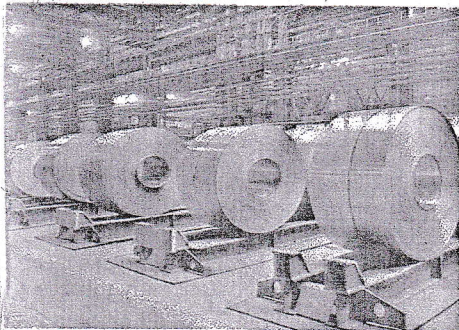


Safeguard duties on steel coil imports could hurt small rolling mills



ROUGH EDGES. Restricting imports of HR and CR coils would only add to the challenges faced by the broader steel ecosystem ISTOCK.COM

Our Bureau

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India's large steel producers' demand for imposition of safeguard duties on the import of hot rolled (HR) and cold rolled (CR) coil, being examined by the government, could impact over 10,000 small rolling mills that depend on affordable imports to stay competitive, according to an analysis by research body Global Trade and Research Initiative. "Such a move (imposition of safeguard duties) could shift the rolling business from small rolling mills to large steel firms, offering little benefit to India's overall steel production," the report said.

The Steel Ministry recently made a request to the Commerce department to examine the possible imposition of safeguard duties on HR and CR steel. Commerce Secretary, Sunil Barthwal, said earlier in the week. A decision on the matter can only be taken after an investigation of the matter by the Directorate General of Trade Remedies (DGTR), he said.

DOWNSTREAM INDUSTRY NEEDS

"The DGTR will look at the whole value chain. We are looking at not only HR coil or CR coil that may be coming to India. We are also looking at the requirement of the downstream industry, whether there is production imbalance or whether the injury is because of excess capacity," Barthwal said.

Safeguard measures restrict imports of a product temporarily through measures such as higher duties, if a domestic industry is seriously injured or threatened with serious injury due to a surge in imports.

Apart from being harsh on the small players, the issue has broader economic implications, the report said. "HR and CR coils are critical inputs for downstream industries, including automobile and appliance manufacturing, which depend on low-cost materials to maintain global competitiveness. Higher coil prices, driven by safeguard duties, could weaken these industries, reducing exports and harming the overall economy," it said.