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## India imposes export tax on steel

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India's government has imposed a 15% export duty on a range of finished steel products in an attempt to improve domestic steel availability and reign in steel prices, which

**accounted for almost 95% of India's overall finished steel exports in 2021 and 2022.**

In other steel categories, an export duty of 15% has also been levied on pig iron. With domestic mills tapping export markets, finished steel exports have so far accounted for 10-11% of India's finished steel production in the last two years. However, the imposition of the 15% export duty would make exports significantly less attractive going forward, which in turn could exert pressure on domestic steel prices and industry capacity utilization levels.

***"...We believe that the export of semis, which declined by 26% year-on-year in 2022 to 4.9 Mt is likely to witness a significant increase in the current fiscal."***

*Statement from an Indian rating agency*

"Interestingly, the government has chosen to keep steel semis out of the ambit of export duties. Therefore, we believe that the export of semis, which declined by 26% year-on-year in 2022 to 4.9 Mt is likely to witness a significant increase in the current fiscal," the rating agency said.

***"In 2022, Indian mills recorded a 25% year-on-year growth in finished steel exports as they took the benefit of elevated seaborne prices."***

*Jayanta Roy, senior vice-president and group head of corporate sector ratings, ICRA*

Commenting on the industry trend, Jayanta Roy, senior vice-president and group head of corporate sector ratings, ICRA said, "In 2022, Indian mills recorded a 25% year-on-year growth in finished steel exports as they took the benefit of elevated seaborne prices. Europe, Vietnam and the Middle East were the three largest destinations for Indian steel exports, together accounting for around 50% of India's overall steel exports, including semis."

"We believe that many of these destinations would become less attractive now as mills evaluate the economics of a higher duty. Additionally, with steel export offers for deliveries to Europe being higher by 10-11% over more competitive markets like South-East Asia and the Middle East, the adverse impact of the new export duties on steel exports to Europe would be relatively less severe than that of South-East Asia and the Middle Eastern markets," he added.



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