

US Tariff on Steel Imports Can Distort Local Market: ISA

Says big nations may divert some exports to India & hurt local makers

Our Bureau

Kolkata: The Indian Steel Association (ISA) has said that the US' decision to impose 25% tariff on steel imports is likely to trigger major shifts in trade flows of steel and steel products globally.

The association, which represents large private and public sector domestic steel players such as Tata Steel, JSW, Steel Authority of India, RINL and JSPL, has warned that imposition of tariffs in the US will inevitably force major steel producing countries to divert part of their exports to major steel consuming centres like India. This could raise the threat of imports and distort the domestic market considerably, it said. ISA secretary general Bhaskar Chatterjee said in a statement that clubbing a country like India, which is not mature in steel, with other steel surplus countries is highly inappropriate. India, he said, accounts for only about 2.7% of US steel imports, even as it is the third largest producer of steel globally, accounting for 12% of non-Chinese steel output. India has among the lowest per capita domestic demand at 65 kg for steel and steel products, and reserves a majority of its production to meet a growing appetite for steel at home, he said.

Indian steel producers already face 16 trade barriers including 10 anti-dumping duties and six countervailing duties in the US, the statement said. The barriers pertain to corrosion resistant steel, cold rolled flat steel items, certain hot rolled steel products and cut to length carbon steel plates, making it nearly impossible to export to the US. Thus the US proposal to include India among other countries is not desirable as a policy measure, according to the ISA. "This adversely dents the growth prospects of a developing country like India whose production and consumption is inward-looking," it said. ISA also said since steel is an important material, particularly for defence and military combat vehicles, it is understandable that a country would like to protect its industry from any threat to national security.

However, Indian steel firms have always adhered to global trade regulations and World Trade Organisation framework while exporting to the US, Chatterjee said, adding, "It is for a reason that in December 2016, the United States has bestowed the privileged status of 'major defence partner' on India, which is a position unique to India." Given the scenario, he said, "It is imperative to have a nuanced distinction for Indian steelmakers, prior to imposition of across-the-board tariffs, purely to be levied on the basis of a country's motivation to produce steel."