

# Steel mills seek curbs on Chinese imports

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As India turned a net importer of steel in July, primarily on account of a fall in exports and the continued pressure of lower priced offerings, Indian mills have sought the Steel Ministry's intervention to impose restrictions on offerings from China, while seeking reciprocal trade benefit clauses in FTAs with countries such as Japan and South Korea.

India imported 5,87,000 tonnes of steel in July, against exports of 5,13,000 tonnes in the month.

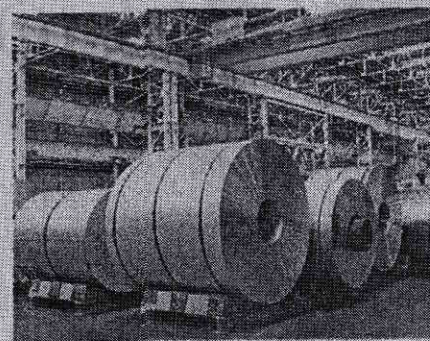
In a letter to the Ministry (a copy of which is with *business-line*), one of the largest domestic steel makers has asked for temporary suspension of concessions on import tariff

offered under the Preferential Trade Agreement — Asia-Pacific Trade Agreement (APTA) — covering iron and steel products.

It has also argued that imports under the PLI scheme for steel and steel products should be discouraged; and the Basic Custom Duty should be raised to a minimum of 15 per cent (for all steel products under the PLI scheme). Concessional tariffs under all existing and ensuing FTAs under the PLI scheme need to be withdrawn.

PLI items include coated and plated steel products, high-strength steel, specialty rails, alloy steel products and electrical steel that are used in sectors like automobile, defence and power.

The industry has also called for a CVD investigation against the Chinese steel in-



dustry. "Channelise imports of all non-prime steels and steel products, along with all products not complying with the quality control order, through select ports to facilitate a thorough testing and inspection," a steel exporter said, requesting anonymity.

## THE CHINA FACTOR

Steel mills have argued that China is exporting at lower than its cost price. Back of the envelope calculations suggest that Chinese export prices in July (export-FOB of HR Coil)

stood at \$550/tonne. Taking out local freight and clearing, handling charges and VAT, the mill price works out to \$465 per tonne. Against an ex-mill price of \$465/tonne, the average median cost is \$502/tonne. "This means the export price of Chinese mills was below cost by \$37/tonne or 7 per cent lower than the production cost," an exporter said.

Further, China exports steel under FTA to various South-East Asian countries, which could get re-exported to India. Coming in through FTA countries, there is a duty arbitrage, too.

The industry has also called for Rules of Origin for all existing FTAs to be "revised to Melted and Poured" steel for products. "Indo-Japan and Indo-Korea FTAs to be made reciprocal in terms of steel trade," the exporter said.