

Steel industry braces for influx of cheap imports amid global trade shifts

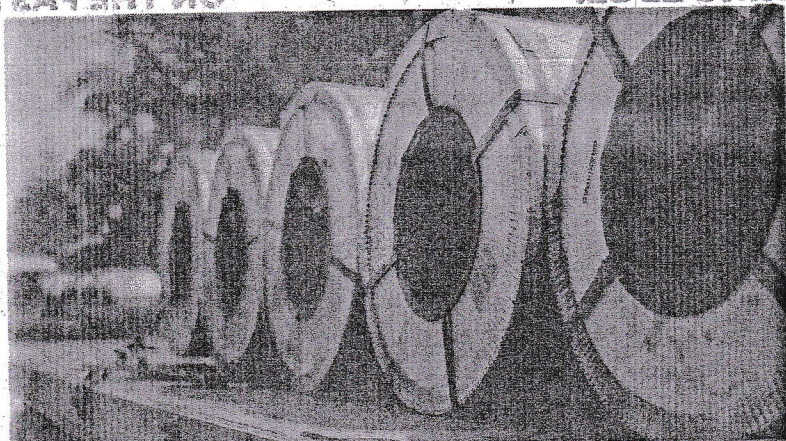
INCOMING Steel heavyweights to face competition from global producers like China and ASEAN nations

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India's steel heavyweights are facing a new threat as the US unleashed 27 per cent reciprocal tariffs on Indian imports. While steel dodged an additional hit beyond the existing 25 per cent duty introduced in March, this move could still disrupt the sector. It may trigger a surge of nearly 5 million tonnes (mt) of low-cost imports of the metal into the country from global competitors and limit export opportunities.

Trade sources note that Indian steel's exposure to the US is limited, with only about 95,000 tonnes exported annually, and hence the impact is moderate. The US, a \$2.2 billion steel market for India, represents a small slice of the country's 100 mt output, most of which caters to domestic demand. The additional 5 mt of steel imports will primarily be diverted into Indian markets from FTA-based countries such as Korea and Japan, and ASEAN nations like Vietnam, which will have reduced access to the EU.

The EU, hit with 25 per cent tariffs, too will face limited access to the US, where



WARRIOR China, now facing 34 per cent US tariffs, could redirect excess steel supply into India, driving down prices and pressuring domestic producers' margins BLOOMBERG

benchmark hot rolled coil prices are hovering in the \$800-\$1,000 per tonne range, compared to the less than \$600 per tonne being commanded in the EU.

The EU has already extended its safeguard duty and reduced tariff rate quotas, limiting its market access to global steel players.

"We're exposed, and this floating steel could hammer us," a market participant said.

Steel exporters noted that the US has imposed anti-dumping duty - countervailing duty (ADD-CVD) on se-

lect metal categories from India. "It has to be taken up at a G2G (government-to-government) level," an exporter said, adding that if the duties are removed, it would allow us better access to the market.

CHINA FACTOR

A greater threat emerges from China compared to other Asian steel producers. China, now grappling with a 34 per cent US tariff, along with its regional peers, could redirect excess supply to India. This could drive down prices and

strain the margins of domestic producers. The Asian major has exported over 110 mt of steel to global markets, including India, with this oversupply already disrupting international trade flows.

Steel imports into India stood at 8.9 mt, up 16 per cent year-on-year (y-o-y), led by supplies from Korea (2.65 mt), up 7 per cent; China (2.4 mt), down 5 per cent; Japan (2 mt), up 70 per cent; and Vietnam (0.7 mt), down 4 per cent. Finished steel exports from India have dipped nearly 40 per cent, y-o-y, to 4.4 mt

during April-February period (11M FY25).

PILING PRESSURES

Auto sector woes add fuel to the fire. With US tariffs hitting Indian car parts, steel demand from automakers could falter, piling pressure on producers who are already lean on exports.

India's 27 per cent tariff looks tame next to Vietnam's 46 per cent, but the edge is illusory with steel's pre-existing burden.

Domestic hunger for steel - fuelled by infrastructure and construction - offers a lifeline, and the anti-dumping rules might just blunt the import surge. The Directorate General of Trade Remedies has recommended a 12 per cent safeguard duty on imports, which is currently under consideration by the Finance Ministry. "The industry and line ministries are gunning for imposition of the duty," said an official aware of the developments.

Harsh Bansal, MD, BMW Industries, said, while the US tariffs may disrupt traditional trade flows, they also create space for Indian manufacturers to explore new markets. "An influx of cheaper steel imports into India could hurt domestic producers," he said.