
Indian government to curb iron ore exports

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Indian Express reported that concerned over iron ore prices continue to rise and augment inflationary pressures on the economy despite the imposition of 15 % ad valorem duty on its exports, the Committee of Secretaries is likely to discuss wide ranging options on further control iron ore exports either by capping its overseas sale or enhancing the duty level to a considerable level to render exports unviable.

According to the report, though ore prices are believed to have softened in the recent days yet any drastic downturn in its prices is unlikely owing to strong demand from neighboring China whose steel production has reached more than 500 million tonnes annually triggering angry outbursts from the domestic steel mills.

In a bid to control flared tempers, the Steel Ministry has suggested that the miners should resort to dual pricing by offering the mineral at reasonable price to Indian steel companies and selling it at their own prices in the overseas.

The report added that the meeting, to be chaired by Mr K M Chandrasekhar cabinet secretary, steel ministry officials are likely to pitch for increasing the export duty to disincentives it for increasing its availability in the local markets while the mines ministry is expected to make out a strong case for lifting export duty on ad valorem basis and instead imposing a substantial duty only on export of high grade iron ore as utilization of low grade ore is insignificant in the country owing to the lack of technology for its use.

The report further added that the CoS is likely to take a decision immediately as the pledge by steelmakers to hold on to their reduced price line is slated to expire this month. Though it is unlikely that they would increase prices even after expiry of their promised time line, yet the government is unwilling to take any chances.

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