

# Trump trade war spurs India to import more oil, drones from US

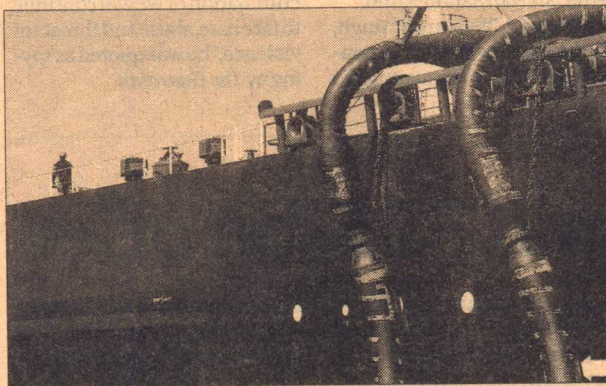
**BLOOMBERG**  
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**INDIA IS SEEKING** more oil, drones and aircraft from the US to help narrow its \$28 billion trade surplus amid rising concerns of possible collateral damage to its economy from President Donald Trump's trade spat with China.

Asia's third-largest economy could bridge the surplus by up to \$4 billion through oil imports alone, government officials said, asking not to be identified as they are not authorised to speak to the media.

India is among partner countries seeking to allay US trade deficit fears by raising imports as the Trump administration redraws bilateral trade plans and seeks to alter world trade norms. Earlier this month the US added India to a list of countries it's monitoring for possible currency manipulation aimed at boosting exports. India, which denied its central bank interventions help exports, fits one of the main criteria for countries making the list — a bilateral trade surplus of at least \$20 billion.

Along with South Korea, India was the only other country to cut its surplus — merchandise and services — with the US after Trump took



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charge. The surplus dropped to \$28 billion in 2017 from the \$30.8 billion in 2016, according to data from the Office of the US Trade Representative. Its merchandise trade surplus with the US in 2017 fell 6.1% to \$22.9 billion, mostly helped by more than doubling imports of aircraft and parts from the US in fiscal 2017 to \$4.24 billion, data from India's commerce ministry show.

The number may narrow further this year after the US lifted its four-decade-long curbs on crude oil exports, the officials said. India, which received its first US oil shipment in August 2017, could

import oil worth \$4 billion, according to one of the officials. On April 19, Trump cleared the 'US Policy on the Export of Unmanned Aerial Systems' that could allow India to buy drones.

India, which imports more than 80% of its crude oil requirement, sourced nearly 12 million barrels of crude oil from the US in the last six months. Its 37 billion cubic feet of natural gas purchases over the past couple of years will help correct trade imbalances with India, US energy secretary Rick Perry said in New Delhi on April 17.

"India importing more from

the United States, if it is in its interest, is a good thing. But Trump's approach to trade has been fairly negative and counterproductive," said Joshua P Meltzer, Washington-based senior fellow at the Brookings Institution. "It forces countries to think about how do they narrow bilateral deficits."

It's too early to say how it will affect the World Trade Organisation, but there's a danger that a longer stint for Trump in the White House could mean countries will reposition themselves in a more permanent way, Meltzer said.

In the meantime, conflicts over trade tariffs remain. India is seeking an exemption to steel and aluminum tariffs imposed by the U.S. even as it last week asked to join the WTO's dispute consultations between China and US. It alleged the Trump administration's measures violated WTO's most-favored nation principle, officials said.

The south Asian nation plans to discuss its market access demands, concerns over H1B visas and changing rules to allow its information technology workers US social security benefits at the trade policy forum scheduled to be held in New Delhi in October or November.