

## Tree Fruit Extension Economics Research Highlight

### India Tariff Retaliation Impacts on the Indian Apple Market

By Kwanyoung Lee, R. Karina Gallardo, and Miguel Giacinti<sup>1</sup>

Despite the 50% tariff imposed by India to United States fresh apple imports, in 2018, such imports reached 164,000 tons and a value of \$164.5 million. Effective June 2019, India imposed an additional 20% tariff, resulting in a 70% tariff on apples imported from the United States. This article measures the impact of the 50% tariff imposed by India on the quantities demanded of imported fresh apples and the consequences to the Indian consumers. Our study suggests that a 1% decrease in the price of U.S. apples would increase quantities demanded by India, by 3.83%. The United States competes with China in the Indian apple market. A 1% increase in U.S. apple prices would lead to a 1.66% increase in quantities imported from China; whereas a 1% increase in Chinese apple prices would lead to a 2.36% increase in quantities imported from the United States. If India eliminates the 50% tariff on imported fresh apples from the United States, Indian apple imports would increase in a value of \$84 million/year. If tariffs on all Indian fresh apple imports regardless from which country, were eliminated, Indian apple imports would increase in a value of \$120 million/year. This study does not measure the impacts of tariff elimination on producers both in India and the United States. Overall our finding underscores the negative impacts to consumers in the country imposing the tariff.

**Table 1.** Effects of Tariff Reduction/Elimination on Indian Demand for All Imported Fresh Apples, Imported U.S. Fresh Apples, and Imported Chinese Fresh Apples.

Tariff reduction	Apple Demand (%)	U.S. Apple Demand (%)	China Apple Demand (%)
-10%	4.9	6.7	-3.2
-20%	9.8	13.4	-6.5
-30%	14.6	20.1	-9.7
-40%	19.5	26.7	-13.0
-50%	24.4	33.4	-16.2

<sup>1</sup> Kwanyoung Lee is Research Associate, Korea Culture and Tourism Institute, Cultural Industry Research Center. R. Karina Gallardo is Associate professor, Extension Specialist, School of Economic Sciences, Washington State University. Miguel Giacinti is CEO of Fruit and Vegetable Information Center, CIF Business, Centenario, Neuquen, Argentina.