



 Global Connectivity:
Powering the Future

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Tariff on Service Import – An Analysis

A comprehensive examination of U.S. trade dynamics, service imports, and potential tariff implications in the global economy.

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U.S. Trade & Tech Outlook 2024

\$1.2T

Goods Trade Deficit

Record deficit driven
by \$3.3T imports vs
\$2.1T exports

\$294B

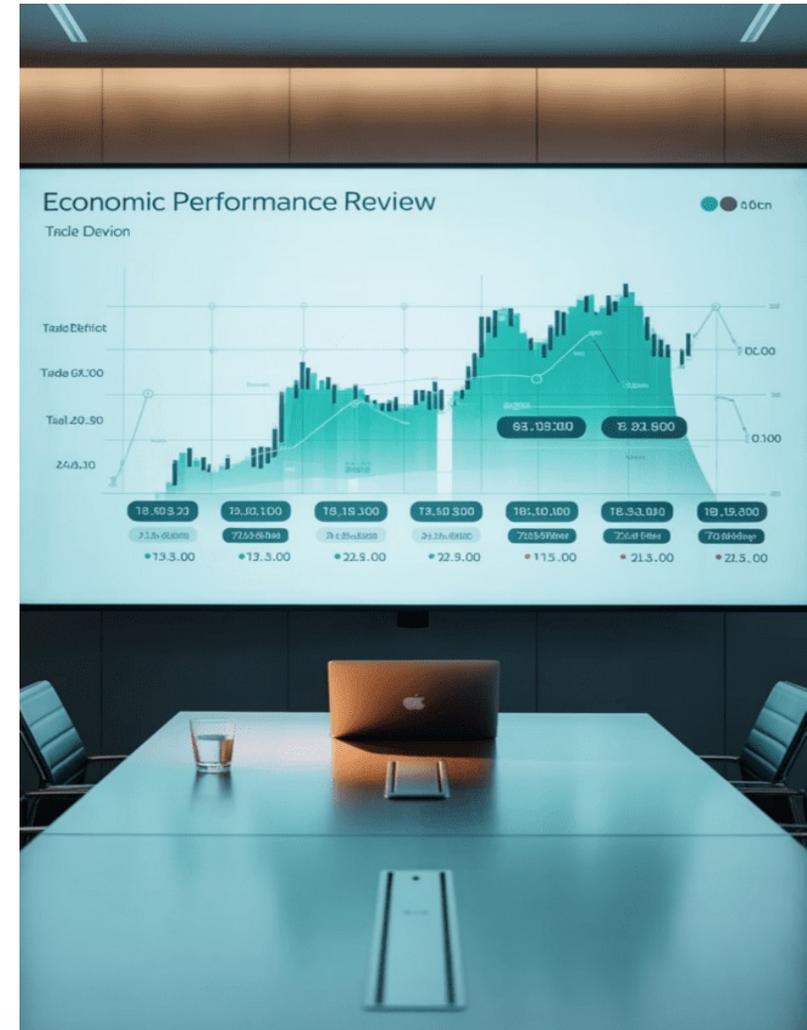
Services Trade Surplus

Strength in finance, IT,
and intellectual
property

\$918B

Total Trade Deficit

17% increase from
2023 (goods +
services)



Key Trade Partners and Trends

Major Goods Trade Deficits

- China: ~\$279 billion (2023)
- Mexico: ~\$152 billion
- Vietnam: ~\$104 billion

U.S. trade-to-GDP ratio: 27% (2022), below global average of 63%



The U.S. maintains robust surplus in services while experiencing significant goods deficits with major trading partners.



U.S.-India Trade Relations

Goods Exports Growth

India to U.S. increased 54.4%: \$54.3B (2018) to \$83.8B (2023)

