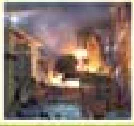
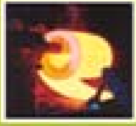

SEAISI

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FROM Secretary General

Another significant milestone of SEAISI has been reached with the successful integration of SEAISI and AISIF (ASEAN Iron & Steel Industry Federation). During the 2011 SEAISI Conference & Exhibition in Singapore in May, Mr. Fazwar Bujang, Chairman of SEAISI, announced that the Board of SEAISI had agreed to proceed with the integration of the two organizations. At the opening session of the recently concluded 2011 SEAISI Economic, Environmental and Safety Seminar in Kuala Lumpur, Malaysia, Mr. Fazwar Bujang informed the delegates that the integration of SEAISI and AISIF was officially formalized by the Board of SEAISI at its meeting in Kuala Lumpur, held a day earlier.

Effective 1 December 2011, AISIF will be replaced by the ASEAN Iron & Steel Council (AISC) and will be a part of SEAISI. AISC will work as an autonomous body dedicated to deal with economic and trade issues. In this regard, Mr. Fazwar Bujang assured all friends and dialogue partners of AISIF that AISC, as a part of SEAISI, will continue to work and further strengthen the level of cooperation with all of them. He also mentioned that the new SEAISI will strive to further enhance its programmes and activities to contribute to the sustainable development of the iron and steel industry in South East Asia.

As for the seminar, held on 21 & 22 November at Hotel Istana Kuala Lumpur, Malaysia, it was well attended by more than 120 delegates from 17 countries. Reflecting the expanded scope of activities of the new SEAISI, an economic component was incorporated into the proceedings of the seminar which in the past were centered on environmental and safety matters. The theme of the seminar was “ASEAN Steel Industry: Sustainable Growth amidst a Greener and Safer Environment”.

The highlight of the seminar was the CEO Panel Discussion on “Sustainability of ASEAN Steel Industry” involving all the six ASEAN Board members of SEAISI. Chaired by Mr. Mike Gundy, the SEAISI Director for Australia, the panel members touched on a wide variety of issues impacting the region’s steel industry such as rising raw material prices, free trade agreements, industry consolidation, EAF vs blast furnace, attracting and retaining key personnel etc. Some of the suggestions for the sustainable development of the steel industry in the region included collective procurement of raw materials, production of billets to serve regional needs, shifting from commodity grade steel to more customized and high value steel, shifting of focus on production volume to creating value, finding ways to produce steel with the least impact on environment and maintaining a safe and conducive working environment.

Other interesting presentations on the opening day included “Global Steel Market Outlook for 2011-12 and Long Term Challenges” by the World Steel Association, “Update on ASEAN Steel Industry Development Scenario” by SEAISI, “ASEAN Economic Community and Thailand Steel Industry” by Chulalongkorn University and “Development and Outlook of the Construction Industry in Malaysia” by the Construction Industry Development Board.

There were of course the presentations of papers by many experts covering various environmental and safety related topics viz. Environmental Management and Sustainability, Waste Management, Energy Saving, Emissions Control, Operation Management for Environmental Improvement and Safety Management which were well received by the delegates.

The plant tour after the seminar was participated by more than 30 delegates. The delegates were taken on a tour of the manufacturing facility of Perusahan Otomobil Nasional Berhad (PROTON), Malaysia’s first national car manufacturer, as well as the plant of BlueScope Steel (Malaysia) Sdn Bhd.

The Institute would like to thank all the speakers, chairpersons and delegates as well as the two companies that hosted the plant tour for their contributions in making the 2011 SEAISI Economic, Environmental and Safety Seminar a success. Our thanks also go to the Malaysian Iron & Steel Industry Federation (MISIF) for their great effort and support in hosting the event.

The next major event of the Institute is the 2012 SEAISI Conference & Exhibition which is scheduled to be held from 28 to 31 May 2012 at The Westin Resort Nusa Dua in Bali, Indonesia. The theme of the Conference is “ASEAN Steel Industry: Anticipating Opportunities, Growth and Challenges”.

- Tan Ah Yong -

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Email: seaisi@seaisi.org Tel: 603 55191102 Fax: 603 55191159 Website: www.seaisi.org

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AUSTRALIA

BHP Billiton turns more cautious on market outlook

BHP Billiton, the world's biggest miner, has turned more wary on the outlook for commodity markets as some players face tighter access to credit, but said conditions are not as bad as during the global financial crisis.

