

# Iron ore exports double in Q4 on China demand, duty withdrawal

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India's iron ore exports nearly doubled year-on-year in January-March FY23 to 11.59 million tonnes (mt) on the back of pent-up demand from China, its key market, and with improved offers following the withdrawal of export duty in mid-November. Exports in Q4 FY22 were 6.25 mt.

However, full-year (FY23) exports remained depressed by 20 per cent, as per data accessed by *businessline*. In FY23, iron ore exports were 21.25 mt; while in the FY22, it was 26.39 mt.

According to exporters, the fall happened on the back of slowing export orders for nearly six months of the year due to the export duty levy, and continuing Covid-led restrictions in China.

The levy was there between May and November when exports dropped to 4.35 mt, down 70 per cent y-o-y, versus 14.31 mt in the year-ago period.

## THE CHINA FACTOR

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"There was no trade in September 2022 and numbers were miniscule in October and November – the two other seasonally weak months. But, export duty levy and slow down in orders from China, where Covid restrictions were still in place then, hit numbers," the trade source explained.

Indian iron ore exports began the fiscal slower, with April exports down by 44 per cent y-o-y. It has been mostly downhill since then, declining every month.

However, the trend reversal happened in December 2022, coinciding with the opening up in China. In December 2022, the iron ore exports increased to 2.26 mt – up 500 per cent, y-o-y. In

the same month last year (December 2021), the exports were just 0.38 mt.

As per global trade data available, China's imports of iron ore surged nearly 10 per cent in January-March to a record 294.34 mt, as it abandoned the zero-Covid policy. The March imports there increased 14 per cent y-o-y to 100 mt.

"However, if China goes ahead plans to reduce carbon emissions by cutting back on steel output to 2022-levels, there could be an impact on iron ore prices (a key steel making raw material). And this may cause some probable flattening of the export curve in the coming days," an exporter said.

## LUMPS AND PELLETS

Incidentally, India's iron ore export push has driven fines and lumps mostly in FY23. Nearly 71 per cent of the shipments or 15.1 mt was fines and lumps. Around 6.2 mt was pellets and concentrate, data available from market research firm Steel-Mint said.

In comparison, iron ore fines and lump shipments were 58 per cent of the total exports or 15.26 mt. Pellet and concentrate exports were 11.14 mt or 42 per cent (of exports).