

Govt. may Increase Import Duty on Steel : N. S. Tomar

Threatened by growing volumes of Chinese steel imports domestic steelmakers are likely to get some relief soon.

Steel and mines minister Narendra Singh Tomar recently said that the government is mulling an increase in import duty, days after the finance ministry issued a customs notification banning import of specific steel products like re-bars and reinforcement bars as alloy steel bars without prior certification from Bureau of Indian Standards (BIS).

The minister did not specify the quantum of likely increase in import duties on steel, which range between 5% and 7.5%. While an increase in import duty on steel items will help fight volume imports of flat steel items that go into consumer durables and automobiles, the specific quality norms under BIS will help tackle long products in construction sector.

Between April and September, imports of steel products from China grew over 150% compared to the year-ago period, according to the Joint Plant Committee (JPC) which maintains the country's only independent database of steel industry.

Chinese products are up to 28% cheaper than their Indian counterparts, prompting JSW Steel and other Indian steelmakers to ask for higher import tariffs.

Their export price is at par or even lower compared to the cost of production in India. They are benefiting from a host of advantages such as lower interest rate and cheaper raw material. The Chinese government also encourages exports," said Ganesh Pai, spokesperson, Essar Steel.

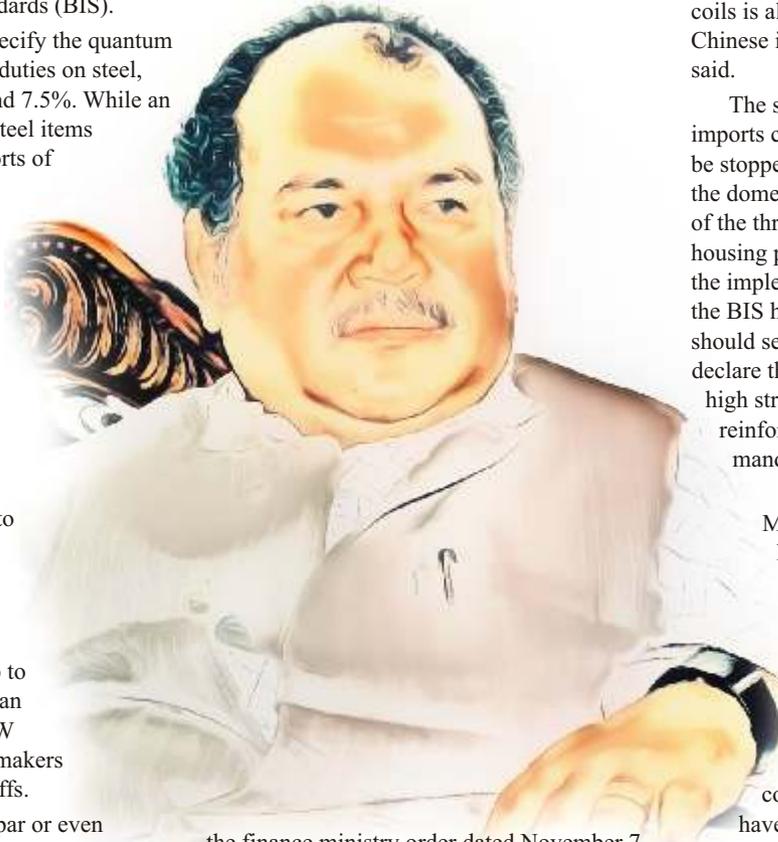
He said most Indian companies are not in a position to bring down their cost of production as domestic iron ore prices are still ruling high even as globally the price of the raw material has nosedived to its five-year low. Chinese mills are getting their raw material cheaper.

There is also a compulsion for the Chinese steel makers to export products in

other countries as their domestic demand is slowing down in the wake of a subdued economy.

Production, on the other hand, has been on the rise. It rose to 618 million tonnes in the first nine months of current year, up by 2.3 per cent from the same period a year earlier. Global production rose to 1,231 million tonnes during January- September period.

Meanwhile in an official order to all chief commissioners of customs and central excise,



the finance ministry order dated November 7 said that the steel ministry had informed the Central Board of Excise and Customs (CBEC) that it had received representations by domestic steel producers about large-scale imports of reinforced bars and TMT bars.

"These products, which are mainly coming in as imports from China and Ukraine, do not carry the Bureau of Indian Standards (BIS) mark. That is indirect contravention of the Steel and Steel Products Quality Control Order (SSPQCO), 2012," the finance ministry said.

After examining the issue the CBEC has seen that in some cases the imported items contained more than 0.0008% Boron and fell

out of the purview of the Steel Products Quality Control Order, 2012. In this connection, the CBEC said, "The ministry of steel has said all products covered by the relevant Indian standard fall under the Steel Products Quality Control Order, 2012 and import of such products without BIS certification is in circumvention of the order."

However, the problem of Boron-added steel is not limited to re-bars alone. "The market for wire rods, hot rolled plates and coils is also facing a similar threat from Chinese imports," a steel industry official said.

The steel ministry has also stated that imports circumventing the SSPQCO should be stopped in view of their adverse impact on the domestic steel industry and also in view of the threat to safety of infrastructure and housing projects in the country. To facilitate the implementation of the CBEC directive, the BIS has recommended that " importers should seek clearance from it in case they declare that the re-bars/ally grade bars and high strength deformed bars and wires for reinforcing concrete are not covered under mandatory BIS certification."

Meanwhile as per reports the Steel Ministry has said that it may think of lowering export duty of iron ore from the present rate of 30% if the prices of the key steel-making raw material remain subdued.

Mr. Narendra Singh Tomar, Steel and Mines Minister, said, "We have not given a thought on this but, if the current situation continues in the coming days, we will have to think on this."

Mr. Tomar was answering to a question on if the government was mulling over reducing export duty on outbound iron ore shipments with the nosediving global price of the raw material.

The international price of the raw material, which is now ruling at its 5 year low at USD 75 per tonne, has led iron ore exports unviable for the domestic producers. Some miners in low-grade iron ore producing state of Goa are not very enthusiastic about resuming their recently renewed mines saying with each tonne of production, they may have to end up shelling out USD 1 from their own pockets.