

Trump tariffs on steel, aluminium could hit \$5 b of engineering exports

EEPC ESTIMATES. Engineering goods exports in FY25 set to increase 10% to \$120-125 billion

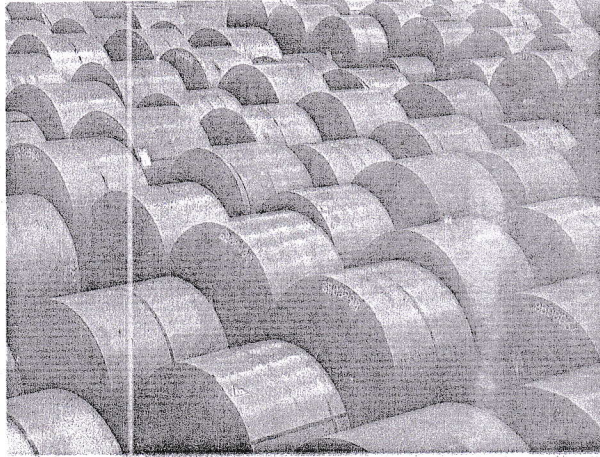
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US President Donald Trump's import duties of 25 per cent announced on steel and aluminium could hit Indian exports of engineering goods worth an annual \$5 billion but a successful India-US bilateral trade deal could boost exports, according to industry sources.

Bucking the overall trend of lacklustre export performance, the engineering goods sector is set to post a 10 per cent growth in FY25 to \$120-125 billion, per estimates by EEPC India.

EXPORTS TO US

"We export engineering goods worth \$20 billion to the US annually. Of this, about \$5 billion get covered by the 25 per cent extra tariffs announced by President Trump. This is the extent to which the sector is exposed



TOP THREAT. Trump's tariffs on steel and aluminium, which take effect from March 12, may affect global supply chains REUTERS

to the tariffs," Pankaj Chadha, Chairman, EEPC India, told *businessline*.

However, the industry is optimistic that the conducive atmosphere for trade dialogue created by the recent visit of Prime Minister Narendra Modi to the US had

brought down the impending tariff threat. "This is quite a significant development considering that the US is the top destination for India's engineering goods exports," Chadha said.

Trump's 25 per cent tariffs on steel and aluminium — to

take effect from March 12 — are set to affect global supply chains, with countries such as Canada, Brazil and Mexico to be affected the most.

BTA NEGOTIATIONS

India will try to convince the US not to impose levies on steel and aluminium from the country as part of the BTA negotiations, sources tracking the matter had earlier shared.

The EEPC chief said the industry was hopeful that the trade deal to be signed by the end of the year would be overall beneficial for exports. On engineering goods export performance, Chadha said shipments were growing across sectors.

"We should end the fiscal year with exports of about \$120-125 billion, which would be about 10 per cent higher than the previous year."

"Growth is taking place across most sectors, includ-

ing industrial machinery and engineering machinery. Even steel has started to grow," Chadha said.

In January 2025, engineering goods posted the ninth straight month of growth, increasing 7.4 per cent (year-on-year) to \$9.41 billion. On a cumulative basis, engineering exports grew 9.8 per cent to \$96.74 billion in the April-January 2024-25 period.

India's overall goods exports in April-January 2024-25 posted a 1.39 per cent growth at \$358.91 billion.

Amongst destinations, Chadha pointed out that while the US was the top country, West Asia and North Africa (WANA) had emerged as the top region and accounted for about 21 per cent of exports so far.

"The WANA region is showing a lot of promise. So is Latin America. This is due to our sustained effort in market diversification," Chadha said.