transparency and government intervention.
4. **Geopolitical and Trust Issues**
   a. Countries and companies fear that China could weaponize financial flows, just as the US has done with the dollar (e.g., sanctions on Russia).
   b. China's legal system is opaque, and foreign investors lack confidence in China's rule of law.
5. **Dollar is Embedded in Global Trade**
   a. Commodity markets (oil, metals, food) are priced in USD, forcing countries to hold dollars.
   b. The US dollar accounts for 58% of global forex reserves, while the yuan is only 2.5%.

6. **Belt and Road + Digital Yuan Efforts**
    a. China is pushing the yuan through the Belt and Road Initiative (BRI), forcing some trade partners to settle in CNY.
    b. The digital yuan (e-CNY) is an attempt to reduce reliance on the US-dominated SWIFT system.

Chinese manufacturing base is so huge and there are so much predatory policies that it can keep dumping its products to the world

China's massive manufacturing base gives it the ability to produce at a scale that often exceeds domestic demand, leading to surplus production that gets exported at highly competitive prices. This can result in dumping.

1. **Overcapacity** – Industries like steel, chemicals, solar panels, and EVs have far more capacity than needed, leading to aggressive exports.
2. **State Support –** Many Chinese industries receive subsidies, cheap financing, and favourable policies.
3. **Economies of Scale** – Massive production runs reduce per-unit costs, making it tough for global competitors to match prices.
4. **Controlled Currency** – A managed yuan (CNY) helps Chinese exports remain competitive.
5. **Integrated Supply Chains** – China has the most efficient and self-sufficient industrial supply chains in the world.

The Covid-19 pandemic and China's policies during the pandemic led to a complete breakdown of trust in Chinese supply chains among countries worldwide

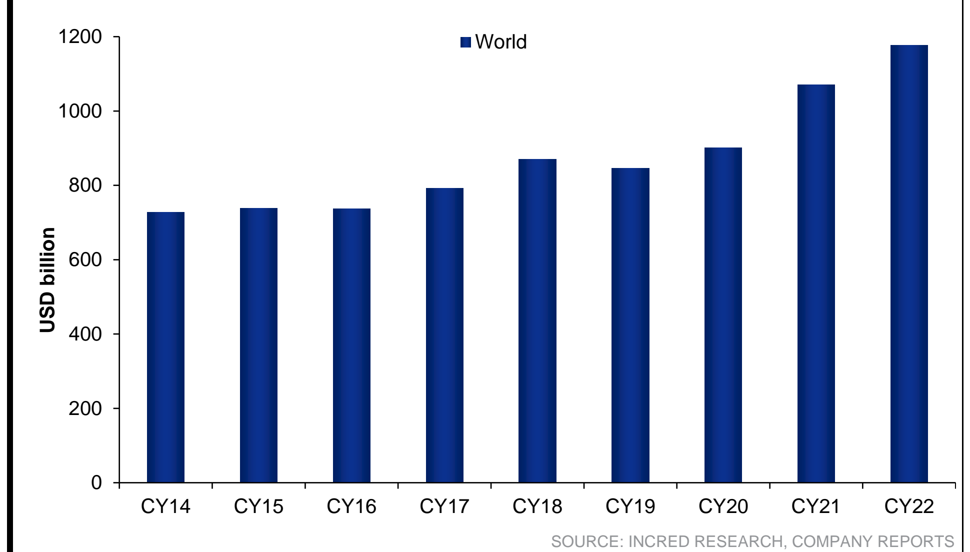
The Covid-19 pandemic and China's policies during that period severely damaged trust in Chinese supply chains globally. Several factors contributed to this breakdown:

1. **Severe Disruptions** – China's strict zero-Covid policy led to prolonged lockdowns, factory closures, and port congestion, creating supply chain bottlenecks. Many companies struggled to source essential components, causing production delays worldwide.
2. **Export Controls & Nationalist Policies** – China restricted the export of critical medical supplies like masks and ventilators in early 2020, raising concerns about supply chain reliability. Later, Beijing imposed export restrictions on semiconductor-related technologies, deepening global concerns.
3. **Geopolitical Tensions** – The pandemic accelerated tensions between China and the West, especially the US and Europe. The US-China trade war, sanctions, and rising nationalism further pushed companies to diversify supply chains away from China.
4. **Forced Decoupling & Reshoring** – Many countries and companies adopted 'China Plus One' strategies, reducing reliance on Chinese manufacturing by shifting operations to Vietnam, India, and Mexico. The US, the EU, and Japan also incentivized reshoring of critical industries like semiconductors, pharmaceuticals, and EV batteries.
5. **Western Perceptions of Political Risk** – The handling of the Covid-19 pandemic, coupled with China's growing authoritarianism (e.g., crackdowns in Hong Kong, Taiwan threats, tech sector crackdowns), made Western businesses wary of long-term exposure to Chinese risks

