

US starts tariff probe against India and 15 other countries

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The United States Trade Representative (USTR) on Thursday (India time) announced the launch of tariff-related investigations against 16 trade partners, including India, accusing these countries’ “structural excess capacity and production in manufacturing sectors” of adversely affecting America’s reindustrialisation efforts.

The investigations are being launched under Section 301(b) of the Trade Act of 1974, which will examine whether the policies of America’s trade partners are discriminatory and burden US trade. If confirmed, Washington will respond with retaliatory trade measures.

Section 301(b) of the 1974 Trade Act authorises the USTR to initiate investigations into foreign trade practices that are “unreasonable or discriminatory” and burden US commerce, potentially leading to retaliatory tariffs or restrictions.

The probes will cover sectors such as steel, aluminium, automobiles, bat-



ILLUSTRATION: MAYA MOHANTY

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teries, electronics, chemicals, machinery, semiconductors, and solar modules. Apart from India, economies subject to these investigations are: China, the European Union (EU), Singapore, Switzerland, Norway, Indonesia, Malaysia, Cambodia, Thailand, Korea, Vietnam, Taiwan,

Bangladesh, Mexico, and Japan.

The launch of these investigations came less than a month after the US Supreme Court struck down the legal basis for the US President Donald Trump-led administration’s country-specific “reciprocal tariffs”. Thereafter, Trump imposed a blanket 10 per cent surcharge on all countries for 150 days under Section 122 of the Trade Act from February 24.

“The US will no longer sacrifice its industrial base to other countries that may be exporting their problems with excess capacity and production to us. Today’s investigations underscore President Trump’s commitment to re-shore critical supply chains and create good paying jobs for American workers across our manufacturing sectors,” an official release quoted USTR Jamieson Greer as saying.

According to Greer, across sectors, these nations are producing more goods than they can consume domestically. The overproduction is displacing existing US domestic production or preventing investment and expansion in manufacturing. Turn to Page 8 ▶

Iranian military.

New Delhi is likely to import about 13-15 million barrels of crude oil from Saudi Arabia's west coast this month. Shipments from the kingdom's western ports transit through the Red Sea, bypassing the Strait of Hormuz. Volumes are subject to change as voyage details become clearer over time, Kpler said.

"Saudi Arabia has increased cargo loading from its west coast, using the East-West pipeline to bypass the Strait of Hormuz. While India-bound crude traditionally ships from the Kingdom's east

coast, Yanbu volumes are clearly picking up," said Nikhil Dubey, senior refining analyst at Kpler.

Alluding to Pakistan, Puri said a neighbouring country has shut all schools for two weeks, moved government offices to a four-day work week, ordered 50 per cent of public employees to work from home, cut fuel allowances for official vehicles by half, and taken 60 per cent of government vehicles off the road. Another neighbour, he said, has closed universities early and brought forward the Eid al-Fitr holiday to save fuel.

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In many sectors, the US has lost substantial domestic production capacity, or has fallen worryingly behind foreign competitors, he said.

The USTR has requested consultations with the governments of all the 16 countries whose acts, policies, or practices are under investigation.

Comments regarding the investigations will open on March 17. To be assured of consideration, interested persons should submit written comments and requests to appear at the hearing, along with a summary of the testimony, by April 15, the USTR said in a statement. The USTR will hold hearings in connection with these investigations starting May 5. Engineering Export Promotion Council of India (EEPC India) Chairman Pan-kaj Chadha said the engineering sector has already been dealing with a lot of uncertainties, and the Section 301 investigation adds to the challenges. The impact on India's exports will be clearer only after the investigation concludes. However, it seems the move is aimed at imposing a new tariff once the 150 days for

the 10 per cent global tariff expires, Chadha added.

"This does not bode well for the Indian engineering sector, given that the 50 per cent tariff imposed by the Trump administration on items such as steel, aluminium, autos, and auto components remains in place," Chadha said, adding that the latest USTR decision may also be intended to have leverage during trade negotiations with India.

Ajay Srivastava, former trade ministry official and founder of Delhi-based think tank GTRI, said that the US investigation identifies several sectors in India where structural excess capacity or export surpluses may exist.

"According to the notice, India's solar-module manufacturing capacity is already nearly three times domestic demand, suggesting the possibility of export-driven production surpluses. Similar concerns are raised about expanding capacity in petrochemicals and steel," Srivastava said.

"GTRI notes that while Section 301 remains an important US trade tool, it is

slower and more legally constrained than the reciprocal tariff system invalidated by the Supreme Court. Section

301 investigations require evidence of harm and must be tied to specific trade practices," he added.

Iran strikes keep markets on tenterhooks

News reports suggested that explosive-laden Iranian boats attacked and set ablaze two tankers in Iraqi waters on Thursday. Additional reports of vessels being struck across the region further rattled investor nerves.

Iran has warned it will block oil supplies through the Strait of Hormuz until US-Israel attacks cease. Meanwhile, Hezbollah — the Iran-backed militant group based in Lebanon — launched drones and rockets at northern Israel on Wednesday, prompting Israeli strikes on Beirut's southern suburbs and southern Lebanon. The escalation has also raised fears that Yemen's Houthis could join the conflict in support of Iran.

Elevated crude oil prices leave India economically vulnerable, as the country imports nearly 90 per cent of its crude oil and about half of its natural gas requirements. A prolonged conflict in West Asia could widen India's current account deficit and stoke inflationary flames.

Reflecting the stress, the rupee hit a fresh intraday low of 92.37 before settling at 92.19 against the US dollar.

"Geopolitical tensions in West Asia continue to dampen global risk appetite. Fresh attacks on oil-shipping vessels have pushed crude prices closer to \$100 per bar-

rel, intensifying concerns over inflation and gas supply constraints," said Vinod Nair, head of research at Geojit Investments. "In the near term, sustained risk-off sentiment and continued foreign institutional investor outflows could keep equities and the rupee under pressure. However, India's valuation premium has narrowed this year, making the market more attractive for long-term investors and limiting downside risks," he added.

Market breadth remained weak, with 1,598 stocks advancing and 2,645 declining on the BSE.

"Going ahead, the 23,550-23,500 zone will act as a key support level for the index. A sustained move below 23,500 could trigger further downside towards 23,350. On the upside, 23,800-23,850 remains an immediate resistance zone, while a decisive breakout above 23,850 could lead to a pullback rally towards the 23,970-24,000 zone," said Sudeep Shah, head of technical and derivatives research at SBI Securities.

Among Sensex constituents, ICICI Bank fell 2.2 per cent and was the biggest drag on the index. Foreign Portfolio Investors (FPIs) were net sellers to the tune of ₹7,050 crore, while domestic institutions were net buyers to the tune of ₹7,450 crore.

Esma pact may need reboot if India's concerns not resolved

However, if CCIL was to apply for EMIR recognition, thereby