

Aluminium companies seek safeguard duty on imports to support local production

SURESH PIYENGAR

Mumbai, September 19

Aluminium companies have urged the government to impose quantitative restriction on aluminium imports to support domestic production and save about \$4.5 billion in forex outgo.

Representatives from Hindalco Industries, Nalco and Vedanta Aluminium, under the

aegis of the Aluminium Association of India, met the officials of the Prime Minister's Office and the Mines Ministry on Wednesday to submit a representation to impose quantitative restriction of 60 per cent and seek end-use certificate of imported metal, except from the auto industry which uses the metal extensively.

As an alternative, the in-

dustry also told the government to consider increasing the import duty and minimum import price to curb shipments. Aluminium imports increased 11 per cent while domestic sales declined by 20 per cent, said the industry. The Association has urged the government to increase the duty on scrap and primary metal to 10 per cent, besides raising duty

on downstream aluminium products to 12.5 per cent from 10 per cent.

Aluminium imports touched the highest level of 1.96 million tonnes last fiscal, accounting for almost 55 per cent of the domestic demand. The major threat is from increasing aluminium scrap imports which account for 57 per cent of total imports and forex outgo

of ₹13,000 crore (\$2 billion).

Scrap imports are boosted by high duty difference between scrap and primary metal. Scraps are also traded at a discount to the London Metal Exchange price, leading to total price difference of \$500 a tonne. The current import duty on primary metal is 7.5 per cent and on scrap is 2.5 per cent. Interestingly, other non-ferrous

metals such as copper, zinc, nickel, lead and tin have the same duty on both scrap and primary metal, the association said in the letter.

The ongoing global trade war between the US and China has posed a fresh challenge. China has imposed 25 per cent duty on aluminium scrap imports from the US. China imported 50 per cent of aluminium

scrap worth \$1.17 billion exported by the US.

The US has started dumping aluminium scrap on India after China levied 25 per cent duty, it said. In first quarter of this fiscal, scrap imports from the US more than doubled to 36,000 tonnes from 16,000 tonnes while shipments from other countries were up 18 per cent, it added.