

Amid US tariff threats, steelmakers brace for increased Chinese dumping

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India's steelmakers are bracing for an increase in Chinese "dumping". Steelmakers feel Donald Trump's ascendancy to the White House could lead to a series of retaliatory tariffs on steel and finished steel products. This, in turn, could lead to China diverting exports to other large markets, including India.

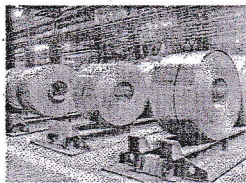
The industry feels that it has no "protection" from the Indian government and would hence suffer a "severe impact".

According to Naveen Jindal, President, Indian Steel Association (ISA), China may reduce its steel exports to the US, "potentially redirecting surplus volumes to other regions, including India."

"We also expect quicker addition of new capacities in the Asean region by Chinese companies to leverage their FTAs and continue exports," he told *businessline*.

A day after Donald Trump's victory was announced, sentiments in China's future markets turned bearish with the January rebar contract on Shanghai Futures Exchange closing 1.11 per cent lower than the day before settlement prices.

"I think there are actions being taken in China and now with the US Presidential



election, I think China would be even more concerned about its trade options...." TV Narendran, MD and CEO, Tata Steel, told *businessline* recently.

While less than 1 per cent of China's direct steel exports are shipped to the US, its steelmakers are heavily exposed to potential tariffs on goods such as containers, vehicles, engineering machinery, home appliances and elevators.

So far, global trade data available suggest Chinese exports are over 80 million tonnes (mt) for January-August, up almost 20 per cent year on year. China is expected to export 220 mt of steel globally this year, including 120 mt of steel and 100-odd mt of finished steel products.

RETALIATORY TARIFFS

According to Ranjan Dhar, Director and Vice-President, ArcelorMittal Nippon Steel India, the retaliatory tariffs imposed by the US in the past have often been followed by similar measures in the European Union and Canada, both of which are

significant export markets for China.

If a similar tariff regime is implemented soon — and early signs suggest it might be — Indian steelmakers could face increased Chinese dumping.

"While markets might welcome a fall in steel prices, the long-term repercussions of increased import dependence and reduced capital investment are concerning. If steelmakers don't generate sufficient margins, why would they reinvest? We cannot sustain a scenario where India exports iron ore but imports steel, as is currently the case," he told *businessline*.

NET IMPORTER

As per a Steel Ministry report, import of finished steel till October this fiscal was valued at ₹46,884 crore, whereas export was valued at ₹23,238 crore. Thus, overall trade deficit was ₹23,646 crore. India is already a net importer of steel with imports at 5.8 mt, outpacing exports at 2.8 mt for April-October. Volume-wise, China was the largest importer to India at 1.8 mt, up 36 per cent year on year, while there has been significant increase in imports from FTA countries like Japan to 1.3 mt, up 128 per cent. Routing of Chinese steel through Vietnam stood at 0.6 mt, up 111 per cent.