

Import reliance for copper likely to ease

EV push to boost demand for metal

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AFTER A FEW years of relentless surge, India's copper imports may ease with new domestic capacities set to go on stream.

India was a net exporter of copper for a very long time, but things changed following the closure of Sterlite's 0.4 million tonnes per annum (MTPA) copper smelter at Thoothukudi in Tamil Nadu in May 2018.

Imports of the metal grew 184% to 0.22 MT in H1FY24 over H1FY23 on growing demand amid a supply deficit.

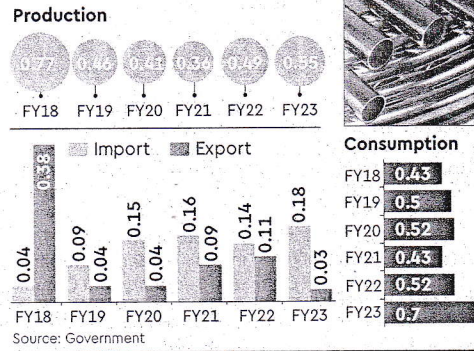
According to government data, India's refined copper consumption was 0.43 MT in FY18, which increased sharply to 0.7 MT in FY23. On the other hand, production fell to 0.55 MT in FY23 from 0.77 MT in FY18.

From a net exporter in 2017-18, India became a net importer in FY19, and the trend continues till now. Imports were just 0.044 MT, and exports were 0.379 MT in FY18; in FY23, imports and exporters were 0.18 MT and 0.03 MT, respectively. Around 40% of the copper is consumed by the infrastructure and construction sector and around 11-13% each in the automobile and consumer durable sectors, rating agency, Icra said.

While the matter of Sterlite's TN unit is still before the Supreme Court, the first phase of Adani Group's 0.5 million tonnes per annum (MTPA) greenfield copper facility near Mudra Port will likely go on

HEAVY METAL

India's copper scenario (million tonne)



stream in the first half of 2024. According to an October 2023 India Rating and Research note, major construction activities at the site were already completed, and the company is in the advanced stage of long-term tie-up with copper concentrate suppliers. Kutch Copper (KCL), an Adani group firm, has obtained the environmental clearance and consent to establish the facility, while other statutory approvals shall be obtained in due course.

In the second phase, KCL plans to add a similar capacity.

For its superior electrical conductivity, copper is the metal of choice for a vast array of decarbonisation technologies with the collective potential to reduce worldwide greenhouse gas (GHG) emissions by two-third. Different estimates suggest the global demand for copper will exceed 50 MT by 2050 from around 25 MT in 2020.

India's long-term low-carbon development strategy rests

on seven critical transitions. Topping the chart are developing low-carbon electricity systems and building an integrated, efficient, inclusive transport system.

Though India's per capita carbon emission is only one-

third of the global average, the carbon intensity of the world's most populous nation is set to rise as the country aspires to be a developed nation by 2047.

On the energy side, India plans to have a non-fossil fuel energy capacity of 500 GW by 2030 to fulfil at least half of its energy requirements via renewable energy. Also, India is taking rapid strides towards achieving its target of 30% EV market share by 2030. The proposed transition will be mineral-oriented, particularly copper.

According to Goldman Sachs, the copper content of a standard electric vehicle (EV) is nearly four times higher than that of an internal combustion engine (ICE).

The International Copper Alliance estimates that, on average, renewable power generators use 8 to 12 times more copper than traditional generators. In a recent note on the copper industry, rating agency ICRA has said,

Domestic refined copper

demand growth is expected to remain healthy at ~11% in FY2024 and FY2025, outpacing the rate of global growth in copper demand, given the Government of India's thrust on infrastructure development and a gradual transition to renewable energy.

"Before the closure of concentrate treatment facility in May 2019, India used to export 40-45% of domestic copper cathode. However, currently, the copper cathode exports are 2% of domestic copper cathode production", noted Miren Lodha, director-research at Crisil Market Intelligence and Analytics.

During the same period, the domestic demand increased by 5% CAR to reach 1200 ktpa driven by rural electrification, electric vehicle penetration and green initiatives by the government, Lodha said, adding that going forward, the domestic demand is expected to grow at a faster rate of 8% given the focus on renewable energy capacities.

