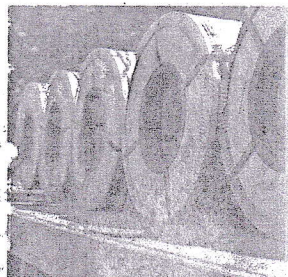


Duty on steel imports drags shipments by 40% in May

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A month after imposition of safeguard duty on steel imports, shipments coming into India saw a 40 per cent year-on-year (y-o-y) decline in May to 0.43 million tonnes (mt), as against the 0.7 mt in the year-ago period. On a sequential basis, imports declined by nearly 20 per cent as compared to 0.52 mt in April, indicating reduced buying from China.

Finished steel include alloy, non-alloyed and stainless steels.

In May, as per Ministry sources, 0.3 mt of non-alloyed metal were imported, down 15 per cent sequentially and 40 per cent y-o-y; while alloy and stainless steel imports were at 0.13 mt, down 24 per cent sequentially and 44 per cent y-o-y.

"Post January, talks around imposition of safeguard duty picked up pace. Post imposition, imports from some countries are down, as the numbers show," a Steel Ministry official said.

According to market intelligence firm BigMint (formerly SteelMint), in May, South Korea and China are amongst the top two importers. While shipments from South Korea saw a 24-25 per cent increase y-o-y as per provisional data, Chinese shipments dropped by 27-30 per cent.

SEQUENTIAL DECLINE

Ministry of Steel's internal data, accessed by *business-line*, show imports witnessing a sequential decline since January.

Import peaked in the first month of this calendar year to 0.95 mt and has since then been on a decline as talks of safeguard duty gained traction. In February, alloy imports had come down to 0.6 mt, and came down further

to 0.56 mt in March.

On April 21, India imposed a 12 per cent provisional safeguard duty on metal shipments coming in specially from China and Vietnam, in a bid to ensure better pricing power for mills in domestic markets. The duty imposition is for a 200-day period. A safeguard duty is a trade restriction measure—a sort of tax.

"The domestic still industry in India is concerned about the growing reliance on imports, especially from countries like South Korea and Japan, that benefit from preferential tariffs under FTA," the BigMint report stated.

Sequentially, exports are up in May at around 0.4 mt versus 0.38 mt in April. However, exports remained depressed by 10 per cent on a y-o-y basis.

PRODUCTION TRENDS

Steelmakers are currently focusing on the domestic market, which continues to have stable demand.

Consumption increased by 7 per cent y-o-y to 25.1 mt (April and May), while production of finished steel was up 7.4 per cent during this period.

However, despite the demand, steel-makers have rolled over prices in June on bearish sentiments and upcoming monsoons.

Prices were in the ₹52,000-54,000 per tonne range for benchmark hot rolled coils; while for cold rolled coils it was around ₹60,000 per tonne.