On the other hand, American policies post-Trump have become strange

Because of the unique status of the USD, the US is the global consumption centre and hence, runs big trade deficit with the entire world.

Figure 4: The US is running nearly $1.2tr trade deficit vis-à-vis world

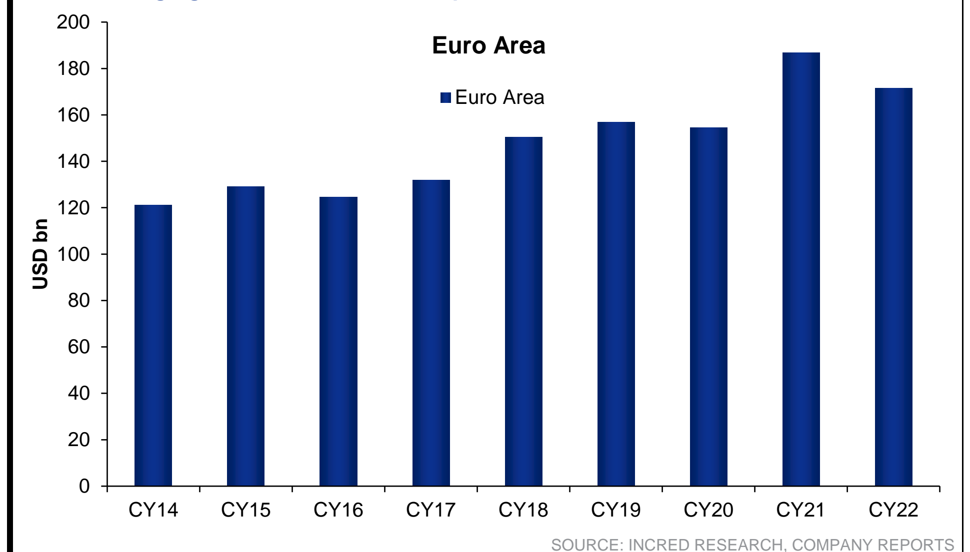


SOURCE: INCRED RESEARCH, COMPANY REPORTS

Please note that this trade deficit is not due to tariff barriers imposed by other countries. In fact, if the US were to become a surplus nation, the greenback's value would decline. We have no clear understanding of what's on Donald Trump's mind—or if he even has a coherent policy at all.

Trump is even imposing tariffs on the European Union

Figure 5: The US runs a trade deficit of approximately $200bn with the Euro area; however, this is not due to tariffs—it's simply a result of how the USD has evolved and the US emerging as the world's consumption hub



SOURCE: INCRED RESEARCH, COMPANY REPORTS

The US withdrawing its NATO umbrella over Europe is a blessing in disguise for total Euro area

Withdrawing its NATO umbrella over Europe could be a **blessing in disguise** for the Euro area, despite short-term risks. While it would initially create uncertainty and require Europe to increase defence spending, it could ultimately lead to **greater European strategic autonomy and economic benefits**.

1. **Europe Becomes More Self-Reliant** – For decades, European countries have relied on US military protection under the North Atlantic Treaty Organization or NATO, often underinvesting in defence. A US withdrawal would **force Europe to develop its own robust military capabilities**, leading to a stronger, more united European defence framework.
2. **Stronger European Defence Industry** – Without US dominance in NATO, European nations would be **compelled to invest more in their own defence industry**, benefiting companies like Airbus, Dassault, Rheinmetall, and

Thales. This could create a **stronger European military-industrial complex** independent of US influence.

