

## **Minutes of the meeting chaired by HSM for discussing the proposal to impose Minimum Import Price (MIP) on steel imports, with the stakeholders from Steel industry**

Venue: Steel Room, Udyog Bhawan, New Delhi-11

Date: 6<sup>th</sup> Feb 2019, 1500 hrs

List of participants: Annexure A

- A. The meeting was convened in order to discuss the following proposal received from SAIL:
  - 1. Implement and enforce a MIP on all steel products as implemented in Feb 2016
  - 2. HR Coil MIP needs to be determined at USD 615/ton upon factoring cost escalation due to Raw Material price
  - 3. MIP for all other steel products should be determined on similar methodology by adding USD 170/ton to the earlier MIP for different steel products
- B. The following reasons have been attributed by SAIL for the proposal to impose MIP:
  - 1. Steel imports have remained at an elevated level of ~9 MT (annualized) due to trade diversion from China, Japan and South Korea. As a result, India has become a net-importer of steel in FY 19, despite the fact that it is the 2nd largest producer of Steel in India.
  - 2. India, being a favoured export destination for countries like China, Japan, South Korea, and Vietnam.
  - 3. Rising raw material costs for Iron ore and Coal adds to the adverse cost structure of the Indian Steel Industry
  - 4. The decline in Steel Prices, with increase in raw material cost index has been exerting immense pressure on the steel industry margins.
- C. The following discussion took place during the meeting:
  - 1. At the outset Chairman SAIL highlighted that as the input costs for steel have risen exponentially, there has been a rise in steel manufacturing cost by USD 140/ton. Chairman SAIL urged that as revision of ADD reference price may take time, in order to prevent injury to the domestic steel industry there is an urgent need to impose MIP immediately. Chairman SAIL also stated that SAIL was currently exporting Billets at a price lower than its cost of production, in order to get rid of its inventory. Chairman SAIL also forecasted the lack of upswing in the industry in the next six months due to increased trade frictions between USA and China and also the slowdown of Chinese steel industry.
  - 2. Representative from ISSDA requested that more than the Carbon steel, it is the Stainless steel industry which was facing the onslaught of cheap imports especially from countries like Indonesia which have off late created huge Stainless steel capacities
  - 3. Representative from the Indian Steel Association highlighted the increased imports especially from Indonesia as compared to South Korea and China. It was suggested to implement Steel Import Monitoring Agency to curb the issues related to incoming of defectives. Also, it was also discussed to increase HS codes from 8

digits to 10 digits to segregate the steel products more efficiently. Sh Chaterjee emphasized that the input prices are higher for the current steel industry.

4. Representative from Jindal Stainless Steel printed out that in Indonesia the cost of stainless steel production is subsidized by USD 300-400 /ton and cheap imports from Indonesia are pushing prices down in India
5. SIMA pointed out that import of structural steel has risen manifold in the last few months
6. It was pointed by JSW representative that ADD have failed to slow down steel imports in the country and as Chinese growth slows down in the days to come, there is a grave danger of Indian market being flooded by cheap Chinese imports.
7. CORSMA representatives pointed out that total steel imports in comparison to last year have not gone up and have infact declined. Imports of value added steel products have gone up but in case of HR Coils, India remains a net exporter. Even to Vietnam, India exports more HR Coils than it imports. It was explained that the entire downstream steel industry uses HR Coils as basic raw material and any rise in domestic prices owing to imposition of MIP shall adversely affect the downstream industry which provides more employment than the primary steel producers. The current consumption of HR Coils by the downstream industry was about 6 million tonnes. It was also pointed out that as soon as steel imports are discouraged by imposition of MIP the import of finished steel products shall rise and kill the entire downstream industry.
8. Representative from Alloysteel producers Association pointed out that the prices of automotive grade steel in India are depressed in comparison to Japan and a large number of alloy steel units are facing difficulties. In case the imports keep on rising, a large number of alloy steel units shall face closure and a huge expertise in manufacturing automotive grade steel shall be lost for a long time to come, thereby harming the automobile sector in the long run.
9. After hearing the view point of all the stakeholders representing the interests of both primary as well as downstream steel manufacturers as well as steel consumers, HSM suggested that the end users should not bear the burden of increased prices and raw materials cost rise should not be the only parameter for implementation of MIP. HSM also mentioned that the producers should not resort to profiteering so that the downstream industry is not impacted.
10. HSM ordered constitution of a 4-member committee of Chairman SAIL and representatives from ISA, CORSMA and Stainless Steel manufacturers association, to evaluate the matter in detail and submit its findings within a week.

## Annexure A

### List of Participants

#### M/o Steel

1. Hon'ble Steel Minister – Chairman
2. Mrs. Rasika Chaube – Additional Secretary
3. Ms Ruchika Chaudhry Govil - JS
4. Shri Punit Kansal – JS
5. Shri T Srinivas – JS
6. Sh Aman Sharma – Dir
7. Sh Sameer Shukla, PS to HSM
8. Dr. A.S. Firoz, Chief Economist, ERU/JPC

#### Industry Associations

1. Sh A K Chaudhary, Chairman, SAIL
2. Sh P.K. Rath, CMD, RINL
3. Sh Mrugank Kamdar, Trade Law-Head Consultant, JSW
4. Ms Aparajita Agarwal, Regulatory Affairs, TSL
5. Sh Konstav Kakati, Regulatory Affairs, TSL
6. Sh Kamal Aggarwal, Gen. Secretary, AIIFA
7. Sh N.K. Sood, Executive Director, CORSMA
8. Sh Jalaja Menon, AGM, JSL, Member, ISSDA.
9. Sh K.K. Pahuja, President , ISSDA
10. Sh Vijay Sharma, SR. Vice President, Jindal Stainless
11. Ms Soma Mondal, DC, SAIL
12. Sh D.K. Mohanty, ED, SAIL
13. Sh Bhaskar Chatterjee, Secy. Gen. Indian Steel Association
14. Sh Pranav Bhardwaj, MD Sunflag Iron & Steel, Member ASPA.
15. Dr. Anil Dhawan, ED Alloy Steel Producers Association
16. Sh Atanu Datta, DGM(Project), RINL
17. Sh Prakash Duvuri, MGR, JSW Steel.
18. Sh A K Bhargava, CEO, AISRB.
19. Sh B. L. Agarwal, Gen. Secretary, AISRB.
20. Sh Ranjan Bandhopadhyay, ES, JPC
21. Sh Alok Sahay, ED, SAIL