

Steel tariffs: India seeks talks with UK at WTO

Britain has admitted that extending safeguard measures could be in violation of WTO regulations

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India has sought consultations with the UK at the WTO over the country's proposed extension of safeguard tariffs and quota restrictions on import of certain steel products for two more years, till 2024. New Delhi has said that has substantial interest in the matter.

On June 29, UK Trade Secretary Anne-Marie Trevelyan announced that the safeguard measures-tariff increases to check increased imports of particular products that have caused 'serious injury' to domestic producers—on the five steel categories, for which it was due to expire in June, would be extended for a further two years.

This takes up the total number of steel items on which safeguard import tariffs of 25 per cent (to be imposed on quantities outside quotas) would continue till June 2024 to 15 products.

Last year, the UK government's newly-established independent Trade Remedies Authority (TRA) had recommended that safeguard action on only 10 steel items should be extended till June 2024, while that on five products be temporarily extended till June 2022.

"Having a substantial interest, India requests consultations with the United Kingdom under Article 12.3 of the Agreement on Safeguards," India's representation to the WTO Committee on Safeguards on July 28 said. The UK is an important export destination for steel products from India with exports of iron and steel products in 2021-22 estimated at \$420.78 million.

Consultations sought at the WTO by a member to get more information on a particular measure imposed by another member that is adversely affecting it, at times, could lead to formal disputes if concerns are not resolved satisfactorily.

Impact on 5 items

Interestingly, the British government has itself admitted that further extension of safeguard measures on the five items—tin mill products, non-alloy and other alloy quarto plates, merchant bars and light sections, non-alloy and other alloy wire rod and angles, shapes, and sections of iron or non-alloy steel—may be in violation of WTO rules.

"The government wishes to make it clear to Parliament that the decision to extend the safeguard on the five product categories departs from our international legal obligations under the relevant WTO agreement, as relates to the five product categories. However, from time to time, issues may arise where

the national interest requires action to be taken which may be in tension with normal rules or procedures," UK International Trade Secretary Anne-Marie Trevelyan stated on June 29.

Significantly, last year India had proposed to impose additional import duties worth €292 million on select products from the European Union as a retaliation against similar safeguard measures put in place by the bloc on steel imports from the country.

Although the safeguard measures extended by the UK, which has now separated from the EU, are similar to the measures of the EU, at this point of time India is only looking at consultations with the UK on the matter.

"India is hopeful that it will be able to resolve the issue of safeguard measures with the UK satisfactorily through the consultations," an industry source said.

