

Steel mills want to tap Mexico for exports

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The Indian Steel Association (ISA) – which includes the largest steel makers such as AMNS India, Tata Steel, JSW, SAIL and JSPL – has sought intervention of Union Minister Jyotiraditya Scindia to explore free trade agreement (FTA) so that Indian mills can tap into Mexico.

The association is also seeking help to see that exports from India to the LatAm market do not face a local levy (import duty in Mexico) thereby making shipments from India turn costlier by 25 per cent.

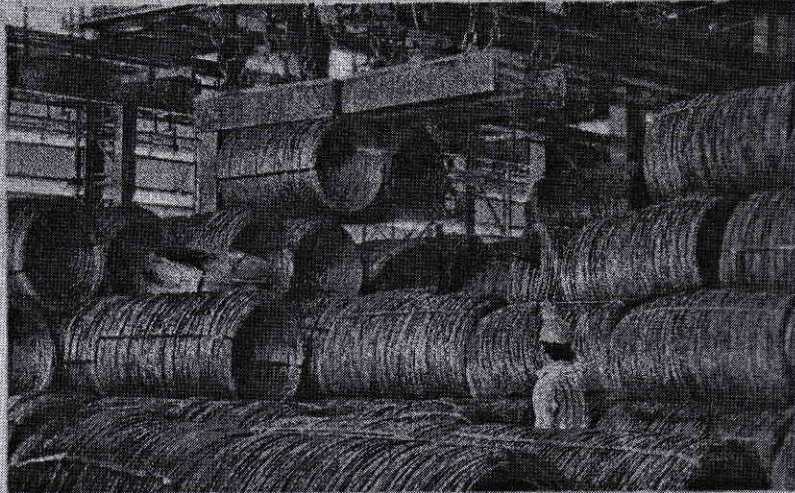
European nations are amongst the highest exporters of steel there and Indian mills have been trying to tap into it as a part of their entry into new overseas regions.

Incidentally, exports from India are already under stress with there still being a slowdown in offers across key markets such as West Asia and Vietnam.

DUTY ON SHIPMENTS

“In addition, India could explore FTA with Mexico for...committing investments in sustained, structured and bilaterally conducive terms,” it said in a letter addressed to the Minister, and some senior bureaucrats in the Steel Ministry, earlier this month. (*business-line* has reviewed the letter.)

It has also been pointed out that the Latin American nation has imposed a duty on 392 items, of which 92 pertain to



EXPLORING OTHER AVENUES. Exports from India are already under stress with slowdown in offers across key markets such as West Asia and Vietnam

steel. Import duties are up from 10 per cent to 25 per cent.

Duty is imposed on items coming in from countries with which Mexico does not have an FTA. Effectively 59 nations, including the European Union nations, are excluded from the duty.

Post the levy, Indian shipments will be adversely hit and turn costlier by 10–25 per cent.

Exports to Mexico (from India) at present continue to be low, just about 0.1 million tonnes (mt). The LatAm nation is a net importer of steel (11 mt of imports versus 5.5 mt of exports), and the entire North American region reported around 54 mt imports in 2022.

Incidentally, the association has pointed out that the Centre had stepped in earlier when the US had imposed similar duties; which were subsequently revoked post intervention by the Ministry. “....

Mexico to reinstate import tariff for Indian steel at 10 per cent....offer an equitable trade treatment to Indian steel exports- at par with Mexico's other FTA countries,” it said in the letter seeking Centre's intervention.

EXPORTS UNDER PRESSURE

Incidentally, Indian steel exports have been under pressure in view of global recessionary headwinds.

Consultancy firm Steel-Mint, in a report said, Indian mills have halted hot rolled coil export offers to South East Asia and West Asia due to limited allocations and higher prices in the domestic market. Demand in West Asia and Vietnam is slow.

In addition, Indian HRC export offers to Europe (including EU) remained stable with market participants in the EU postponing restocking until October and are waiting for import quotas.