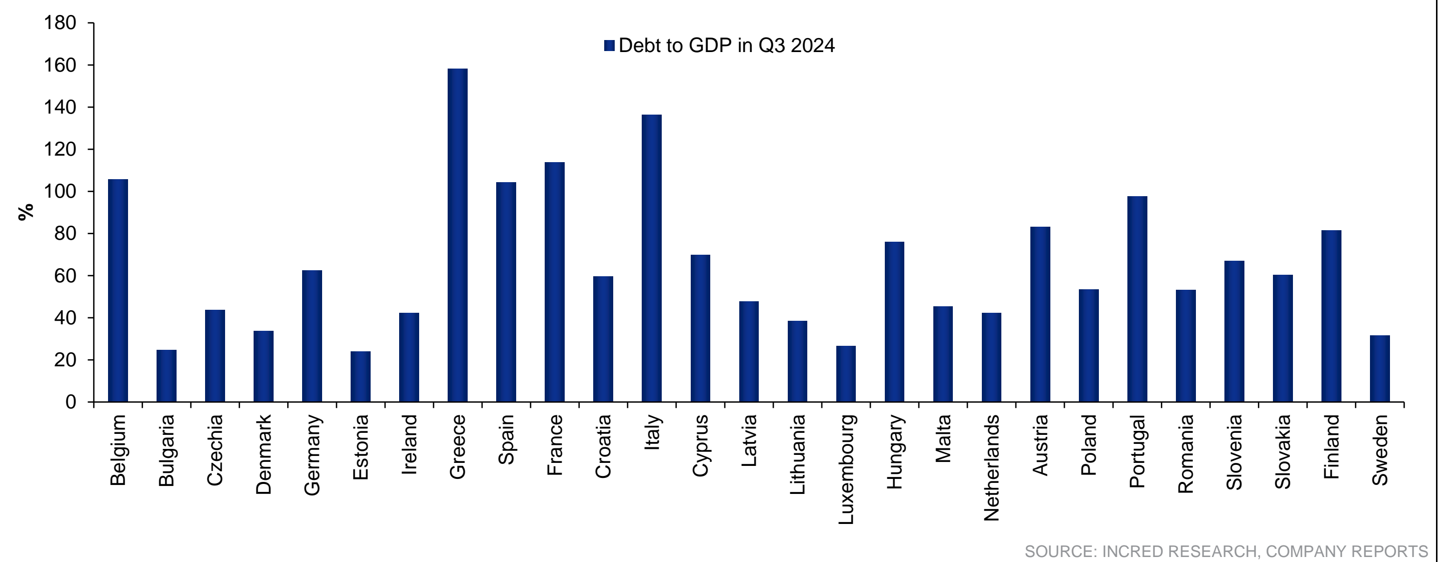
3. **Reduced US Influence Over European Policy** – The US often pressures Europe into foreign policy decisions (e.g., sanctions on Russia, engagement in Middle Eastern conflicts). A reduced NATO presence means **Europe can prioritize its own strategic interests** instead of aligning with Washington's geopolitical agenda.
4. **Potential Shift Away from Dollar Dependence** – A truly independent Europe might **de-dollarize portions of its economy**, reducing reliance on the US financial system. This aligns with ongoing discussions about **strengthening the euro's global role** and diversifying energy trade (e.g., buying more in euros instead of dollars).
5. **Stronger Political Integration in the EU** – A security vacuum could **push EU members toward greater military cooperation**, potentially leading to a **European army** or deeper political integration. This could help counterbalance fragmentation trends within the EU.

Short-Term Risks & Challenges

- **Higher Defence Costs** – Europe has enjoyed **low defence spending** under the US umbrella. Countries would have to **increase military budgets significantly**, which could strain economies in the short run.
- **Russian Threat & Energy Security** – Without the US backing, Europe would need **a clear strategy for dealing with Russia**, including stronger energy and military partnerships.
- **Divergences in European Interests** – Some countries (e.g., Poland, Baltic states) may still **prefer US security guarantees** over relying solely on EU defence mechanisms.

Most European nations have a huge capacity to spend

Figure 6: Most big economies like Germany, Poland, Romania etc. have huge capacity to spend as their debt-to-GDP ratio is like that of any developed nation



SOURCE: INCRED RESEARCH, COMPANY REPORTS

In fact, Trump's policies appear to awaken Germany, a sleeping giant

Few nations have as many demands placed upon them as Germany. Mostly they go unmet. With its massive spending splurge, Berlin has just wildly exceeded all expectations. It looks like a pivotal moment for Europe.

