

India mulls safeguard measures on steel imports

ANTI-DUMPING MOVE. Development follows surge in imports, especially from China

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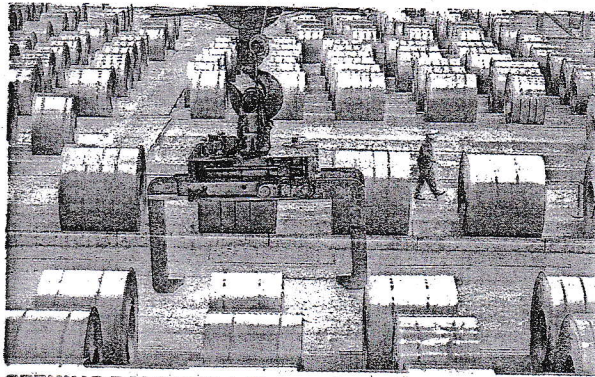
India is planning to introduce some safeguard measures on steel imports, along the lines of European Union's (EU) quota system to check the surge in inflows.

Other options include exploring the possibility of placing import restrictions across ports and removing the lesser duty rule, sources in the Union Steel Ministry told *businessline*.

The move comes even as India has seen a surge in steel imports, especially shipments coming in from China, and Chinese supplies being routed through Vietnam.

NET EXPORTER

The country turned a net importer of steel for the April-November period (eight months of the fiscal) due to a continued fall in export orders and stiff competition from imports. Finished steel imports stood at 4.3 million tonnes (mt) exceeding exports, which stood 4.0 mt for the eight month period, by 0.3 mt. This marks a drastic change in India's competitive landscape, as the second largest producer of crude steel, which



SEEKING BALANCE. India turned a net importer of steel during the April-November period due to a continued fall in export orders and stiff competition from imports REUTERS

became a net exporter, has now turned back to be a net importer.

According to a Steel Ministry official, the three options being mulled will be discussed with industry majors, steel associations and the integrated steel players that include companies such as JSW, Tata, AMNS India, SAIL and JSPL.

"There are some discussions that are underway," the official said, adding that the preferred option would be coming up with tariff rate quotas on imports.

TARIFF RATE QUOTAS

A tariff rate quota acts as an upper limit for imports into

India from the exporting country. As long as the exporting country ships the goods to India within the prescribed limit or quota, there will be negligible or no duty charged.

However, if the exporting country exhausts the prescribed limit, a safeguard duty/tariff will be levied.

Countries such as the US, EU, Canada, Australia, Japan and New Zealand have been using tariff rate quotas as one of the safeguard measures.

This measure is most suitable in a situation where there is a demand-supply gap in the importing country, people familiar with the matter said.

It is to be noted that India's

steel exports to the EU go through such a quota system.

OTHER MEASURES

The removal of the lesser duty rules include reworking duties being charged. India has typically been following the lesser duty rule in its anti-dumping investigations, which means that the duty is imposed to the extent of dumping margin or injury margin, whichever is lower. The injury margin under the present law is calculated as the difference between the non-injurious price and the landed price.

Theoretically, the non-injurious price is supposed to be a fair selling price at which there would be no injury to the domestic industry. But sometimes prices are even lower than the cost of production of the product, a pain point that Indian steel-makers refer to when it comes to imports from China.

Under a tariff value levy system, the duty will be levied on a pre-specified price instead of that listed on the invoice.

There could be restrictions on steel imports or shipments coming into select ports, including higher duty imposition. The restrictions could come into one or multiple ports.