

Turkey reconstruction may shore up demand books of Indian steelmakers

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Rebuilding and reconstruction of Turkey in the aftermath of a devastating earthquake are expected to pull in steel demand, throwing up opportunities for steelmakers globally, including India, in more ways than one.

In 2021, Turkey's crude steel production exceeded 40 million tonnes (mt). Of this, more than 22 mt was exported, making it an important player in the world steel trade.

The impact of the destruction in Turkey, therefore, is expected to be twofold: on trade flow and rebuilding a nation which will consume steel.

A major steel producer said that the earthquake in Turkey disrupted the supply of steel.

"Some of the regions that produce steel have been impacted. There is a supply-demand gap which is keeping prices in balance."

As far as rebuilding the nation is concerned, the Indian steel industry can supplement steel supplies, the producer added.

Ranjan Dhar, chief marketing officer, ArcelorMittal Nippon Steel India (AM/NS India), said, "Turkish government's post-earthquake reconstruction plan will spur demand globally, possibly from the second half of 2023. Typically, India exports about 5-7 per cent and sometimes even 10



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PHOTO: REUTERS

per cent. Turkey and India already enjoy very good steel trade relations. India will be one of the first preferred partners as far as steel supplies for the rebuilding of Turkey are concerned."

Brij Bhushan Agarwal, vice-chairman and managing director, Shyam Metals, said that the infrastructure in Turkey has suffered quite a bit.

"Turkey has a free trade agreement

(FTA) with the European Union (EU), but there has been a lot of disruption in the supply chain. And Turkish mills will be focused on rebuilding the country," said Agarwal.

"A lot of demand will come from the West as geopolitical issues ease. India has to play a very dominant role," he said.

The EU, in 2021, was the top desti-

nation for Turkish steel, accounting for about 31 per cent of total exports from the country.

However, the rebuilding of Turkey may not fuel the demand for long products — mainly used in the construction sector — without the removal of duty.

Alok Sahay, secretary general, Indian Steel Association, said

STEEL SNAPSHOT 2021 data for Turkey (in mn tonnes)



Source: World Steel Association website

rebuilding was important as regards a diplomatic opportunity for India with Turkey.

However, he pointed out that it was not a good opportunity for India due to the high import duty on thermo mechanically treated bars and billets.

"It may be a good export opportunity for countries that have an FTA with Turkey with concessional import tariff (such as the UK and the EU, among others), or are naturally lower priced due to the geopolitical situation/high subsidies (such as Russia and China)."

Ashima Tyagi, associate director-pricing and purchasing, S&P Global Market Intelligence, also said that for Indian mills to successfully export rebars or billets to Turkey, it would hinge on several factors, including the removal of import duty on rebars and billets by the Turkish government, price competitiveness and quality standardisation, and perhaps slower offtake in Indian domestic markets which could evince export interest.

According to the Global Trade Analytics Suite by S&P Global, in 2022, India exported 900,000 tonnes of steel to Turkey, which was its fifth-largest trading partner for steel exports. This included 70 per cent of flat-rolled finished steel, followed by 14 per cent ferroalloys, 3 per cent of semi-finished products, and the rest bifurcated into a variety of niche products.