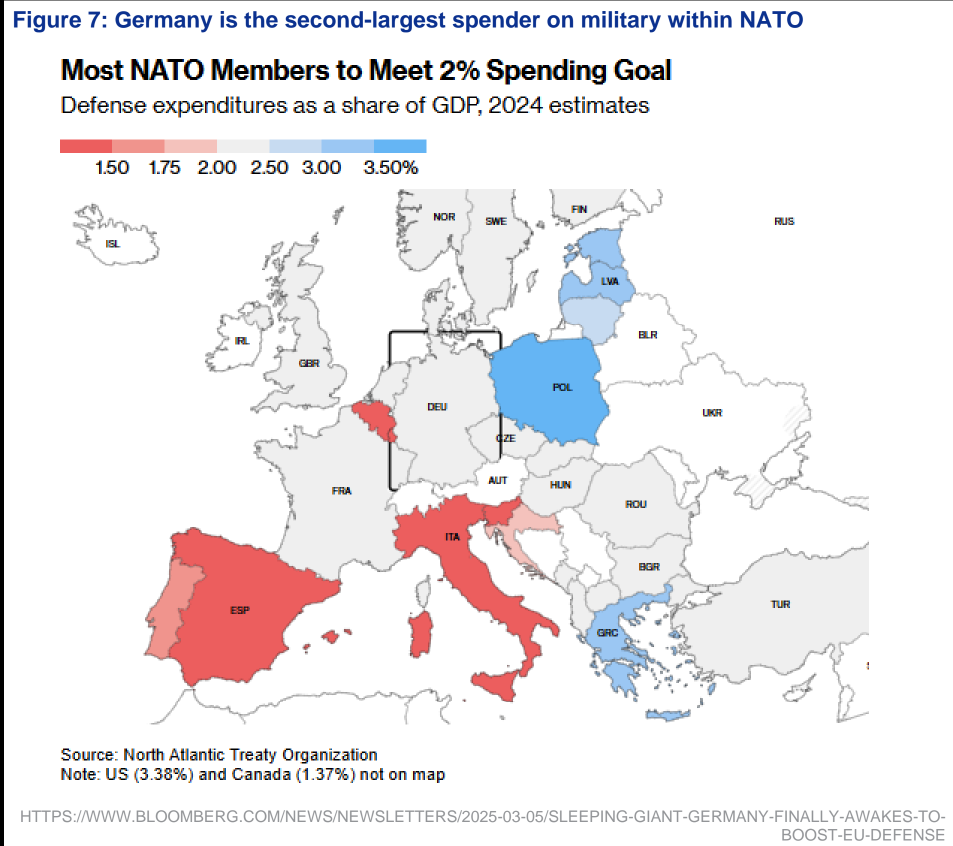
Trump's approach to Europe in general and Ukraine in particular appears to have been the tipping point. The US president's decision to withhold military aid from Kyiv showed how stark the transatlantic divide is, and demanded action, in Friedrich Merz's words.

Freed of self-imposed fiscal constraints, Germany has the financial firepower and some of Europe's most accomplished defence contractors that could make a difference, albeit not overnight.

Germany is launching a €500bn (US$536bn) infrastructure fund to invest in things like transportation and energy grids.

Polish Foreign Minister Radosław Sikorski once said that he feared German power less than German inaction. The sleeping giant is now awake. And all of Europe is watching what it chooses to do from here.

Figure 7: Germany is the second-largest spender on military within NATO



HTTPS://WWW.BLOOMBERG.COM/NEWS/NEWSLETTERS/2025-03-05/SLEEPING-GIANT-GERMANY-FINALLY-AWAKES-TO-BOOST-EU-DEFENSE

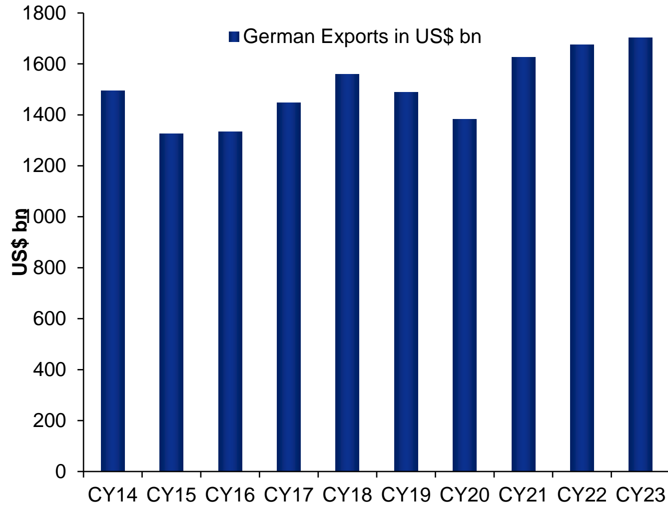
In this chaos, what is there for India? Act and reap all the benefits

