

Centre mulls countervailing duties for 'dumped steel'

FORTIFYING MILLS. Aims to level the playing field for domestic steel industry

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India is open to exploring countervailing taxes and duties, akin to EU's carbon border adjustment mechanism (CBAM), on steel imports that will look at providing domestic mills a cushion against rising instances of alleged dumping and incoming shipments "from foreign countries".

The adjustment mechanism will explore options where taxes and duties, including cess not subsumed in GST, will be calculated and remitted back to the domestic industry or added to the price of imported steel. This will also include state levies. Imported steel or metal offerings coming into India from FTA countries do not include such additional levies. On an average, 12 per cent of the cost of steel sold in India includes such additional taxes and cess which are not subsumed under GST. For instance, for domestic hot rolled coils priced at \$450 per tonne (excluding freight), the quantum of such additional levies are to tune of \$50-54 per tonne.

FORGING FAIRNESS

Going forward, the plan, according to Union Commerce and Industry Minister, Piy-



STEEL SHIELD. The mechanism will explore options where taxes not subsumed in GST will either be remitted back to the domestic industry or added to the price of imported steel. REUTERS

ush Goyal, is to include such levies on imported steel, including from countries with which India has an FTA.

Domestic steel prices continue to be higher than imported price of the metal. Consultancy firm, BigMint said, trade-level domestic HRC prices fell to ₹49,000 per tonne; while the prices from FTA countries were at ₹48,900, and the Chinese tags were even lower at ₹48,400 per tonne.

"Border adjustment tax is WTO compliant, and if all industry bodies like FICCI, CII, ASSOCHAM, etc, talk it out, we may be in a position to get traction and get it into the country," the Minister

said while addressing an Indian Steel Association (ISA) conclave.

The Minister asked the industry captains to meet him for taking forward the discussions on such border adjustment mechanism, "so that there is a level playing field".

"Another important subject that I have made a lot of effort on in the past, but could not succeed... (is) on the Border Adjustment Tax. The electricity duty, iron ore duties and so on which you (the steel sector) pay, are included in the export price. Imports, including from free trade agreement countries will have similar taxes like

cess on coal, royalty premium, electricity duty, that you are not getting remitted... can be adjusted through the border adjustment taxation mechanism," Goyal said.

The Minister acknowledged that although remittances were proposed under the RoDTEP (Remission of Duties and Taxes on Export Products), these have not happened on expected lines due to "shortage of funds".

"We have not signed any FTA without 100 per cent concurrence from the steel industry," he added.

JINDAL VOICES OUT

Incidentally, Naveen Jindal, President of the ISA and Chairman of JSPL, one of the top five steel-makers in India, during his interaction with Goyal had pointed out that the country's steel industry has been facing concerns over rising imports that include metal offerings coming in from FTA countries at predatory prices.

Chinese mills have gone ahead to invest in other South East Asian countries — which are at times double the existing consumption in these markets — with the aim of exporting to India. "Even if one per cent of those offerings come in India (at predatory prices) it is damaging the Indian markets," he said.