

# Steel retaliation: India weighs proposed duties on EU goods

**BEING CAUTIOUS.** Action by other countries, status of bilateral ties to be considered

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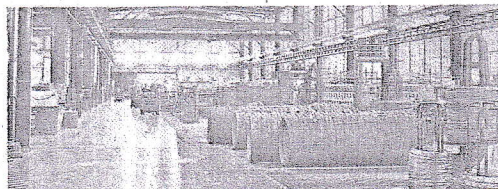
India is stepping cautiously on its proposed imposition of retaliatory duties on EU goods for wrongful extension of safeguard tariffs on its steel as it is weighing diplomatic considerations such as action by other countries, similarly hurt by the measures and an assessment of overall trade relations with the bloc, sources have said.

"New Delhi made it clear this year in September that it believes that the safeguard duties imposed on Indian steel by the EU are wrongful when it informed the WTO of its proposed retaliatory duties on imports from the bloc.

"However, it has still not gone ahead with the move as several diplomatic factors need to be considered given the fact that the EU is a valuable trade partner," an official tracking the matter said.

## **SAFEGUARD MEASURES**

The EU imposed safeguard measures in 2019 after the US imposed additional du-



**TRADE BARRIER.** The EU imposed safeguard measures in 2019 after the US imposed additional duties on its steel imports during the Trump Administration. REUTERS

ties on its steel imports during the Trump Administration. It was in the form of Tariff-Rate-Quotas reflecting traditional trade flows, above which a 25 per cent duty was levied on imports, and it was applied for a five year period till June 2024.

"A number of countries affected by the safeguard duties including India, Russia, Brazil, China and Turkey had tried to convince the EU to withdraw the duties and later not to extend the duties beyond June as the move was not in line with WTO rules. However, the EU went ahead and extended the safeguard duties for another two years till 2026," the official noted.

In September, India submitted to the WTO that it re-

served its right to effectuate a proposed suspension of concessions to the EU, equivalent to the hit taken by its industry because of the extension of the safeguard measures.

"India hereby informs that from 2018 to 2023 the safeguard measures have resulted in cumulative trade loss for India to the tune of \$4.412 billion on which the duty collection would be \$1.103 billion. Accordingly, India's proposed suspension of concessions would result in an equivalent amount of duty collected from products originating in the EU," per India's submission to the WTO.

To ensure the effective exercise of its right to suspend

substantially equivalent concessions or other obligations referred to in Article 8.2, India reserves its right to effectuate the proposed suspension immediately and adjust the products as well as the tariff rates, it added.

## **OTHER FACTORS**

"While retaliatory duties can be imposed any time by India, it also needs to consider other factors including how are the other countries suffering from the EU measure reacting to it. If not many countries have taken retaliatory action against the EU, India needs to see whether it would be worth taking on the bloc on the matter. Moreover, India's ongoing free trade pact negotiations and robust economic relations with the bloc also have to be taken into account," the official said.

It will be interesting to note that even in 2021 India had proposed to impose an additional €292 million worth of import duties on products from the EU in retaliation against quota restrictions put in place by the bloc on its steel.