As of now, the WTO is effectively dead—ironically, brought down by its biggest champion, the US. This sets the stage for India to thrive. India currently runs a modest trade surplus of $28-30bn with the US. To strengthen economic ties, India is likely to lower tariffs on luxury and high-end cars, among other items. Tesla may enter India with zero tariffs, but whether it can succeed without a strong distribution network or charging infrastructure remains a separate question. Meanwhile, after offering a few strategic concessions, India could go full throttle in imposing trade restrictions on China and other nations.

Germany is a big exporter to the global market ›

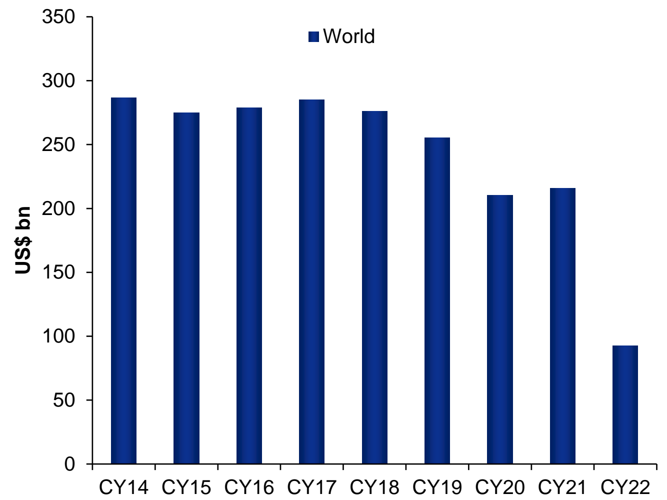
Awakening of the German nation by big investments is one the most seminal events in this decade. Remember, even now, Germany's growth is not purely fuelled by consumption-driven demand and it is still a big exporter of machinery. In fact, it still enjoys very good trade surplus with rest of the world.

Figure 8: Germany exports goods worth US$1.7tr to the world…



SOURCE: INCRED RESEARCH, COMPANY REPORTS

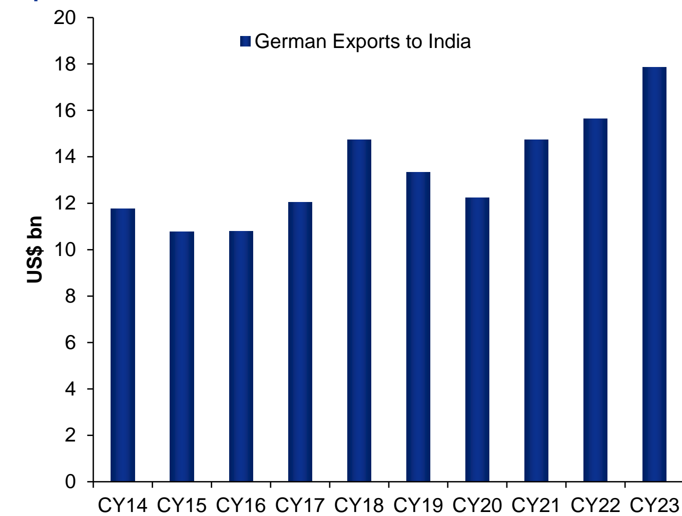
Figure 9: …and has a positive trade balance



