

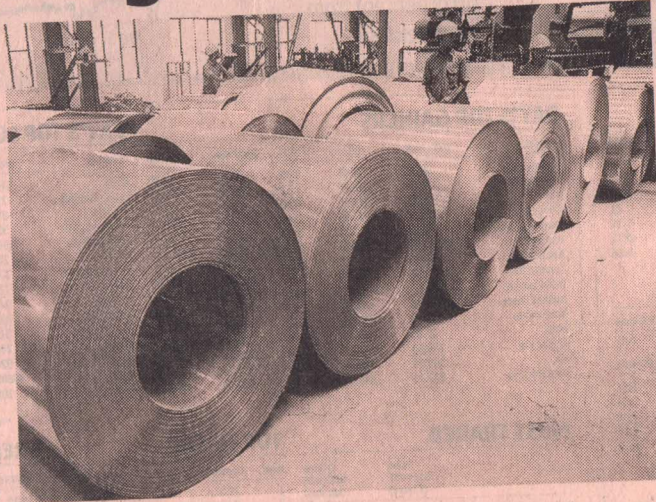
India may turn net steel exporter

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India is likely to turn a net exporter of steel this year, on the back of an improvement in international prices, led by cost-push and a slump in retail sales, courtesy demonetisation.

During April-November, exports increased 53 per cent over the same period last year to 4.24 million tonnes (mt). Imports, on the other hand, dropped 39 per cent to 4.73 mt. Given that there is still a quarter to go, the sector is expecting exports to surpass imports. The previous year saw a record level of imports at 12.7 mt while exports were at 4.6-4.7 mt.

Cost-push has elevated prices in the international market. Last year was a bad cycle, said Jayant Acharya, director (commercial & mar-



keting) at JSW Steel. Coking coal prices have been surging for a while now. International contract prices of premium hard coking coal for the third quarter of FY17 have been settled at \$200 a tonne, an increase of 116 per cent quar-

ter-on-quarter. Moreover, spot prices have increased from \$90 a tonne in July to \$315 a tonne.

The increase in input cost is reflecting in steel prices. In the past three months, international steel prices have

FINISHED STEEL

(Figures in million tonnes)



APRIL-NOVEMBER (2016)

IMPORTS: **4.73**
EXPORTS: **4.24**

DOWN 39% ▼ UP 53% ▲

Source: Joint Plant Committee

increased by more than \$100 a tonne. "Last year, the situation was volatile and exports had become unviable," Acharya said.

Sushim Banerjee, director-general of Institute for Steel Development & Growth, said

major international markets had imposed anti-dumping duty against China, which in turn, was helping India.

According to Vikram Amin, executive director (strategy and business development) at Essar Steel, prices across the world were showing some buoyancy because domestic requirements had risen.

"China's consumption has improved, Europe is picking up, and North America had been doing well. So, overall, prices are steady," said Amin.

Cheap imports from China, South Korea and Japan had put the industry in dire straits, not only in India but globally. The situation prompted the Indian government to come out with a slew of trade measures – safeguard duty, minimum import price and anti-dumping duty – to support the industry, towards

the end of 2015.

The pick-up in international prices is also helping companies to beat demonetisation. Since November 8, retail sales – that are mostly on account of small house builders, rural and suburban – have taken a massive hit.

"We did not want to sit and wait for things to improve. We thought we should export more to take the pressure off the domestic market," said Amin. Products closer to the end-user and the construction sectors were affected. "Demand for white goods and consumer durables were affected and 60-70 per cent of the project demand was down. Steel spends can be discretionary," a producer pointed out. However, Amin pointed out that some parts of retail sale were beginning to come back over the past week.