BHP and rivals such as Rio Tinto and Anglo American have warned that markets are likely to remain volatile in the near term, but BHP is the first to highlight that customers are starting to face tougher credit conditions.

"The heightened volatility and uncertain economic outlook are expected to continue to weigh on sentiment in the markets for our commodities," Chief Executive Marius Kloppers told shareholders at the group's annual meeting in Australia.

However, in comments later to reporters he was at pains to stress that BHP is big and diversified enough to be trading profitably despite the headwinds. He said its iron ore, copper, coal, oil and gas businesses were holding up well, while conditions were tough in nickel, aluminium and manganese.

He also played down concerns about tighter credit conditions, saying they were affecting mainly smaller companies, not BHP's major customers.

"No, we don't have the blind panic of people not trusting each other," Kloppers told reporters. "We don't have the conditions we had in 2008."

The company's outlook was more cautious than at its annual meeting in London a month ago, largely due to the sudden turn in Italy's debt crisis.

Kloppers said while Chinese steel mills had been rattled by Italy's credit crisis, he remained confident that the Chinese government would continue to target 8 percent economic growth.

Investors were unperturbed about the less upbeat outlook, pushing BHP's shares up 1.1 percent in a broader market that closed 0.3 percent higher, as the challenging outlook is already baked into its share price.

"It's there for everyone to see, the world's a much more uncertain place at this juncture than what it has been over the last couple of years," said Tim Schroeders, a portfolio manager at Pengana Capital.

"It's prudent for BHP to bring that to everyone's attention and highlight that the world has changed and that it is a difficult operating environment."

BHP's Australian shares have fallen around 25 percent since hitting their high for the year in April as the outlook for the global economy has darkened, broadly mirroring the performance of Rio over the same period but underperforming a decline of around 15 percent in the wider market.

Kloppers reiterated that customers had turned cautious in managing their stocks and some had cut production.

“We are also aware that for some of the people we do business with, there has been tightening in both the availability of trade finance and the terms on which it can be accessed,” he said.

In contrast to some of its customers facing tougher credit conditions, BHP itself had no difficulty raising $3 billion overnight in the bond market at what bankers considered a good price.

STILL SELLING EVERYTHING

Kloppers said that despite challenging conditions, the company was still able to sell everything it was producing and its customers were continuing to buy all their contracted volumes.

“There’s nothing that we’ve seen with regard to the large consumer nations and China and Asia in general that gives us cause for concern,” said James Bruce, portfolio manager at Perpetual Investments, which owns BHP shares.

After delivering a record $21.7 billion profit in the last financial year, the Australian Shareholders Association pressed BHP to hand back more cash to shareholders, following a $10 billion share buyback completed earlier this year, rather than chasing more acquisitions.

Chairman Jacques Nasser stuck to the company’s line that it would always consider buybacks alongside potential acquisitions and its plans to spend $80 billion in the five years to 2015 to expand iron ore, coal, copper, uranium and natural gas production.

“We’ll continue to pursue acquisitions where we believe they represent value for shareholders,” Nasser told shareholders.

Known as “The Big Australian,” BHP has run into repeated regulatory hurdles with deals to expand its iron ore operations. Regulators also stymied its attempt last year to diversify into agricultural minerals with a $39 billion hostile bid for Canada’s Potash Corp.

Despite shaky global markets, analysts are still expecting the company to post 7 percent profit growth this year to another record around $23.2 billion.

Iron ore miners, led by Brazil’s Vale and Rio Tinto, have also said they expect the recent slump in iron ore prices to be temporary, with prices already recovering.

Reuters, November 17, 2011

BHP Billiton plans new 17m tpy mine at Newman

BHP Billiton has signed off an $822 million investment in its Newman iron operation which will add 17 million tpy of capacity by the end of next year.

The miner and its minority partners in the Pilbara Iron Ore operations will develop Orebody 24, northeast of Newman in Western Australia.

“The Orebody 24 development is consistent with our strategy to invest in high quality, expandable resource basins and highlights the benefits of our ability to leverage existing infrastructure to sustain current production,” Ian Ashby, BHP Billiton President Iron Ore, said in a statement.

The mine will start “in the second half of 2012”, BHP said.