SOURCE: INCRED RESEARCH, COMPANY REPORTS

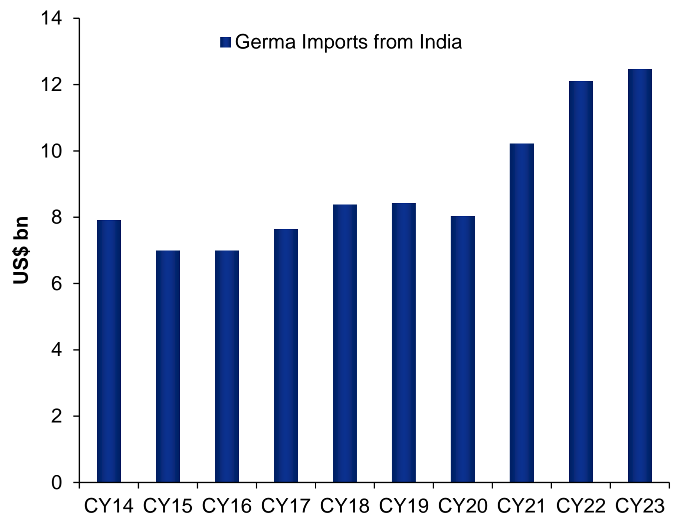
India has only a fraction of Germany's global trade ➤

Figure 10: Germany's exports to India are only 1% of its global exports…



SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 11: …and its imports are even less than 1%

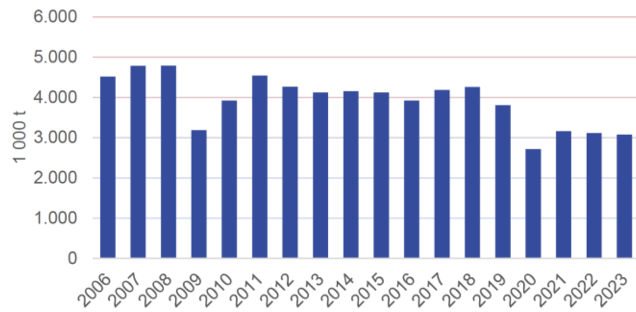


SOURCE: INCRED RESEARCH, COMPANY REPORTS

Remember, German energy issue is still not resolved and it is spending big on infrastructure and defence ➤

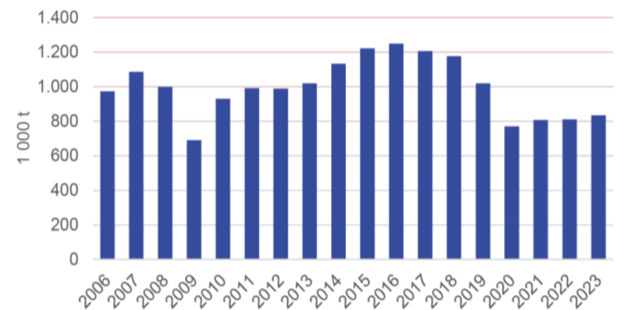
These spending plans require a robust supply chain for raw materials and energy-intensive intermediates. Given the tensions between Germany and China during the Covid-19 pandemic, it is highly unlikely that Germany will continue to trust China as a reliable supplier of energy-intensive chemicals and industrial intermediates. Indian companies, already integrated into these supply chains, must scale up their outreach and production efforts to meet rising German demand.

Figure 12: German ferrous casting industry's output has declined by 20% from 2019 and energy shortage means that it will have to scout for new sources



SOURCE: INCRED RESEARCH, HTTPS://WWW.CAEF.EU/DOWNLOADS-LINKS/

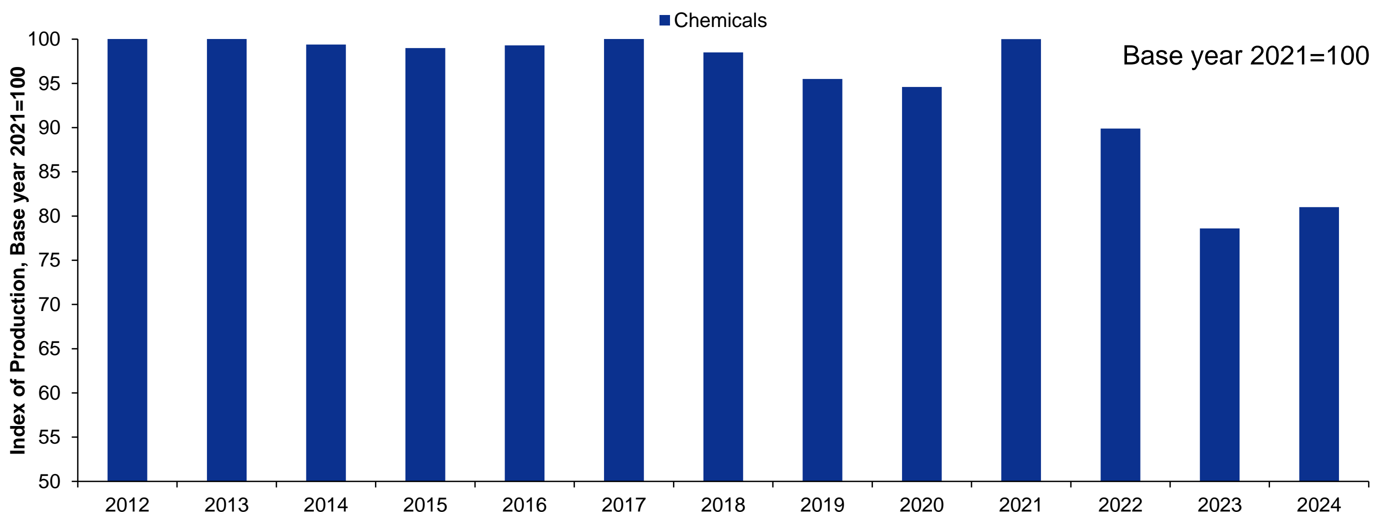
Figure 13: Like ferrous castings, non-ferrous castings are having a similar fate



