

India weighing Trump's steel tariffs, may seek exemption

Amiti Sen
New Delhi

US President Donald Trump's intention to impose an additional 25 per cent tariff on imports of steel and aluminium is not singularly worrying for India as it applies to all countries but New Delhi may try to negotiate an exemption, sources said.

This is because the levy may potentially affect Indian exports if applied in full.

"The proposed move will not impact Indian steel's competitiveness vis-a-vis other exporting countries as the same duty has been indicated for all. But it will definitely give a big advantage to US producers," a source tracking the matter told *businessline*.

If applied in full, the duties may be too much for Indian exporters to absorb, another source pointed out. New Delhi may, therefore, try to wriggle out of it, he said.

"India may try to negotiate an exemption from the duties as part of a possible mini trade deal or FTA with the US or as an arrangement outside it. Since India is not a significant exporter of steel

The course of action for India is fluid as the tariffs may further evolve before Trump and Modi meet, say sources

and aluminium to the US when compared to countries such as Canada, Brazil, China and Mexico, its exports are not a significant threat to the US industry," he said.

India's steel and aluminium exports worth an annual \$1.5 billion may be at stake if Trump applies the threatened duties, according to industry sources.

PREVIOUS CONCESSION

Interestingly, India had managed to get an exemption when Trump had imposed punitive tariffs on steel and aluminium during his first term in 2018.

But it was a partial exemption given by the Biden government after five years of talks.

India agreed to remove some of its retaliatory tariffs that it imposed on American

products such as apples, almonds, chickpeas, lentils and walnuts.

"Since Prime Minister Modi is scheduled to meet Trump later this week in Washington and the tariff situation is still developing, it is premature to say what stand India would take on the matter. But getting an exemption is certainly desirable for India," the second source said.

What has made things more complicated for India is Trump's warning that there would be an announcement later in the week about reciprocal tariffs on all countries that tax imports from the US.

FTA, MINI TRADE DEAL

"India has been hoping that the US would agree to negotiate a free trade agreement or a mini trade deal where both sides could gain. But it is still unclear what concessions Trump would agree to extend to India and what demands he would make," an industry official said.

The US is India's top export destination with exports to the country valued at \$77.5 billion in FY24, leading to a trade surplus of about \$35 billion.