

Goyal for border adjustment tax to safeguard steel industry

YASH KUMAR SINGHAL
New Delhi, 5 September

Union Commerce and Industry Minister Piyush Goyal on Thursday mooted the idea of introducing a border adjustment tax (BAT) and suggested discussions on this with the steel industry to safeguard the interests of domestic players.

The idea assumes significance as the industry is seeking protection from imports at predatory prices.

“Border adjustment tax is a World Trade Organization-compliant mechanism which, if all the industries— CII, FICCI, ASSOCHAM — everybody takes up, I think we may be in a position to get traction and get Border Adjustment Tax into the country,” he said, speaking at a steel conclave.

His statement was in response to Indian Steel

Association President Navin Jindal’s concerns about the steel industry needing support and protection from imports coming into India at predatory prices from trade partner countries.

The idea behind BAT is that Indian steel producers pay taxes like electricity duty, iron ore duty, and coal cess, while imported steel is often cheaper because other countries may not have similar taxes, giving their steel a price advantage. BAT would level the playing

field. Ajay Srivastava, founder, Global Trade Research Initiative, said the BAT was not the best solution.

“It may not provide enough relief, as it would only raise import prices by 2-3 per cent, which might not be sufficient. Raising basic customs duties (15 per cent on most steel products), which are still below the allowed bound duty limits (40 per cent), or imposing anti-dumping duties after proper investigations are other options. But the option of raising basic customs duties is, however, not available on imports from FTA partner countries,” he said. However, Srivastava said it’s also important to analyse steel firms’ balance sheets and understand whether some of the industry’s problems are internal, rather than just import-related.

The minister suggested the industry find newer and better ways to lower carbon emissions and promote high productivity and quality steel in the country. “Let’s try and utilise artificial intelligence...,” he said.

‘States’ nod to industries should be time bound’

Union Commerce and Industry Minister Piyush Goyal on Thursday urged states to provide facilities

and approvals to the investors in a simpler and time-bound manner. “We have created the National Single Window System (NSWS) and have tried to link all the states. We also want the local bodies and panchayats to join the system so as to create a genuine National Single Window System but some states are yet to join”, he said while addressing ‘Udyog Samagam’, a conference of Industries and Commerce Ministers of states. Goyal said states whose policies and schemes are aligned to the NSWS might see a huge jump in their investment.

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Union Commerce and Industry Minister Piyush Goyal’s statement comes at a time when the steel industry seeks protection from imports at predatory prices