



Steel Items may Attract Safeguard Duty

The government may further extend its support to the steel industry by imposing higher safeguard duty on a host of steel products that were left out when a 20 per cent levy was imposed on hot-rolled coils. Officials in the steel ministry said they were examining a proposal from the industry to extend safeguard duty on cold-rolled coils (CRC), galvanised products, wire rods and TOR steel.

In September, the government had imposed a 20 per cent safeguard duty for a period of 200 days on imports of hot-rolled coil (HRC) to protect the domestic industry from a surge in cheap imports from China, Korea, Japan and Russia. Safeguard duty is a WTO-compatible temporary fiscal measure that is brought in for a certain time-frame to avert any damage to a country's domestic industry from cheap imports.

"There is a strong case for extending safeguard duty on a number of steel products that got left out earlier. We have to keep in mind that out of 10 million tonnes (mt) of



steel imports last year, HRC comprised just 3.5 mt, while the balance comprised other products. Dumping is also hurting the domestic industry in other product categories," said SesagiriRao, joint managing director and group CFO, JSW Steel.

Faced with changed market dynamics, the government on June 16 raised the import duty on flat steel products to 10 per cent from 7.5 per cent. In the case of long products, used by housing and constructions sectors, the duty was raised from 5 per cent to 7.5 per cent. In the same month, government had also slapped anti-dumping duty of up to \$ 316 per tonne on imports of certain steel products from

Japan, Korea and China. In August, import duty on certain steel grades was further raised by 2.5 per cent.

Sources said after an internal examination by the steel ministry, a formal proposal to levy safeguard duty on CRC, galvanised and long products would be sent to the Directorate General of Safeguards (DGS).

The duty can be levied only after recommendations of DGS are ratified by the standing board on safeguards and the central government concurs to the findings. The levy could be 20 per cent or higher depending on the extent of loss to the domestic industry.

It may be noted that in March, DGS had rejected a demand for imposition of a levy on cold rolled stainless steel products.

"The demand for steel remains sluggish in the domestic market while unrestricted dumping continues. In the first six months of FY16, steel imports are already 40 per cent up and the momentum would continue unless the scope of duty protection is widened," said an official in SAIL.

India to Show Flexibility to Global Steel



Demand in India, world's third largest steel producer, is expected to grow to 81.5 million tonnes (MT) and 87.6 MT in 2015 and 2016, respectively, from 75.9 MT in 2014, the report predicts.

1.7% Fall in global steel demand to 1,513 MT this year, WSA's Short Range Outlook (SRO) forecasts. In 2016, it is pegged to decline

by 0.7% to 1,523 MT. Chinese economy has decelerated as the impact of the rebalancing measures on the investment and real estate sector turned out to be more severe than expected.

3.5% Projected fall in China's steel demand in 2015. Fall in demand likely to be 2% in 2016.

On a positive note, the recovery of steel demand in the developed economies, even though the momentum has weakened a little, remains on track.

Combined with China's slowdown, the sector also faces low investment, financial market turbulence and geopolitical conflicts in many developing regions.

Russia and Brazil are experiencing severe contraction in steel demand. Geopolitical tensions and political instability in the Middle East, Africa and Ukraine continue to have a negative effect on the sector.

STEEL PUNCH

- Shrinivas Prabhudesai



"No sir, that was only MoU signing. Actual investment did not happen !"