SOURCE: INCRED RESEARCH, HTTPS://WWW.CAEF.EU/DOWNLOADS-LINKS/

The chemical industry of Germany has also been hit hard because of energy shortage

Figure 14: Chemical industry's production has declined by 20% compared to 2021; the decline is primarily concentrated in energy-intensive chemical sectors, where Indian companies have a competitive edge



SOURCE: INCRED RESEARCH, HTTPS://WWW.VCI.DE/VCI-ONLINE/DIE-BRANCHE/ZAHLEN-BERICHTE/CHEMICAL-INDUSTRY-IN-FIGURES-ONLINE.JSP

Germany provides a great opportunity for export of energy-intensive chemicals

Several energy-intensive chemicals are produced by Indian companies. These chemicals typically require substantial amounts of electricity, steam, or other energy sources in their production processes. Here are some key examples:

1. **Chlor-Alkali Chemicals**
   a. Caustic Soda (NaOH) – Produced by Grasim Industries, Gujarat Alkalies & Chemicals (GACL), Tata Chemicals, and DCM Shriram.
   b. Chlorine (Cl_2) – Byproduct of caustic soda production.
   c. Soda Ash (Na_2CO_3) – Produced by Tata Chemicals, and GHCL
2. **Fertilizers & Ammonia-Based Chemicals**
   a. Ammonia (NH_3) – Produced by Rastriya Chemicals & Fertilizers (RCF), Chambal Fertilizers, IFFCO, and GNFC
   b. Urea – Produced by NFL, IFFCO, RCF, and CFCL
   c. Ammonium Nitrate (TAN) – Produced by Deepak Fertilisers and Petrochemicals Corporation.
3. **Petrochemicals & Polymers**

a. Ethylene, Propylene, Benzene (Steam Cracking) – Produced by Reliance Industries, IOCL, and GAIL.
b. Polyethylene, Polypropylene (PP, PE) – Produced by Reliance, Industries, HPCL-Mittal, IOCL, and GAIL
c. PTA (Purified Terephthalic Acid) – Produced by Reliance Industries, and IOCL.
d. PVC (Polyvinyl Chloride) – Produced by Chemplast Sanmar, and Finolex Industries.

