

## **India's copper majors call for higher import duties**

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**Ajoy K Das, Creamer Media**

Faced with cheap imports, India's largest copper producers have warned of large-scale job cuts should the industry's current average capacity utilisation of 75% fall any further. Domestic copper majors, State-owned Hindustan Copper Limited (HCL), Vedanta Limited and Hindalco Industries have squarely blamed free trade agreements (FTAs) signed between India and Japan and other Association of Southeast Asian Nations (Asean) countries for cheap imports of copper into the country.

The producers warned that any further decreases in domestic production would jeopardise some 10 000 jobs, unless the government initiated remedial measures to curb copper product imports. The three majors pointed out that, under FTAs with Japan and Asean nations, import duties on copper were slated to be progressively reduced over the coming years, with full duty-free trade in the metal expected by 2021.

The majors warned that this would be the "death knell" to the domestic copper industry. In communication to the government, the copper producers, while acknowledging that renegotiating FTAs might be protracted, if not impractical, demanded an immediate increase in import duties on refined copper products from the current 5% to 7.5% and the scrapping of the 2.5% import duty on raw copper concentrate.

Barring integrated producer HCL, which had its own captive mines, Indian producers were dependent on imported copper concentrate for their production of refined copper products. To bolster its case for import protection, the copper industry cited the example of the steel industry, where the government had increased import tariffs in August, hiking the import duty on semi-ingots to 10% from 7.5% and on alloy and nonalloy flat products to 10% from 7.5%. This was followed by the implementation of a 20% safeguard duty on hot-rolled coil steel products in September.

In the aluminium sector, the government was considering doubling import duties to 10%. With imports of copper products from Japan and Asean nations notching up a 20-fold increase during 2014/15 and, with import duties falling from levels of 20% to 2.5% between 2002/3 and 2010/11, the differential between the average landed price of imported copper and the domestic price had narrowed proportionately from 20% to 2% at present, impacting the viability of domestic value addition, the producers said in its communication to government. Apart from primary producers, there were about 800 manufacturing units in the small- and medium-sized sector involved in copper product manufacturing of power and infrastructure products and any fall in capacity

utilisation and lay-offs by the three majors would have a cascading impact on the small-scale manufacturing units, the producers noted.