Steel safeguard duty imposed for 3 yrs

Move aimed at curbing cheap imports coming from China

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The Centre has imposed a safeguard duty of up to 12 per cent on import of some steel products for three years, aiming to shield domestic producers from low-priced steel products from China and some other countries.

The Central government had in April this year imposed a 12 per cent "provisional" safeguard duty on these steel imports, which expired on 7 November. According to experts, it pulled down monthly volumes by around 33 per cent year-on-year.

Safeguard duties are temporary trade remedies allowed under WTO norms to protect domestic industries from import surges.

The move comes after the Directorate General of Trade Remedies' (DGTR's) final findings in August, which concluded that imports of key steel flat products had risen in a "recent, sudden and significant manner, threatening serious injury to the domestic industry".

The Centre's "provisional" safeguard duty was based on DGTR's preliminary findings.

The Tuesday notification — issued by the Union finance ministry — says that the safeguard duty applies to a broad range of steel flat products including hot-rolled coils, sheets and plates, hot-rolled plate mill plates, cold-rolled coils and sheets, metallic coated steel and other colour-coated products classified under the Customs Tariff Act.

The duty will be levied at 12 per cent from April 21, 2025 to April 20, 2026. The rate will taper to 11.5 per cent in the second year and 11 per cent in the third year, with the safeguard protection ending on April 20, 2028.

Country-specific exemptions have also been provided for imports from certain developing nations, though China and, for some selected products, Vietnam and Nepal, have been excluded from these relaxations. Several specialised steel products including stainless steel, electrical steel, tinplate and aluminium-coated steel are excluded from the scope of the duty.

Imports priced above specified threshold levels on a Cost, Insurance and Freight (CIF) basis will be exempt from this recent levy.

These include hot-rolled coils, sheets and plates priced at or above $675 per tonne, cold-rolled coils and sheets priced at or above $824 per tonne, metallic coated steel priced at or above $861 per tonne, and colour-coated products priced at or above $964 per tonne. The extension comes at a time when domestic steelmakers are facing margin pressure despite steady domestic demand. However, muted global demand and threat of routing of surplus steel into the country continue to be a worry. Earnings are expected to remain subdued as margins have tightened due to softer prices, Sumit Jhunjhunwala, vice-president and sector head at Icra, said during the rating agency's recent webinar on steel industry trends and outlook.

Domestic steel prices have been trading at unusually steep discounts to import parity. Hot-rolled coil prices were around ₹46,000 per tonne in early December, compared with landed import costs of around ₹54,000 per tonne, implying a discount of nearly $93 per tonne.

Jhunjhunwala described the situation as "historically unusual", noting that domestic prices typically trade at parity or at a slight premium when demand is strong.

He said Ebitda per tonne is expected to be around $108 in FY26, at the lower end of Icra's $100-$150 per tonne range for a stable outlook, and cautioned that further cost, price or demand headwinds in FY27 could lead to a revision of the sector outlook to negative.

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CBAM may force steel, aluminium firms to cut prices by 22%: GTRI

Indian steel and aluminium exporters may be forced to cut prices by 15-22 per cent to retain access to the European Union (EU) market from January 1, 2026, when the EU's Carbon Border Adjustment Mechanism (CBAM) enters its payment phase, according to a report by the Global Trade Research Initiative (GTRI).

Under CBAM, every shipment of steel and aluminium entering the EU will carry a carbon cost linked to the emissions generated during production. While the tax will be formally paid by EU-based importers through the purchase of CBAM certificates, the financial burden is expected to be passed back to Indian exporters through lower prices and tighter contract terms, the report said.

GTRI warned that exporters using high emission production routes, particularly blast furnace-basic oxygen furnace (BF-BOF) steelmaking and coal based power for aluminium, will face the steepest loss of competitiveness. In contrast, producers using gas based direct reduced iron, scrap based electric arc furnaces or cleaner electricity could gain market share by becoming "cheaper after carbon".

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