

# Iron ore exports fall 85% in July on duty levy, weak demand

For April to July period, exports dip over 60% y-o-y

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India's iron ore exports took a near 85 per cent hit in July, year-on-year, to about 0.50 million tonnes (mt); following lower buying from China and post levy of export duty. Exports in the corresponding period last year (July 2021) was 3.24 mt.

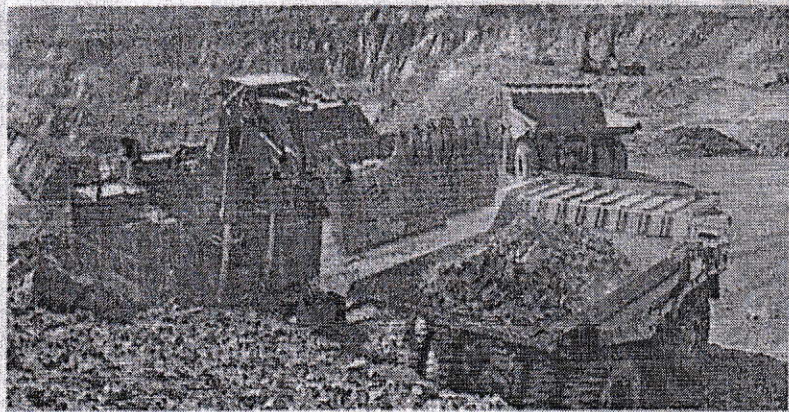
For the four-month-period (April to July) in FY23, iron ore exports saw an over 60 per cent fall y-o-y, to around 6.56 mt—the steepest fall for a four month comparative period.

According to data compiled by trade sources and Union Ministry of Commerce and Industry, exports for the previous three years April-July FY22 to FY20 was 17.13 mt, 19.95 mt and 11.53 mt, respectively.

## Duty issues

Trade sources say, exports had been impacted with China (who is key buyer of low grade iron ore with iron content less than 58 per cent) imposing restrictions on trade following a spurt in Covid cases there. Post May, levy of export duty and hike in duty hit exports.

For instance, the Ministry of Commerce and Trade data that *BusinessLine* accessed majority of exports have been



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made between April and May. A sharp fall was noticed June onwards.

Data shows, there was a 94 per cent fall in exports in June to 0.21 mt versus 3.5 mt exported for June 2021. In July, numbers improved month-on-month, but fell sharply on a y-o-y basis. Against this, for April and May months of the fiscal, exports were 3.05 mt and 2.70 mt, respectively.

“The fall in numbers post May has been stark and the impact of export duty is stark,” a trade source said.

## Export duty 15%

The Centre had in May imposed an export duty of 15 per cent on select pig iron, flat-rolled products of iron or non-alloyed steel, bars and rods and various flat-rolled products of stainless steel and another 45 per cent on iron ore pellet. Similarly, the export duty on iron ore and concentrates was raised to 50

per cent, from 30 per cent. According to Ministry data, China was the highest buyer from India for the April-June (as per available data for three months) period at 4.04 mt; a 67 per cent fall y-o-y. Indonesia was the next big buyer at 0.22 mt, or a near 4 per cent fall y-o-y.

Amongst the other markets, offers from Korea dropped over 77 per cent to 0.07 mt y-o-y; and, orders from Oman dropped nearly 84 per cent y-o-y to approx 0.05 mt during Q1FY23. Exports to Vietnam, Nepal and Brazil dropped 37 per cent, 29 per cent and 26 per cent, respectively for the period under review.

In FY22, exports were to the tune of 26.32 mt of which nearly 49 per cent or around 12.83 mt was low grade ore (of iron content at 58 per cent or lower); while pellet exports—the largest offering—was 57 per cent or 11.39 mt.