

FICCI SEEKS EXPORT MEASURES FOR STEEL TO BRIDGE THE RISING TRADE DEFICIT

Steel Trade Deficit Increases by 3 Times in 2009-10 vis-à-vis 2008-09

Deficit for April-July 2010 is Already 66% of the Deficit for Full Year 2009-10

Steel Imports Constitute 22% of Domestic Consumption in July '10: FICCI

Industry Apprehensive of More than 93% Increase in Imports Since April '10

21st August 2010, New Delhi: The rising share of steel imports in India's domestic consumption and the widening trade deficit in steel has become a cause of serious concern for domestic industry which has witnessed an increase of over 66% in imports in the first four months of 2010-11, noted FICCI in its analysis on Steel imports. FICCI observed in its analysis that India's steel trade deficit for the first four months of 2010-11 (April-July) is already 66% of the trade deficit in steel for the full year 2009-10. And this is on top of the three times increase in steel trade deficit in 2009-10 over 2008-09. FICCI said that while the steel exports for April-July 2010-11 have fallen by 11% but our imports have increased by more than 66% vis-a-vis same period last year.

Table: Month wise India's Imports of Finished Steel in 2010.

Months	(In '000 tonnes)
April	667
May	821
June	890
July	1288

In the FICCI Steel Committee meeting held last month, members had expressed concern over the increasing share of steel imports in domestic consumption. Share of steel imports in India's steel market has more than doubled from around 6% in 2004-05 to 13% in 2009-10. However, July 2010 has seen the share of imports in Indian steel market rising to over 22% from 16% in April 2010, noted FICCI. India, which used to be a net exporter of finished steel till 2006-07, has become net importer since 2007-08. Moreover, this gap is widening further as there is a sharp increase in imports which have risen from 667 mn tonnes in April 2010 to 1288 mn tonnes in July 2010, an increase of more than 93% in last 3 months, observed FICCI.

In order to bridge the trade gap, FICCI has suggested that Government needs to further incentivise the steel exports through targeted measures like Focus Market Scheme which provides 3% duty free credit scrips for exports to select markets. Also, FICCI urges the Government to be alert on unfair trade practices of exporting countries and use appropriate trade remedial measures wherever required to check any harmful surge in imports.

FICCI said that there are some segments in steel that have experienced huge surge in imports and need immediate attention. For instance, imports of HR Coil/Strips have remained consistently high for past 4

months by touching a level of 1.6 mn tonnes in the period April-July 2010. Imports in this category for the full year of 2009-10 were 3.2 mn tonnes implying that in the first four months of 2010-11 imports have already crossed 50% of imports of previous year under this category, observed FICCI. Also, imports for CR coil/ sheets, Bars & Rods, GP/GC sheets/coil are increasing at a much higher rate this year as compared to 2009-10.

FICCI has also expressed concern over the slow growth of steel sector in the current year. Steel production grew by only 0.4% in July 2010 and increased by 2.9% in April-July 2010 vis-a-vis last year. FICCI suggests that a taskforce should be formed to look into the reasons for inadequate growth of domestic steel production vis-à-vis domestic consumption which witnessed a healthy growth of 10.7% for April-July 2010. This taskforce shall be chaired by Hon'ble Minister of Steel which would give its recommendations in one month.

Table: Steel Production & Consumption in India for April – July 2010 (In '000 tonnes)

	APR- JUL'10 (Prov.)	APR- JUL'09	% Variation
Total Production for Sale	19998	19440	2.9%
Imports	3665	2203	66.4%
Real Consumption	19989	18063	10.7%

MEDIA DIVISION

Taresh Arora
 Media Relation Officer
 FICCI
 (M) 9899115719
 (D) 23357392,23753117
 (F) 23753119