BHP holds an 85% share in Pilbara Iron Ore and will pay $698 million into the Orebody 24 development. Its partners, including Itochu Minerals & Energy of Australia, Mitsui-Itochu Iron, and Mitsui Iron Ore Corp, will invest the balance.

Metal Bulletin, November 16, 2011

Australia’s BlueScope Steel sees first half loss

Australia’s Bluescope Steel affirmed forecasts for a loss in the first half as it shuts down loss-making operations and faces weak markets and reduced profit margins.

Earlier this month, OneSteel Ltd, Australia’s second-largest steelmaker, cut its earnings guidance after iron ore prices dropped by almost a third in three weeks, sending its shares down to an 11-year low.

Asked about potential consolidation opportunities with OneSteel, Bluescope Steel chairman Graham Kraehe said he was aware of speculation the two had potential synergies.

“It hasn’t been a high priority. There are a number of complexities with it. We understand it’s superficially attractive but there are a number of issues that make it not as attractive as it would seem,” he said, naming distribution as an example.

BlueScope forecast a small underlying net loss excluding one-off costs, and a significant net loss after restructuring costs.

Those restructuring costs would be around A$400 million ($405 million) to A$500 million, Kraehe told journalists after a meeting with shareholders on Thursday.

He said the guidance for a small first-half loss excluding costs was “similar to the guidance that we’d given in the previous half and you can look at the result for that.”

BlueScope’s full-year earnings before one-offs swung to a loss of A$118 million.

BlueScope closed one of its two blast furnaces and slashed 1,000 jobs, hurt by a high Australian dollar and raw material prices, as well as weak steel prices.

Shares in BlueScope fell 2.8 percent to A$0.69 in a broader market up 0.3 percent. The stock hit a low of A$0.635 in September and traded above A$2 a year ago. ($1 = 0.987 Australian Dollars)

Reuters, November 17, 2011

Australia’s OneSteel Under Extreme Pressure to Deliver in 12 Months

OneSteel Ltd CEO Geoff Plummer admitted in reports of the Australian Finance Review and Business Spectator that he is giving himself a year to take the company back to black as frustrations among many shareholders and company workers arise.

Plummer said in the company’s annual stock holders meeting on Monday that the pressure to bounce back is fuelling executives and workers alike. Although some frustrating developments still abounds that also holds their efforts back.

He cited that an instance is the company's South Australia blast furnace, which they could not easily make money from because it is currently under review.

"The market is understandably frustrated," he said prior to the company's annual general meeting in Sydney early Monday.

OneSteel and other steel producers in the country are suffering from high expenditures because of the rising value of the dollar, expensive steel-grade coal; and the slowdown of the construction industry. Operations are also threatened by the added carbon tax, which the government said will be beneficial in the long term.

The Australian Parliament allowed OneSteel and other steel makers an early draw down from the $300 million assistance package for the industry affected by the carbon tax.

International Business Times, November 21, 2011

INDONESIA

Indonesia to become next production base for auto part makers

It's reported that Indonesia will soon become the next destination for investment in auto parts manufacture as negotiations are underway.

Industry Minister M.S. Hidayat said that the investment in car components and sub-components would come in part by relocating auto part production centers that were experiencing production slowdown, including in Japan and Thailand.

Auto parts supply has reportedly suffered a disruption by the worst flooding in decades in Thailand, where the leading Japanese carmakers deploy their regional production base in Southeast Asia, as manufacturers halt operation.

He added that the talks of planned relocation had begun. Some companies in the electronics and automotive component sectors from Japan are showing interest in entering Indonesia.

Mr. Budi Darmadi, the Industry Ministry Director General of high tech priority industries indicated that apart from relocation, Indonesia was currently the key destination for investment in auto component and subcomponent facilities by looking at the recent robust expansion of car production.

Yieh, October 26, 2011

Indonesia's Gunung orders 1.2m tpy slab caster

Indonesian long products manufacturer Gunung will commission a 1.2 million tpy slab caster in 2013, according to equipment maker SMS Siemag, which will supply the facility.

The caster at Gunung's works in Bekasi, West Java, will produce slab of 220-250mm thicknesses and in 800-2,100mm widths for the manufacture of structural steels, pipe and heavy plate, SMS Siemag said.

Gunung will process the slabs at its own mill.

