

Auto parts makers hit hard; global ops may act as cushion

● Industry body acknowledges potential disruption in the short term

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THE US ADMINISTRATION'S move to impose a steep 50% tariff on Indian auto components is set to hit exports hard. However, major leading component manufacturers may be better positioned to weather the impact, thanks to their expansive overseas operations — particularly in North America.

In total, the new tariff threatens nearly half of the \$7 billion worth of annual auto component exports to the US, which remains India's largest export destination in the sector.

"The recent decision by the US to impose higher and additional tariffs on certain imports from India, including auto components, underscores the shifting landscape of global trade," said Shradha Suri Marwah, president of Automotive Component Manufacturers Association (Acma).

The industry body

SPEED BREAKER

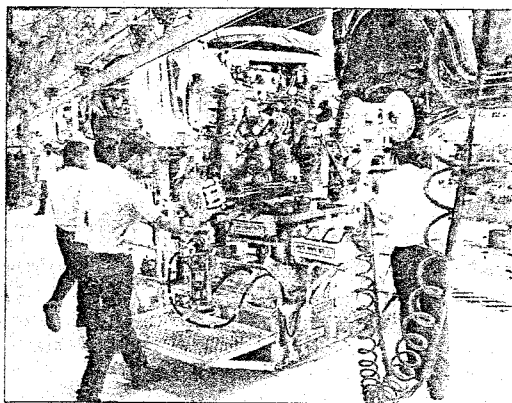
■ New tariff threatens nearly half of auto component exports

■ Annual component exports to the US stands at \$7 bn

■ US is the largest export destination in the sector

■ Many firms generate over a third of their global revenues from the US

■ They are more exposed to the tariff aftermath



■ Currently, the US accounts for 27% of India's total auto component exports

acknowledged the potential short-term disruption from the tariff regime while emphasising the need to boost domestic competitiveness and diversify export markets.

While passenger vehicle exports from India to the US are minimal — leaving car-makers like Maruti Suzuki, Tata Motors, and Mahindra & Mahindra largely unaffected — the story is different for component makers. Many of them generate over a third of their global revenues from the US and are far more exposed.

Sona BLW Precision Forgings and Bharat Forge,

for example, earn 43% and 38% of their revenues, respectively, from the US market.

The tariff creates a price disadvantage of up to 35% compared to suppliers from countries like Vietnam and Bangladesh. Currently, the US accounts for 27% of India's total auto component exports.

However, the impact may be uneven. Several Indian companies operate manufacturing facilities in North America and other low-tariff regions, enabling them to continue serving the US market with regionally produced goods.

Motherhood Sumi, for instance, runs over 425 facilities across 44 countries, including a robust North American network. Bharat Forge operates an aluminum forging plant in Sanford, North Carolina, while Sona Comstar has a facility in Mexico that supports its electric vehicle components business.

Rane Group maintains a manufacturing plant in Kentucky and Uno Minda operates facilities in both Mexico and Europe. These international footprints could help reduce their reliance on exports from India to meet US demand.