

Steel trade deficit widens to ₹2,400 cr as Chinese imports flood the markets

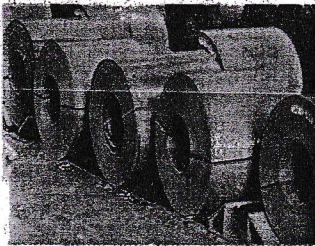
Abhishek Law
New Delhi

India saw a surge in steel shipments from China, up 50 per cent on a year-on-year basis at 1.34 million tonnes (mt), and a 500 per cent surge in offerings from Vietnam at 0.5 mt.

Imports from China and Vietnam are already at multi-year highs, with the former accounting for a third of the imports in value and 31 per cent in volume terms.

Incidentally, India is among the largest suppliers of iron ore, a key steel-making component, to China. Apart from becoming a net importer of steel, reversing a three-year-trend, India's steel trade deficit widened to ₹2,400 crore (approximate) for the period under review as imports continued to exceed exports.

China is already saddled with excess steel stocks, considering its depressed property market and slow moving infra projects, and the



country continues to push offerings in export markets at lower than production costs.

It has also routed offerings through Vietnam, say Indian traders.

In November, China's finished steel exports rebounded to the fourth highest position in 2023 at 8,005 mt, up 0.3 per cent on the month and 43.2 per cent on the year, China's customs data showed.

In the January-November period, steel exports increased 35.6 per cent, or 21.7 million mt, on the year, at 82.658 million mt. According to a report of the Union

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Steel Ministry, accessed by *businessline*, finished steel imports during the eight-month-period was valued at ₹36,813 crore (\$4,455 million), whereas exports stood at ₹34,420 crore (\$4,165 million).

In volume terms, imports exceeded exports by 0.3 million tonnes (mt). Imports were at 4.3 mt, up 14 per cent y-o-y, outpacing exports at 4.0 mt, down six per cent.

TRADE DYNAMICS

China emerged as the highest seller of steel, displacing Korea and Japan, the traditional markets.

While there was a 15 per cent y-o-y drop in imports from Korea at 1.28 mt, Japan managed to increase imports by 35 per cent at 0.6 mt.

A 50 per cent increase in volume sales notwithstanding, Chinese shipment of the alloy (finished steel) saw only a six per cent jump in prices (in dollar terms) y-o-y at \$1,453 million (₹12,000 crore) versus \$1,374 million (₹11,000 crore).

Semi-finished imports from China, although relatively small, saw a 388 per cent jump y-o-y at \$21.3 million.

"This indicates shipments came in at prices lower than the existing trade / international price or even the domestic market price, after adjusting for the dollar, which stood at ₹82 this year against ₹80 last year," said a trade source.

In fact, overall steel prices remained depressed, down 17 per cent at \$4,455 million (despite rise in volumes) on a y-o-y basis, for the eight-month period, the Ministry report showed.