

# Sentiment up, but steel & autos miss the cheer

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**THE INDIA-USTRADE** agreement has lifted broader market sentiment, but sectors such as steel, automobiles and auto components remain outside its direct benefits, with sector-specific US duties continuing to constrain market access.

The reason being that steel and most automobile and auto component exports continue to be governed by Section 232 of US trade law, under which elevated duties apply irrespective of broader trade arrangements. Industry executives said this limits the immediate economic impact of the agreement for these sectors, as tariffs in these cases were imposed on national security grounds.

For steelmakers, the continuation of Section 232 tariffs of up to 50% means that Indian mills remain at a cost disadvantage in the US market. Executives said the agreement has helped stabilise the trade environment after a period of uncertainty, but does not change export economics in the near term.

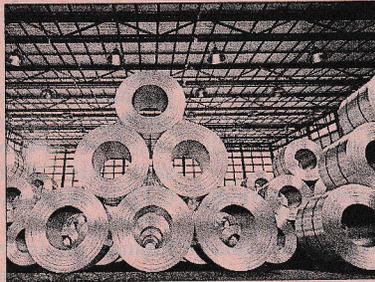
Naveen Jindal, President of the Indian Steel Association, said that while tariff barriers persist, deeper engagement with the US could still open selective opportunities for the sector, particularly on the input side. He pointed to collaboration on coking coal as a tangible area of benefit, noting that the US already supplies about 9.4 million tonnes, or nearly 15% of India's coking coal imports, helping improve input security and reduce supply concentration risks for steel and downstream engineering industries.

However, analysts said that such gains are indirect and do not offset the continued constraints on finished steel exports.

- A similar scenario is for automobiles and auto components. Although the agreement has been welcomed as a positive signal for long-term trade engagement, most auto parts exported to the US will continue to face sector-specific duties of around 25%.

Pankaj Chadha, chairman of EEPC India, said that although Section 232 duties on

## HEAVY DUTY



■ Steel exports face up to 50% duty in the US

■ Section 232 duties continue restricting key exports

■ Tariffs on steel, autos imposed for US security

■ Pact stabilises trade environment but limits near-term gains

■ US supplies nearly 15% of India's coking coal

■ Analysts call such gains indirect and limited

■ Pact may deepen industrial, technology-led collaboration

steel, aluminium, automobiles and auto components remain in place, there is growing hope within the exporting community that the new trade agreement could eventually pave the way for easing these levies through follow-on negotiations. For now, he said, exporters should view the deal as a platform for future engagement rather than a source of immediate relief.

Vikrampati Singhania, president, Acma and vice chairman & MD, JK Fenner (India), said: "The proposed reduction in reciprocal tariffs to 18%, is a positive step that will enhance the competitiveness of Indian automotive components in the US market."