

Steel and Aluminum

Impact - Neutral



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Indian steel and aluminum exports to the US have been exempted from additional reciprocal tariffs but will remain subject to a 25% tariff rate.

How does the tariff impact the Steel and Aluminum sectors?

- The US has imposed a reciprocal tariff of 27% on all imported articles from India, except those under specific exemptions.
- Steel and aluminum are covered under the specific exemption, as these products have been subject to a 25% tariff under Section 232 of the U.S. Trade Expansion Act ("Section 232 Tariffs") since 2018.
- Between April and December 2024, India exported US\$3.23 billion worth of steel and aluminum (including derivatives) to the US, while its global exports of these products totaled US\$19.6 billion, with US accounting for approximately 16.5% of it.
- Effective 12 March 2025, the US government has expanded the scope of Section 232 tariffs on steel and aluminum to all countries (including India) and terminated all exemptions. Thus, India is now similarly placed as all other US trade partners.
- However, global tariffs could shift supply chains and lead to an influx of cheaper imports into India. In 2024, India was a net importer of steel articles, primarily due to heavy inflows from Asian economies such as China, Japan and South Korea. In response, the Government of India (Commerce Ministry) has proposed a 12% safeguard duty on imports of flat steel products to protect local manufacturers.
- Additionally, these reciprocal tariffs do not apply to certain metals and their derivatives, such as copper, zinc, tin and nickel. This suggests that the US government has been selective in imposing tariffs, likely to avoid disrupting supply chains for metals critical to industries with insufficient domestic production capacity.

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