Metal Bulletin, November 1, 2011

JAPAN

Japan steel firms cut outlook as market worsens

Japan's top steelmakers, Nippon Steel Corp and JFE Holdings Inc, slashed their full-year profit outlooks by about 20%, hit by a rapid deterioration in Asia's steel market after booking quarterly earnings about half of last year's levels.

Ebbing demand in China, the world's biggest consumer and producer, and an uncertain global economy, are weighing heavily on the profits of Asian steelmakers already reeling from a supply glut and sagging regional prices.

Japanese steelmakers, heavily exposed to Asia's steel market, face an even tougher outlook due to a strong yen and prices that are expected to fall further in the export market.

The glum outlook follows POSCO's announcement last week that the South Korean steelmaker will cut its 2011 investment plan and its October-December operating profit may fall.

Nippon Steel, the world's No. 4 steelmaker, slashed its outlook for recurring profit for the year to March 2012 to 180 billion yen (US$2.38bil) from its projection of 230 billion yen only three months ago.

Reuters, October 27, 2011

JFE tidies corporate structure to cut costs

Japan's second-largest steel group, JFE, is embarking on more housekeeping to prepare for weaker domestic demand and a stronger currency. JFE Steel's trading arm, JFE Shoji Trading, will become a wholly owned subsidiary of parent company JFE Holdings from April 2013, it has announced.

JFE Shoji Trading is currently held 100% by JFE Shoji Holdings, a listed company, which in turn is held 38.56% by JFE Steel and others. A complicated procedure will see the two Shoji companies merged by next April and the product listed then delisted and become a JFE Holdings subsidiary.

The JFE Group is clearly doing this to cut costs, a Tokyo-based securities analyst tells Steel Business Brieng, because it can save handling fees using its own wholly-owned trader. "JFE has a relationship with (trader) Marubeni-Itochu Steel, for example, so transactions involving them may decrease," she said.

But conversely Marubeni-Itochu has expertise in emerging markets like India so JFE can decide which trader to use, she added. "The Japanese integrated mills are searching for ways to survive and minimize costs."

Part of this strategy was JFE Steel's announcement in May of plans to combine four group mini-mills – JFE Bars & Shapes, Daiwa Steel, Tohoku Steel and Toyohira Steel – on 1 April 2012, as SBB reported. Last week it announced JFE Bars & Shapes would be the surviving entity but said other key details were still under consideration. A JFE Steel spokesman conrmed the consolidation was aimed at cutting fixed costs.

"We haven't considered shutting facilities yet but over capacity among Japanese mini mills is a reality, not only for the JFE

group," he noted. The four mills host 3.8m tonnes/year capacity yet produced only 2.67m t last year.

Steel Business Briefing, October 31, 2011

Nippon Steel: to cut H2 crude output to 15.25 mln tonnes

Nippon Steel Corp said on Wednesday it plans a further 250,000 tonne cut in crude steel production in the October-March second half of this financial year to cope with a decline in demand following the flooding in Thailand and uncertainties in the market.

Nippon Steel will move forward planned maintenance work on a blast furnace at a plant near Tokyo by about a month and halt the plant's operation in early December, a company spokesman said.

The company said in October it would cut its crude steel output in October-March by 800,000 tonnes from the same period a year earlier to 15.50 million tonnes.

It now plans second-half output of 15.25 million tonnes.

Reuters, November 16, 2011

KOREA

South Korean Steelmakers Seek Emission-Reduction Technologies

South Korea, Asia's fourth-biggest polluter, plans to spend 280 billion won ($251 million) through 2019 on developing technologies to reduce greenhouse-gas emissions in the steel industry.

The spending plan, drafted by local steelmakers and research institutes, aims to cut emissions in the industry by 30 percent by 2020, the Ministry of Knowledge Economy said in an e-mailed statement today. The government will contribute 112 billion won of the proposed expenditure, the ministry said.

South Korea said in November 2009 that the country plans to voluntarily cut emissions by 30 percent from estimated 2020 levels, or 4 percent below its 2005 emissions. The steel industry accounted for about 12 percent of the nation's total emissions in 2007, or 75 million metric tons, the biggest contributor among industries, the ministry said.

Companies are seeking technologies that can reduce the use of coal during steelmaking, the ministry said. Reduced coal consumption may also help steel producers cut costs, according to the statement.

