

India's coking coal imports at 10-year high, Russia among top three suppliers with 12% market share

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India's coking coal imports are at a 10-year high with shipments of 58 million tonnes (mt) coming in during FY24, driven by high demand from steel mills. Imports rose seven per cent y-o-y (from 54.3 mt in FY23) and over 20 per cent during a 10-year period.

Significantly, supplies from Russia are at multi-year highs of 6.4 mt in the just concluded fiscal, a 200 per cent rise y-o-y (from 2.3 mt in FY23) and up 300 per cent over a six-year period (from 1.6 mt in FY19), data from various ministries & trade sources show.

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Segment imports varied between 47 mt and 54 mt over the last 10 years, the data accessed by businessline show.

Australia cedes market space

For FY24, Australia continued to be the largest supplier of coking coal, accounting for 59 per cent or 34.2 mt of overall shipments, marking a subsequent decline. The country ceded market space to Russia - now having a 12 per cent market share - and the USA, with 14 per cent at 8.4 mt of supplies.

Six years back, Australia accounted for 81 per cent of coal shipments, Russia had a three per cent market share and the USA accounted for eight per cent, data from consultancy firm BigMint shows.

In 2021, the Cabinet approved an MoU - allowing for an institutional mechanism - between India and Russia on cooperation regarding coking coal that further boosted supplies.

Price volatility of Australian coal, higher discounts offered by Russia and alternative options from the USA quickly led to changes in market share.

By FY23, Australian supplies occupied 70 per cent market share, USA was at 12.5 per cent, while Russia saw its share move up to five per cent.

However all through the year Russia continued to offer discounts to the tune of 20-25 per cent, while Indian mills also started re-calibrating their furnaces to ensure better mix of high-ash content coal coming in from Russia.

Russia displaced countries like Mozambique and Canada to move up as the third largest supplier of the raw material.

"Steel demand and production have been robust in India with the country defying global slowdown. Demand for steel continued to be on the higher side with there being a record hike in sponge iron production," the government source explained.

Sponge iron & steel production

India's sponge iron production rose 20 per cent y-o-y to 52 mt in FY24, up 43 mt in FY23. This allowed production through the induction furnace route.

Sponge iron production rose as imported coal prices fell around 48 per cent (y-o-y) to \$109/t CNF Gangavaram in FY24, as against \$209/t in FY23, a BigMint report said.

As a result, imports of thermal coal used in the sponge iron sector saw a 62 per cent spurt last fiscal.

India's crude steel production increased around 14 per cent to 143 mt last fiscal. Steel production was 127 mt a year ago.

The growth came following a sharp increase in production through induction furnace route.

Steel making through induction furnaces grew 25 per cent y-o-y to 50 mt against 40 mt in FY'23. The electric arc furnaces (EAFs) showed 12 per cent growth to 31 mt.