

Steel trade deficit at 10-year high as imports outweigh exports in FY25

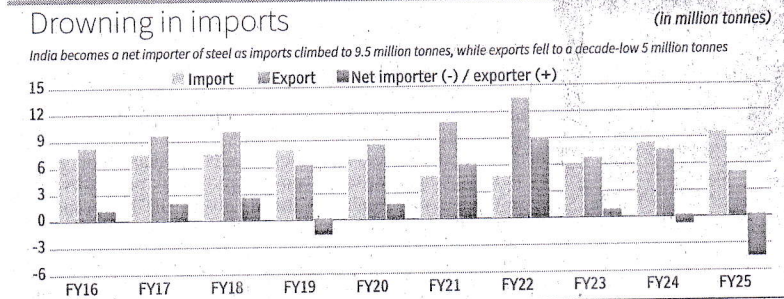
DEEPENING CRISIS. With China flooding markets with cheap alloys, India turns net importer of the metal again

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India's steel sovereignty is buckling under China's relentless export machine. With Asia's largest economy flooding global and Indian markets with cheap alloys, India has become a net importer of the metal. In FY25, India's steel trade deficit hit a 10-year high of 4.5 million tonnes (mt). Imports soared to 9.5 mt, the highest since FY16, while exports crashed to a decade-low 5 mt, data accessed by *businessline* from the Steel Ministry show.

Between FY16 and FY25, India's steel imports have averaged in the 7mt range, barring last fiscal when it shot up 15 per cent year-on-year (y-o-y) (9.5 mt vs 8.3 mt), while exports, which have been in the 8-9 mt range, dropped 35 per cent y-o-y to 5 mt (vs 7.5 mt in FY24).

Over the last 10 years, India was a net importer of



Source: Ministry of Steel

steel. In FY19, the deficit stood at 1.7 mt, and in FY24, it was around 1 mt. However, the trade deficit rose four-fold y-o-y to 4.5 mt in the just concluded fiscal.

"Increase in imports have been a concern. Initially, it was China and Vietnam; now, its other ASEAN nations with which India has FTA. This has skewed India's domestic market dynamics and price equations. Even today, most of the Chinese steel coming in are at a lower

cost of production compared to Indian steel," a market participant said.

In view of the concerns raised by India's steel industry, the Directorate General of Trade Remedies (DGTR) has recommended a 12 per cent safeguard duty (on all imports) for a period of 200-odd days. An official notification is yet to come regarding its implementation.

THE CHINA FACTOR
Analysts estimate that China

will export close to 110 mt of steel, targeting global markets, following a supply glut of the metal in the country. China's slowing real estate sector (a key consumer of the alloy) is also contributing to it.

A part of this glut is making way into Indian markets across categories like stainless steel, steel pipes, etc.

Market anticipates steel exports from China to taper off in the later part of the year, if trade barriers put up

by various countries, including in India, come into play. Initial estimates indicate that China exported 17 mt of steel in the first two months of 2025, reflecting a 7 per cent y-o-y increase.

EXPORTS HIT

India has also been hit in its key export markets. Shipments to EU and ME are down. The former is due to economic headwinds in member countries; and the latter is because of cheaper alloys coming in from China.

Non-alloyed steel exports from India, are down 30 per cent in FY25 to 4.2 mt (6.8 mt); while alloyed and stainless steel shipments are flat at around 0.7 mt range. On a sequential basis (March vs February) exports showed a slight 10 per cent improvement at 0.45 mt vs 0.41 mt; but on a y-o-y basis (March 2025 vs March 2024), there was a substantial 46 per cent drop, the numbers available with the Steel Ministry show.