Services Exports Rise

25.6% increase: \$28.9B to \$36.3B in the same period

Growing Surplus

India's trade surplus with U.S. is at \$41.18B in FY 2024-25

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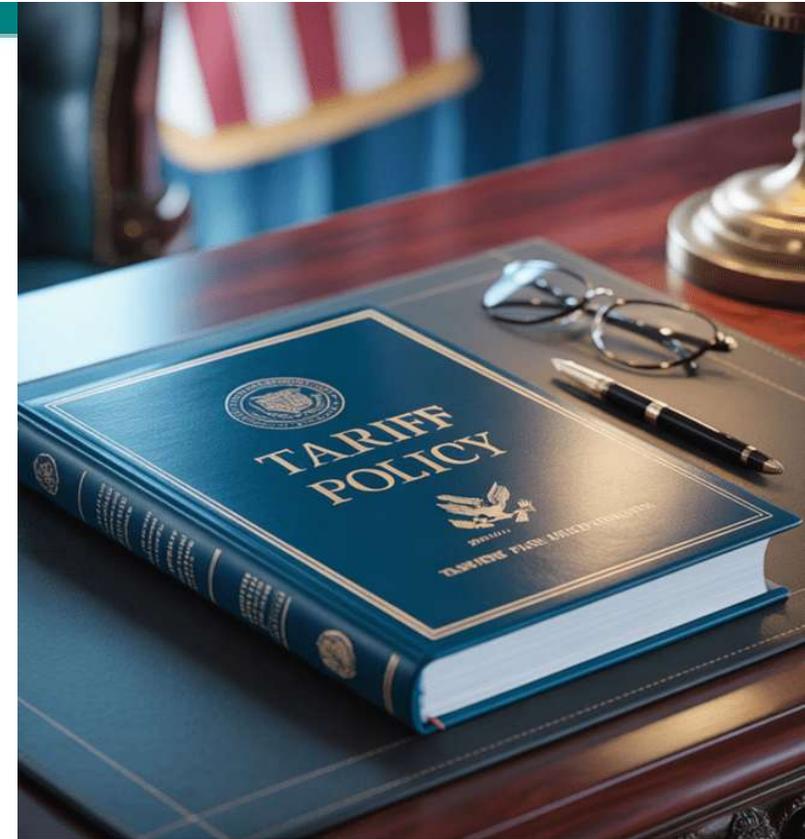
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U.S. Tariff Policy Outlook

Tariff Formula: $(\text{Trade Deficit} / \text{Total Imports}) \div 2$

This formula is strategically applied to countries with significant trade imbalances with the United States, particularly China.

The approach was part of broader efforts to address perceived unfair trade practices and reduce the U.S. trade deficit.



**“Ensuring Fair Trade:
A policy for sustainable growth”**

Shifting Dynamics in U.S. Government Procurement

Department of Defense Actions

Recently cancelled \$5.1 billion in consulting contracts, citing need to cut "non-essential spending"

- Major impact on firms like Accenture and Deloitte
- Indian IT firms (Infosys, TCS) not affected



This move signals a broader shift in government engagement with the consulting and IT services sector amid increased fiscal oversight.

Walmart's Expansion in India



Bengaluru Hub

1 million sq ft office space leased for Global Capability Centre focusing on AI, machine learning, and data analytics



Chennai Expansion

New 465,000 sq ft office space, commencing November 2025



Academic Partnerships

Walmart has partnered with IISc and IIT Madras to launch the Walmart Centre for Tech Excellence, for AI research



The United States: Driving Global AI Growth

\$250.1B **\$3,527.8B** **\$97.25B**

2023 Global AI Market

2033 Projection

30.3% CAGR

U.S. Contribution (2023)

Leading global share

35%

Global AI Revenue – 2024

Healthcare, Finance,
Retail & Manufacturing

21%

Projected GDP Boost

By 2030 (Forbes Advisor)

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Why Tariffs on Service Imports Remain Unlikely

1 Intangibility Challenge

Services are often delivered digitally and difficult to tax effectively

2 U.S. Competitive Advantage

The U.S. maintains a strong position in global services markets

3 Innovation Concerns

Tariffs could slow AI development and technological advancement

4 Existing Surplus

The U.S. already enjoys a services trade surplus, reducing incentives for tariffs

5 Legal Complexity

Services often fall under state-level regulation, creating jurisdictional challenges



Conclusion

While the U.S. faces persistent goods trade deficits, its strong performance in services continues to be a stabilizing force.

With services exports thriving and tariffs on service imports unlikely, the U.S. remains globally competitive in high-value sectors such as finance, technology, and IP.

India's growing role in U.S. trade and its integration into the global innovation ecosystem through initiatives like Walmart's new GCC highlight its increasing strategic importance.



Let's Connect the Dots

What do you think about the growing U.S.-India tech corridor and the possibility of imposition of Tariff on Service import in USA?



CONNECTING THE FUTURE

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Strategic Support for Global Success



NRI Support

We support NRIs in navigating property sales, managing capital gains tax, and ensuring smooth fund remittance.



Corporate Assistance

We assist Corporates in aligning intercompany pricing, maintaining arm's length compliance, and managing transfer pricing documentation and audits.

From real estate transactions to intricate global supply chains — Transfer Pricing applies in more places than you might think.

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