

India Faces Steel Dumping Risk as Trump Imposes 25% Tariff on Imports

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What's in Today's Article?

- Steel tariff impact on India Latest News
- India's Concerns Amid Trump's Fresh Tariff Threat
- Canada & Brazil Face Direct Impact; India Less Affected
- Potential Global Retaliation
- Conclusion: Navigating Uncertainty
- Steel tariff impact on India FAQs

Steel tariff impact on India Latest News

- Trump announced a 25% tariff on all foreign steel and aluminium imports, including from allies like Canada and Mexico. He also plans to introduce reciprocal tariffs later in the week.

- This move follows previous tariff hikes on Chinese goods and threats against Europe, Taiwan, and key industries.
- Indian metal stocks reacted sharply to this news, with the Nifty Metal index falling 3%, while Tata Steel and JSW Steel saw declines of 4%. Investors fear reduced export competitiveness and shrinking revenues for Indian metal producers.

India's Concerns Amid Trump's Fresh Tariff Threat

- US President Donald Trump's renewed threat of a 25% tariff on steel and aluminium has raised concerns among Indian companies about downward pressure on domestic steel prices due to reduced access to the US market.

Rising Steel Imports and Dumping Concerns

- There are concerns over dumping with steel imports already on the rise.
- Higher tariffs may divert Asian steel exports to India, intensifying competition and pushing domestic prices downward.
 - In 2018, when the U.S. last imposed such tariffs, countries exporting steel to the U.S. were forced to seek alternative markets, flooding India with excess supply.
 - This led to price drops and significant losses for domestic producers.
- Small Indian producers could suffer from low-cost Chinese dumping, requiring India to tread cautiously in its trade policies.

Indian Steel Producers to Face Export Challenges

- Moody's Ratings warned that Indian steelmakers will struggle to export following the US decision to impose an additional 25% tariff on steel and aluminium imports.
- The new US tariffs will intensify competition and worsen oversupply in global steel markets, further challenging Indian steel exports.

Global Overcapacity Threatens Indian Manufacturing

- Countries like China, Japan, and South Korea face significant overcapacity in steel production.
- China, in particular, has shifted from long to flat products, increasing exports worldwide, which poses a risk to India's domestic steel sector.

Ripple Effects on Indian Steel Exports

- Past US tariffs led to trade diversions, with Chinese steel exports shifting towards Europe, prompting the EU to impose import restrictions that negatively impacted Indian exports.
- Experts warn that the new tariffs could once again disrupt the global stainless steel market.

Rupee Under Pressure

- The Indian rupee is expected to weaken further due to market uncertainty and potential disruptions in trade.
- Analysts predict increased currency volatility in the coming weeks.

Canada & Brazil Face Direct Impact; India Less Affected

- The US imports most of its steel from Canada, Brazil, and Mexico, with South Korea and Vietnam also being significant suppliers.
- Canada alone accounted for 79% of US primary aluminum imports in the first 11 months of 2024.

India's Limited Exposure

- India's primary steel exports to the US in 2024 amounted to \$450 million, while aluminium exports reached \$820 million.
- Steel pipes, tubes, and related products had minimal exports, totalling just \$2.83 million, indicating limited direct impact from the new tariffs.

Potential Global Retaliation

- Experts warned that major exporters like China, South Korea, Japan, and the EU might introduce countermeasures if the tariffs take effect.
- The EU had previously retaliated against similar US tariffs in 2018 by imposing duties on American goods.

Conclusion: Navigating Uncertainty

- India's metal industry must prepare for market volatility. Strategies like supply chain diversification, domestic demand growth, and government intervention may help mitigate the impact.
- Indian steelmakers are advocating for higher import duties (from 7.5% to 15%) to curb excessive imports.
- The government is considering expanding production-linked incentive (PLI) schemes for domestic manufacturing.
- With steel imports already increasing, the Ministry of Commerce and Industry launched a safeguard duty investigation.
 - A safeguard duty is a type of customs duty imposed by emergency action under the WTO Agreement on Safeguards.
 - It is designed to prevent harm and injury to a domestic industry that would face intense competitive pressure from the continued importation of a particular good.

Steel tariff impact on India FAQs

Q1. What is a safeguard investigation?

Ans. A safeguard investigation assesses whether surging imports harm domestic industries and may recommend temporary duties to protect local producers.

Q2. What are safeguard duties?

Ans. Safeguard duties are emergency tariffs imposed to prevent serious injury to domestic industries from a sudden surge in imports.

Q3. What is steel made of?

Ans. Steel is primarily made of iron and carbon, with varying amounts of manganese, chromium, and nickel for strength and durability.

Q4. Is steel on the periodic table?

Ans. No, steel is an alloy, not a pure element, so it is not listed on the periodic table.

Q5. Is steel 100% iron?

Ans. No, steel contains iron and small amounts of carbon and other elements to enhance strength, corrosion resistance, and flexibility.

Source: [IE](#) | [TF](#) | [CNBC](#)

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