

# Steel from China, Vietnam to be hit with 12% safeguard duty

**'SERIOUS THREAT'**. Stocks rise following major DGTR relief for domestic steel companies

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The Directorate-General of Trade Remedies (DGTR) has recommended a provisional safeguard duty of 12 per cent on majority of steel imports, including metal shipments from China and Vietnam. The move has been triggered by the need "to eliminate the serious injury and threat" to the domestic industry, and signals relief for the country's steel mills.

The levy is recommended for a 200-day period, pending the final determination of the probe.

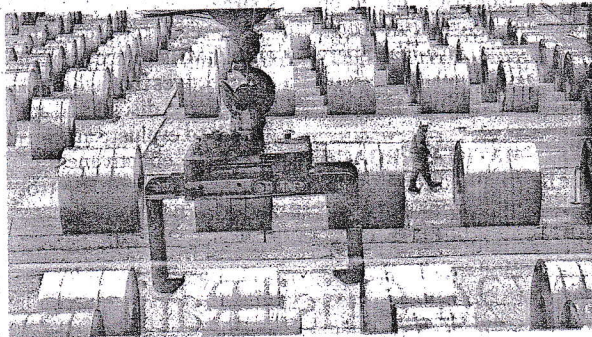
Imports from developing nations, excluding China and Vietnam, will be exempt.

"The Authority considers that a provisional safeguard duty of 12 per cent will be appropriate," the report said.

A final call on the quantum of safeguard duty has to be notified by the Finance Ministry.

## IMPACT ON PRICES

The recommendations are a big positive for domestic steel makers grappling with margin pressure brought on by the cheap imports, espe-



**IMPORT CHECK.** The levy is recommended for a 200-day period, pending the final determination of the probe. REUTERS

cially from China and Vietnam, which together account for more than 3 per cent of total imports.

Research firm JP Morgan said that once implemented, "this should increase the landed cost of imports by ₹5,500 per tonne", but the effective increase in domestic HRC (hot rolled coil) prices could be lower at ₹2,000 per tonne. Steel stocks have been rallying of late, led by the optimism around China steel output cuts, German infra fund announcement and safeguard duty imposition.

On Wednesday, large steel companies like Tata Steel saw a 2.52 per cent rise in stock price to close at

₹158.55, while the JSW Steel stock rose 1.33 per cent to close at ₹1,032 a piece on the BSE. Naveen Jindal's JSPL closed at ₹925.80, up 0.25 per cent.

Prices of steel in the domestic market have climbed 3-4 per cent in recent weeks on expectation of the imposition of the safeguard duty. A month ago, HRC prices were in the ₹48,300 per tonne range and increased to ₹49,600-49,700 levels for early to mid-March deliveries. On Wednesday, prices were in the ₹49,800 per tonne range, market sources said. Steel makers, however, were expecting a higher safeguard duty, with the industry

gunning for a 20-25 per cent levy on a long-term basis. The Ministry had pitched for a 20 per cent duty, irrespective of country-specific restrictions.

## SPIKE IN IMPORTS

The preliminary findings of the DGTR said: "There is a recent, sudden, sharp and significant increase in imports", causing serious injury to the domestic industry. "There is a necessity for immediate application of such provisional measures," it said.

India has been a net importer of steel for nearly 18 months now. For April-February (11 months of FY25), finished steel imports totalled 8.9 million tonnes (mt), up 15 per cent y-o-y, while exports, at 4.4 mt, were down 34 per cent on year.

Duties have been recommended on most flat steel products — hot rolled coils, sheets and plates, cold rolled coils and sheets, coated steel coils and sheets.

Exclusions include select speciality products like cold rolled grain oriented electrical steel, and cold rolled non-oriented electrical steel coils.