4. **Fluorochemicals**
   a. Hydrofluoric Acid (HF) – Produced by Gujarat Fluorochemicals (GFL), and Navin Fluorine.
   b. Refrigerant Gases (HFCs, HCFCs) – Produced by SRF, GFL, and Navin Fluorine.
5. **Epoxy & Resins**
   a. Epoxy Resins – Produced by Atul, and Aditya Birla Chemicals.
   b. Phenol & Acetone – Produced by Deepak Phenolics (Deepak Nitrite).
6. **Specialty & Performance Chemicals**
   a. Methanol (CH_3OH) – Produced by GNFC.
   b. Hydrogen Peroxide (H_2O_2) – Produced by National Peroxide, and Gujarat Alkalies.
   c. Acetic Acid – Produced by GNFC.
   d. MEG (Mono Ethylene Glycol) – Produced by Reliance Industries.
7. **Carbon-Intensive Chemicals**
   a. Carbon Black – Produced by PCBL, and Birla Carbon.
   b. Graphite Electrodes – Produced by HEG, and Graphite India.
   c. Calcium Carbide (CaC_2) – Produced by SIA Industries.
8. **Aliphatic Amines -** Methylamine, Ethylamine, Isopropylamine, Butylamines
   a. Producers: Balaji Amines, and Alkyl Amines Chemicals.
   b. Energy-Intensive Process: These are produced via hydrogenation of alcohols or nitriles, requiring high temperatures and pressure.
9. **Ethanolamines -** Monoethanolamine (MEA), Diethanolamine (DEA), Triethanolamine (TEA)
   a. Producer: Balaji Amines.
   b. Energy-Intensive Process: Produced via ethylene oxide and ammonia reaction, requiring precise temperature control and distillation.
10. **Specialty & Performance Amines -** Morpholine, Piperazine
    a. Producers: Balaji Amines, and Alkyl Amines.
    b. Energy-Intensive Process: Produced through ammonia and diethylene glycol reaction with extensive distillation.
11. **Di-Methylformamide (DMF) & Di-Methylacetamide (DMAC)**
    a. Producer: Balaji Amines.
12. **Triethylamine, Tributylamine**
    a. Producers: Alkyl Amines, and Balaji Amines.

Unintended consequences of Trump’s tariffs - a multipolar world and advantage India

Instead of strengthening the US dominance, Trump’s tariffs accelerate the shift towards a multipolar world where China, Russia, India, and other BRICS nations challenge the US hegemony. Regional supply chains and local currency trade will grow. The global economy moves toward diversification rather than relying on the US trade policy.

Strengthening of alternative trade blocs ›

Trump's tariffs, especially on China, Europe, and North America, push affected nations to seek alternative trade partners. Regional Comprehensive Economic Partnership (RCEP) gained momentum, strengthening China’s trade ties with ASEAN, Japan, and South Korea. EU & China’s Comprehensive Agreement on Investment or CAI (though later stalled) reflected Europe’s intent to reduce reliance on the US.

Russia-China economic axis ›

The US tariffs and sanctions drove closer economic cooperation between China and Russia. Yuan-rouble trade volume surged, reducing reliance on the US dollar. China became the largest buyer of Russian energy, undermining US-led sanctions.

Acceleration of de-dollarization ›

Countries hit by US tariffs and sanctions increased trade in local currencies (yuan, rupee, rouble, dirham). India-Russia oil trade shifted to dirham/yuan, bypassing the US dollar.

Supply chain fragmentation & ‘friendshoring’- it can have a great positive impact on India ›

US & EU companies shift production to new hubs. Tariffs on China pushed companies to relocate supply chains to countries like Vietnam, India, Mexico. Apple, Samsung, and Intel diversified their production hubs. India gained new investments in smartphones, semiconductors, and EV components. Mexico benefited from nearshoring, replacing some of China’s lost exports to the US.

Strategic blowback to the US in emerging markets ›

The Global South viewed tariffs and sanctions as examples of US economic coercion. Countries like Indonesia, the UAE, and Brazil deepened ties with China and Russia. China used the tariff war to strengthen BRI projects, offering infrastructure investments in Africa, Latin America, and ASEAN.

India has great advantage because of seemingly irrational policies of the US ›

Its is a great time for India to impose traiffs on goods which are non-consumer in nature and can help Indian industry to grow. The alacrity with which Indian government is moving to impose duty on some of the chemicals and metals is amazing, to say the least.

- Acetonitrile ADD was decided with 9-10 months, which is unprecedented by any Indian standards.
- India has imposed safeguard duty on steel – remember, to impose MIP (minimum import price), India took a good 12-18 months way back in 2015-16.
- ADD on aluminium foils was also imposed in a very quick manner.

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Add	The stock's total return is expected to exceed 10% over the next 12 months.
Hold	The stock's total return is expected to be between 0% and positive 10% over the next 12 months.
Reduce	The stock's total return is expected to fall below 0% or more over the next 12 months.

The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.

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Overweight	An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
Neutral	A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
Underweight	An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

Country Ratings	Definition:
Overweight	An Overweight rating means investors should be positioned with an above-market weight in this country relative to benchmark.
Neutral	A Neutral rating means investors should be positioned with a neutral weight in this country relative to benchmark.
Underweight	An Underweight rating means investors should be positioned with a below-market weight in this country relative to benchmark.