Bloomberg, November 1, 2011

MALAYSIA

Malaysia's Megasteel eyes changes to HRC, flats import duty

Discussions over a proposal by Malaysian producer Megasteel to alter the current import duty structure for hot rolled coil and downstream at steel products is still in its "very preliminary" stages, industry sources in Kuala Lumpur tell Steel Business Brieng.

According to a document seen by SBB, in addition to HRC, Megasteel is aiming for the changes to be enforced for imports of cold rolled coil, galvanized coil, plate and cut sheet, electro-galvanized coil and sheet, and structural and non-structural pipe and tubes. Imports of most of these products currently attract a 25% duty.

The proposal, which seeks to cut import tariffs to 15% for flat steel products originating from non-Asean countries, has been submitted to the ministry of international trade and industry (Miti) for its consideration. At the same time, the proposal seeks no tax exemption for all imports.

Miti consulted the industry last week for its views and comments on the proposal, SBB learns. It is believed that the initial reaction received was not favourable. But local sources stress the proposal is a long way from implementation, if at all. Officials with the Malaysia Iron & Steel Industry Federation and Miti declined comment to SBB.

Steel Business Briefing, October 26, 2011

Perwaja likely to get iron ore mining concession in Terengganu

Perwaja Holdings Bhd is expected to secure a sizeable iron ore mining concession from the Terengganu government "anytime soon", according to industry sources.

To enable economies of scale, sources said, Perwaja's unit Perwaja Steel Sdn Bhd should ideally be given about 500ha in Bukit Besi to mine iron ore with a mining lease running for at least 10 years, which later will be subject to renewal.

The 2,400ha Bukit Besi area is believed to hold 50 million tonnes of iron ore reserves, which has the highest quality in Malaysia at 70% Fe (iron), the sources added.

(The higher Fe percentage means that the iron ores are carrying high quantities of hematite or magnetite also known as "natural ore" or "direct shipping ore", which can be fed directly into iron-making blast furnaces for steel manufacturing.)

Industry sources told StarBiz that the state had agreed in principle to give Perwaja the concession to undertake the mining operation but this had yet to be made official.

Both Kinsteel Bhd and Maju Holdings Sdn Bhd are Perwaja's majority shareholders, with management control held by Kinsteel.

The sources added that apart from Perwaja, there were other companies being considered by the Terengganu government to undertake similar operations at Bukit Besi.

Iron ore reserves can also be found in Bukit Ibam, Lipis, Maran and Lanchang in Pahang.

Both Terengganu and Pahang are estimated to have in excess of 100 million tonnes of iron ore deposits.

As for Perwaja, the Bukit Besi iron ore mining area is about 80km from its billets and direct reduced iron (DRI) plant in Kemaman.

The company is in the midst of constructing a RM400mil concentration and pelletising plant in Kemaman.

“The pelletising plant will enable the bare iron ore to be used as feed material for its DRI plant, making it a strong case for Perwaja to own an iron ore mine,” said OSK Research in its latest steel sector update report.

The fact that Perwaja was originally a national project also raised the possibility of the company securing any upcoming iron ore mining concession in Terengganu or Pahang, it added.

Perwaja Steel’s range of products include DRI, beam, blanks, blooms and billets, which in turn are used in the manufacturing, construction and infrastructure industries.

Meanwhile, Malaysian Chamber of Mines executive director Muhamad Nor Muhamad said: “Over the past three years, there have been an increase in the issuance and renewals of mining leases by state governments in mineral-rich states.”

Currently, there are about 50 iron ore mines scattered throughout Pahang, Johor, Perak and Terengganu.

Reflecting the increasing demand for the commodity, local iron ore production rose to 3.47 million tonnes last year from 1.47 million tonnes the previous year.

“There are many small iron ore operators in Malaysia working on less than 100 acres each. However, the sector is set to become more competitive with the entry of big players like Perwaja,” added Muhamad.

He said Perak had been actively issuing and renewing mining leases.

In 2008, the state had awarded HWG Tin Mining Sdn Bhd, a unit of Ho Wah Genting Bhd, a 10-year mining lease to mine tin and other minerals on 500 acres in Pengkalan Hulu with the potential for a further 500 acres as the work on the initial area progressed.

The Star, November 10, 2011

TAIWAN

E United Group Budgets NT$10 B. to Build Nickel Alloy Plant in Fujian Province, China

To ensure stable material supply, E United Group, Taiwan’s leading integrated producer of steel products, will invest US$340 million, or NT$10 billion, to build a nickel alloy plant and logistics firm in Ningde, Fujian province, southern China, where chairman I.S. Lin recently hosted the groundbreaking ceremony.

