

Steel trade deficit widens 47% in April-May as Chinese imports surge

EXPORTS UNDER PRESSURE. Deficit stood at ₹4,284 crore, imports valued at ₹11,831 crore

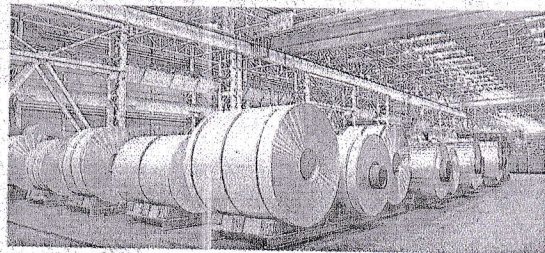
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The country's steel trade deficit, the difference between imports and exports, has widened to ₹4,284 crore in the first two months (April and May) of this fiscal, approximately 47 per cent of the ₹9,036 crore recorded in FY24, as the country continues to be a net importer of the metal, with a consistent increase in shipments from China.

According to a Steel Ministry report accessed by *businessline*, imports in April and May were valued at ₹11,831 crore (\$1,419 million). Exports were valued at ₹7,547 crore (\$905 million).

In volume terms, imports stood at 1.3 mt (up 37 per cent y-o-y), outpacing exports at 0.94 mt (down 40 per cent y-o-y) for these two months.

"Flat products accounted for 95 per cent share of imports, up 42 per cent, while non-flat imports were down



TOP SUPPLIER. China continues to be the largest seller of the metal to India, displacing traditional Japan and Korea markets

8.9 per cent. On the other hand, flat product exports (87 per cent of the export basket) were down over 42 per cent, while non-flat exports were down 11 per cent," the Ministry report said.

According to a market source, exports remain under pressure. Chinese "dumping" and re-routing of their offerings through other countries into India continues, even as FTA renegotiations are underway with some of these countries.

While on the one hand, this has impacted domestic prices, on the other, export

offers continue to be impacted in key markets in West Asia," the market participant said.

CHINESE DUMPING

China continues to be the largest seller of the metal to India, displacing traditional markets such as Japan and Korea.

Chinese shipments in these two months have risen 79 per cent y-o-y to 0.41 mt, valued at \$482 million, which is a 62 per cent rise. Chinese shipments were at elevated levels even in 2023, said sources. Nearly 43 per cent of the shipments from China

are of alloy and stainless steel at 0.174 mt, while the remaining 0.233 mt consists of steel plates, bars and rods, galvanised corrugated sheets and galvanised pipes, among others.

Due to over-capacity, the Chinese steel sector has been putting pressure on Indian exports by focussing more on competitively priced steel globally.

Data released by consultancy firm BigMint reveal that India is amongst the top five countries where Chinese shipments (exports from the nation) have gone up. Between January and May, 1.10 mt of steel shipments have been received, up 51 per cent y-o-y. In the year-ago period, metal shipments were around 0.73 mt.

Other countries where Chinese shipments have increased are Vietnam (5.51 mt, up 89 per cent y-o-y), followed by Brazil (1.45 mt, up 60 per cent y-o-y) and the UAE (2.18 mt, up 53 per cent) for the January-May period of this year

For Indian steel-makers, Europe remains a dominant market, though it is depressed because of global economic headwinds.

EXPORT MARKETS

Two of the key buyer-countries, Italy and Spain, saw shipments decline 49 per cent y-o-y to 0.22 mt and 60 per cent to 0.051 mt, respectively.

The UK saw exports increase 25 per cent to 0.13 mt, whereas shipments to Belgium were near flat at 0.13 mt.

Shipments to the UAE - where India faces stiff price competition from Chinese players - saw a 46 per cent decline to 0.05 mt.

"Prices of most finished steel products increased in India and China, while prices went up selectively in Europe... Domestic steel prices in India increased amidst a rise in offers from secondary producers and a marginal improvement in demand," the Ministry report said.