



## CHINA STEEL INTELLIGENCE REPORT

# China watches India gain momentum

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### China watches India gain momentum



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# CHINA WATCHES INDIA GAIN MOMENTUM

BY TOMAS GUTIERREZ

A recent Kallanish research trip to India was filled with comparisons to China in an earlier phase of its development. The two countries however are very different, and their steel industries face different challenges. They have access to different raw materials, have different social structures, different global relationships, and are growing at different phases in the global industry and different international policy environments.

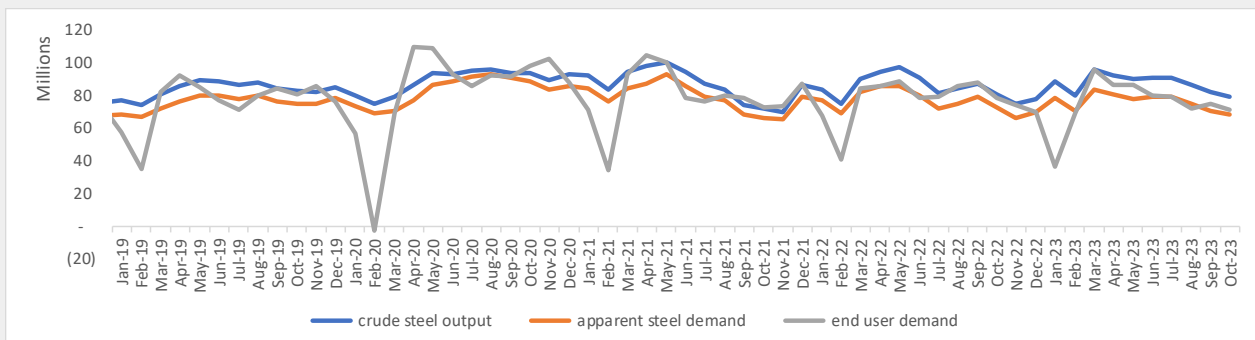
The comparison between the two can be useful however, to both countries. In this issue we look at some of the interesting contrasts and comparisons which will have growing importance to the global steel industry in the coming decade.

TABLE 1. SUPPLY AND DEMAND

	2022	Jan-Oct 2023	Y-o-y	2023 Outlook	Y-o-y
Official crude steel output	1,015	875	1.40%	1,027	1.30%
Apparent consumption	913	762	-2.00%	927	1.70%
End user demand	918	749	-3.32%	924	0.90%

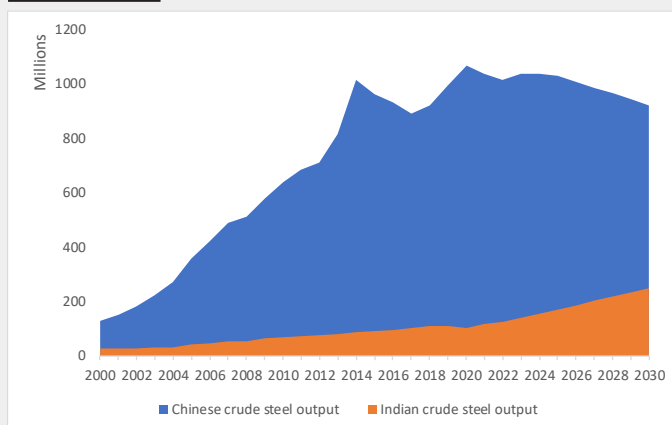
Source: Kallanish. Million Tonnes

FIGURE 1. STEEL PRODUCTION AND DEMAND 2019-2023



Source: Kallanish. Million Tonnes

FIGURE 2. INDIAN OUTPUT RISES AS CHINA'S MOMENTUM FADES



Source: Worldsteel, Kallanish

Growth in India's steel sector has accelerated in recent years. Although some countries have seen a post-Covid rebound, India is shifting to what appears to be a more sustainably rapid growth in steel demand. India is now producing about as much steel as China was in 2000-2001, and it also has similar demographic prospects. There is a wave of young Indians ready to drive economic growth for many years.





The Indian government meanwhile has ambitious infrastructure plans. The capital investment budget is now at 3.3% of GDP, and the National Infrastructure Pipeline has outlined \$1.4 trillion of planned investment across 7,400 key projects. This is driving steady growth in Indian steel demand. India has elections in 2024, but the working assumption across most of the industry seems to be that intensive infrastructure investment will continue under any new government. From 114.9mt in 2022, Indian apparent steel demand is expected to reach 124mt in 2023 and 132mt in 2024, according to the Indian Steel Association.

The mood in India is very bullish. The producers, traders, associations, analysts and raw materials suppliers Kallanish met all said they expected rapid development in both steel demand and production. India is targeting 300m t/y of steel capacity by 2030. It may not hit that number, but most agreed they would reach at least 75-85% of the target, and perhaps more. Capacity is being installed at pace by all the major domestic steelmakers.

FIGURE 3. INDIAN APPARENT STEEL CONSUMPTION TO GROW



### Coking coal

There remain challenges to this growth however. Raw materials are one key factor, and one important difference from China. China has plentiful coking coal resources, and can additionally import from Mongolia and Russia, but it has very limited high grade iron ore reserves. India however is far better

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