

Retaliatory tariff on EU: India to firewall local biz

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India is conducting a “careful assessment” to finalise products that may attract higher retaliatory import tariffs from the European Union (EU), said a person privy to the development.

The government’s policy decision aims to avoid hurting the local industry by imposing higher import duty on key raw materials or intermediate goods from the trade bloc. Instead, it will consider imposing a higher duty on finished goods.

“We need to ensure that the local industry is not hurt by making import of critical items more expensive. That will be counter-productive,” the person cited above told *Business Standard*.

The development comes in the wake of India informing the World Trade Organization (WTO) in September that it has decided to put in place retaliatory measures against the EU’s steel tariff. The tariff has been in effect since 2018 and has been extended till June 2026.

“A granular study (to finalise the items) regarding this is being done at the moment,” said the person cited above.



■ In September, India informed WTO that it has decided to impose retaliatory measures against the EU’s steel tariff

■ Over \$4 billion India exports take a hit after this move

■ During FY24, India imported goods worth \$61.48 billion from the EU

■ Top imports include nuclear reactors, machinery, medical instruments, aircraft

■ The tariff has been in effect since 2018 and was extended until June 2026

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EU collects \$1.1 bn import duty from tariffs in 5 yrs

Over the last month, the commerce department, which is in the process of finalising the goods, has been holding inter-ministerial consultations on items that will be subjected to higher tariffs.

Provisional safeguard measures on imports of certain steel products were first imposed in 2018 on 26 varieties of steel. The safeguard measures took the form of tariff rate quota (TRQ) and any steel beyond the quota was subject to a 25 per cent additional tariff.

While the measure was supposed to be in place till June 2021, it was later extended till June 30, 2024. In June, the EU extended safeguard duties on steel imports till June 2026. According to the trade bloc, the regulation was implemented to “prevent economic damage” for the EU steel producers, amid high global steel overcapacity and a surge in exports from China via Asian nations into Europe. Over five years, around \$4.4 billion worth of India’s exports have been impacted and the EU has collected \$1.1 billion import duty due to the imposition of tariffs. According to India’s submission to the WTO in September, the country plans to impose an equivalent amount of duty on goods originating from the EU.

Last month, commerce and industry minister Piyush Goyal told this paper that India and the EU had conducted extensive discussions and negotiations on this issue. “We gave them every possible opportunity to put an end to these tariffs on steel and aluminium. A few months back, when we were in the elections, they once again extended it for two or three years. Then we thought that now we have to retaliate. We haven’t finalised the process,” Goyal had said.