

# 'Forced' to import certain steel grades: Automakers

Cite lack of viable alternatives meeting emission & safety norms, in letter to DGTR

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ILLUSTRATION: BINAY SINHA

Automobile manufacturers in India have opposed safeguard duty on imports of specific steel grades, stating that they are being "forced" to ship in these grades due to the absence of local production and lack of viable alternatives that meet stringent standards on emission and safety.

On December 19, 2024, the Directorate General of Trade Remedies (DGTR), under the Ministry of Commerce, launched an investigation based on an application filed by the Indian Steel Association (ISA) on behalf of its members to impose a safeguard duty on non-alloy and alloy steel flat products. This includes hot-rolled coils, sheets, plates, cold rolled coils and sheets, colour-coated coils and sheets.

About \$5 billion worth of these specific steel products were imported in 2023-24, according to auto-industry sources.

In a letter dated December 31, 2024, the Society of Indian Automobile Manufacturers (SIAM), which has all major passenger vehicle makers as its members, has strongly opposed any imposition of safeguard duty on these steel grades.

"The auto industry has already reviewed the possibility of using (alternative) materials, however considering the various regulatory norms on emissions and the quest for producing safer vehicles, the industry has been forced to import these materials considering the technological challenges," SIAM mentioned.

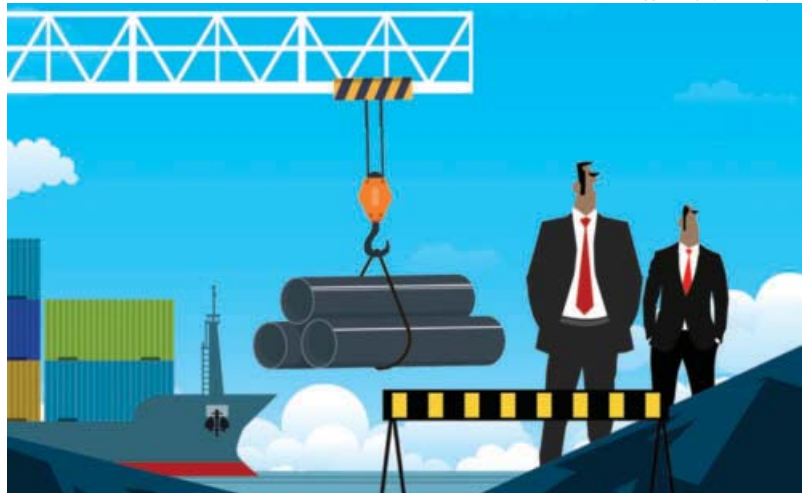
"Some of these grades are absolutely indispensable and the auto industry has no line of sight on when these grades could be potentially produced locally in the long term. SIAM's members are committed to working with domestic steel producers to address this challenge in the long run," it added.

SIAM did not respond to *Business Standard's* queries on this matter.

Indian Steel Association (ISA) Secretary-General Alok Sahay said: "Since the matter is with the DGTR, we would not like to comment."

Sources in the steel industry said most of the grades for auto were made in India.

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## STEELY RESOLVE

■ According to auto industry, about \$5 billion worth of steel grade products were imported in 2023-24

■ Steel industry experts said that most of the grades for cars are made in India

■ SIAM said more than 80% of the steel used in auto sector is sourced from domestic steel mills

■ Most of the auto steel demand is met by Tata Steel, JSW Steel, and AM/NS India

(AM/NS India) executive said about 15 per cent of auto steel requirements were imported.

"But there are capabilities within India to bring it down by 5-7 per cent. Also, highly value-added product lines will be coming up at AM/NS India at different time periods this year. The auto industry can fast track the approval process and then India will be almost 100 per cent Atmanirbhar in auto steel."

In India, most of the auto steel demand is met by Tata Steel, JSW Steel, and AM/NS India. Then there is Posco and some long-product producers.

All major automakers are collaborating with Indian steelmakers to locally produce these grades. "However, there are specific investments and timelines required to make this feasible locally. According to the auto industry, the primary reason why Indian steel mills have not been able to produce these grades is due to grade-specific technical specifications, manufacturing limitations in terms

of thickness, width (wider width), strength (higher tensile) combinations," SIAM stated. Although most of these steel grades are imported from countries like Japan and South Korea, with which India has free-trade agreements, the price is generally higher than if they were locally produced.

"Hence, in the auto industry's assessment, the impact is negligible to domestic steel mills. The auto industry is very eager that these grades are developed at the earliest by the Indian steel mills in India, as it will also help the OEMs (automakers) procure these grades at competitive prices from the Indian steel mills," SIAM noted.

Steel is one of the most critical raw materials for manufacturing vehicles. SIAM stated more than 80 per cent of the steel used for manufacturing vehicles in India was sourced from domestic steel mills. However, almost all the automakers have to rely on imports of some amount of steel because the specified grades are not produced by Indian steel mills.