

# MSMEs to be hit as US tariffs on steel come into effect

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The decision of the US to impose a 25 per cent additional tariffs on steel and aluminium imports came into effect on Wednesday, a move that is set to adversely impact micro, small and medium enterprises (MSMEs).

While large steel players that produce carbon steel products may not see any major impact, since exports of such products are limited, exports of stainless steel, and steel products for industrial use will be hit hard.

Engineering Export Promotion Council of India (EEPC) Chairman Pankaj Chadha said that India exports \$5 billion of steel and aluminium products to the US, which is an important market for engineering exporters.

“Of this, steel products worth \$3billion (under Chapter 73), which are mainly exported by the MSME Sector, will be impacted by the 25 per cent tariffs. Also, the voyage time to the US is approximately 60 days, so about \$1billion worth of these products are on the high seas and will be immediately affected by this duty once they reach the US,” Chadha told *Business Standard*.

Steel Secretary Sandeep Poundrik said the additional tariffs imposed by the US may not have any major impact on the

## DECODING MOVE

- Large steel players, producing carbon steel, may not see major impact
- India exports \$5 billion of steel and aluminium products to the US, which is an important market for engineering exporters
- Tariffs imposed by the US may not have any major impact on the domestic steel industry

domestic steel industry since India exports less than 100,000 metric tonnes of steel to the US, a small fraction of its total production, which reached 145 million tonnes in 2024.

Government officials said that unlike what happened during Donald Trump's first term as the US President, this time, additional tariffs on steel and aluminium have been levied without giving any

exemptions to any country as of now. Considering that, India is not the only country to be impacted by the additional tariffs.

However, in response, the European Union (EU) announced a retaliatory trade action that will see imposition of tariffs on US farm and industrial goods.

Ajay Srivastava, former trade ministry official and founder of think tank Global Trade Research Initiative (GTRI), said that strangely, India imports more iron and steel — excluding finished products — and aluminium products from the US than it exports. This means that if India retaliates, the US would face a bigger impact in these sectors.

He further said that India should reconsider its engagement in trade negotiations with the US. “Unlike in June 2019, when India responded to similar US tariffs with higher duties on American goods, this time, New Delhi seems unwilling to take countermeasures, despite the economic impact. Even though both countries have agreed to negotiate, these tariffs show that Trump has little regard for India's concerns,” Srivastava said.

