



Text of speech of Minister for Steel Shri Birender Singh at Global Forum on Steel Excess Capacity

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Following is the text of the speech of the Minister for Steel, Shri Birender Singh at the Global Forum on excess steel capacity at Berlin on November 30, 2017:-

“The Chair and G20 Presidency, Brigitte Zypries, Federal Minister for Economic Affairs and Energy, Germany.

The Co-chairs, US and China,

Ladies and Gentlemen,

Let me express my deep appreciation to the members of the Global Forum on Steel Excess Capacity who have put in significant efforts to come out with the present draft progress report as intended by the Hangzhou and Hamburg Mandates. The central concern expressed by the leaders was to tackle the global problem of excess steel capacity and therefore, to remove all market distorting subsidies and other types of support which lead to excess capacity.

As WTO members, we all are committed towards fair international trade. Countries take recourse to trade relief measures like anti-dumping duties, safeguard duties or countervailing duty when there is a deviation from this norm. Unfair subsidy and support measures by one country leads to global repercussion in other countries. These subsidy and support measures lead to market distortion and contribute to excess steelmaking capacity.

In order to take effective steps to address the challenges of excess steel capacity, members of the Global Forum agreed to share information, cooperate and develop concrete policy solutions. Six guiding principles contained in the progress report lay the foundation for taking tangible policy actions to reduce excess steel capacity. These principles are all embedded in three main areas:

- a) Acknowledgment of the global nature of the excess capacity challenge and the necessity of collective solutions;
- b) Importance of enhancing market functions and encouraging adjustments;
- c) Need for improving transparency, review and assessment of market developments and steel policies.

On the basis of these six guiding principles the Global Forum made very few key recommendations. While most of the key recommendations in the draft report generally have been agreed by all members there are a few recommendations where some member countries have expressed caution. One such area of concern for India is regarding the basis of prescribing key recommendations. While India agrees that the policy recommendations cover all market distorting subsidies and other types of support provided by Government or Government related entities, there should be acknowledgement of existing WTO agreements. The draft report has indicated support only for the WTO agreement on Subsidies and Countervailing measures which is not sufficient as there is another other support measure sought to be covered in the key recommendations in the progress report which finds mention elsewhere in WTO agreements. It would accordingly be desirable that while making key recommendations, there is acknowledgement of WTO agreements.

The Policies of our government with the strong and vibrant leadership of our Prime Minister, Mr. Narendra Modi under the ‘Make in India’ initiative are expected to facilitate significant domestic investment in construction, infrastructure including roads, highways and railways, automobile, shipbuilding and power sector which will stimulate steel demand in India.

Increase in demand of steel is one of the strong strategies to face the challenge of global excess capacity. One of the key recommendations in the draft report is about exchange of experiences on new sources of steel demand. This recommendation will be useful for steel producing and steel exporting countries. New demand opportunities are also expected to emerge based on R&D outcome for steel usage in special applications.

Steel being a deregulated sector in India, setting up of capacities is based on the investor’s own assessment of profitability in the sector. Investment also depends on the nature of the market based on present and future demand in the sector. State owned enterprises and private companies compete on equal footing in the Indian steel market. In view of the optimistic possibilities of the future of the steel sector, India is going to be a major destination for steel investors. Government policies do not provide any financial support for setting up of new steel capacities. Steel companies have to sustain by being competitive and having a disciplined approach towards loan management. Policy approach of the government for exit of financially stressed units ensures transparency in the process with the possibility of takeover by alternate efficient management under the new bankruptcy law.

This group of 33 member economies have strong steel presence with more than 90 percent share in the global steel market. The Global Forum has developed a strong data base of steel capacity and it has the repository of information on a number of government policies and measures regarding the steel sector. It has been generally agreed that the Global Forum will meet periodically to further discuss, assess and review the information shared by the members.

This will be a useful exercise for members of the Global Forum to deliberate on identified market distorting subsidies and other types of support which distort competition. This process of enhanced communication and cooperation will help us in taking effective steps to address the challenges of market distorting global excess capacity.

The final progress report will be an important document in the hands of the new Global Forum Chair-Argentina and the co-chairs India and the EU. The Chairs will need to ensure that the recommendations mentioned in the report are applied in the spirit of the mandate given in the Hangzhou and Hamburg Summits. There is a caution in the process involved that assessment and review of information should be used in the true spirit of cooperation and should not form the basis for trade disputes which as we all understand will jeopardise functioning of this Global Forum. We all have collective responsibility to take actions to remove the market distorting steel excess capacity.

Thank you.”

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