The project will be developed in three stages and roll out 90,000 metric tons of pure nickel per year upon completion, said the group.

The first-stage will be completed by the end of 2012 to fully supply nickel alloy to the group’s stainless-steel plants.
Nickel prices dictate competitiveness of stainless-steel plants by being over half of production cost, which E United can better control and cut by setting up nickel alloy plants to secure upstream materials, as well as enhance competitiveness and further solidify its lead in Asia’s stainless-steel market.

E United is also evaluating the feasibility of investing NT$50 billion to build the E-Da World amusement park in Zhangzhou, Fujian province, China. Spread across 1,000 hectares, the park will be eight to 10 times that of the same park in Kaohusing City, southern Taiwan. The recreational complex will contain educational, healthcare, housing and dining facilities, as well as a theme park, said Lin.

CENS, November 8, 2011

China Steel to Trim Capacity by 20% in December

China Steel Corporation (CSC), Taiwan’s leading integrated producer of steel products, will cut capacity by 20% in December to cope with the sluggish global steel market, with downstream producers including Yieh Phui Enterprise Co., Sheng Yu Steel Co. and Kao Hsing Chang Iron & Steel Corp. expected to follow suit.

The global steel industry is encountering slowing sales due to the European sovereign debt crisis, flooding in Thailand and oversupply in China.

Declining demand is depriving Taiwan’s downstream producers of steel products of new orders, so they have asked CSC to reduce wholesale prices of its major products to be shipped in January and February 2012.

Despite good performance in October and November in terms of order acquisition, CSC predicts to have orders to fill only 80% of capacity in December.

The last time CSC slashed capacity was in the fourth quarter of 2008 and the first quarter of 2009 to cope with the global financial crisis, cutting capacity by between 25% and 30%. With production-cutting by the major steel mills worldwide, the global steel market quickly returned to normal in the second quarter of 2009.

CENS, November 14, 2011

Taiwan’s China Steel to ask for iron ore delivery delays

China Steel, Taiwan’s top steelmaker, plans to ask miners BHP Billiton and Rio Tinto to delay iron ore and coking coal deliveries as a slower global economy prompts it to cut output, a senior company official said.

Sluggish demand has forced steelmakers across Asia to curb production, although China Steel may be among the first to have sought a delay in raw material shipments.

“We are getting ready to talk to our suppliers about that in hopes they can put off their shipment,” said a China Steel executive, who asked not to be identified, when asked whether the company has asked to postpone raw material deliveries.

“The euro zone debt crisis is widening and the U.S. economy is not in good shape.

“We have adjusted our output for November and will continue into December due to regular maintenance of manufacturing equipment,” said the executive.

Analysts say the Taiwanese steelmaker's plan was not too surprising given the gloomy state of the regional economy and elsewhere.

"In the Asia Pacific market, except for the Chinese, no one is seriously buying because outside of China, demand is quite flat right now," said Henry Liu, head of commodity research at Mirae Asset Securities in Hong Kong.

Steel mills in China have also reduced production although the cuts have been marginal, said Liu, allowing producers to continue buying iron ore.

NO MODIFICATION

China is the world's biggest steel producer and consumer and buys around two-thirds of the world's seaborne iron ore, a market controlled by Rio, BHP and Brazil's Vale.

Firm Chinese demand helped iron ore prices rebound more than 26 percent to $147.60 a tonne on Thursday, after hitting a 22-month trough below $117 in late October.

Taiwan's China Steel produced 9.72 million tonnes of steel in 2010, according to its website. Mainland China's crude steel output stood at nearly 627 million tonnes last year.

Elsewhere in Asia, Japanese producers have also been cutting output to deal with uncertain market conditions.

On Wednesday, Nippon Steel Corp, the world's No. 4 steelmaker, said it plans to slash output by another 250,000 tonnes in October-March, on top of the previously announced 800,000-tonne cut.

South Korea's POSCO, the world's third-biggest producer, has no plans to neither cut production nor delay shipment of raw material deliveries, a source from the company said.

Hyundai Steel, South Korea's second-biggest steel-maker, is of the same view.

"Our furnaces are currently at full operation. With no production reduction scheduled, we have no modification in raw material shipments. We focus only on internal cost reduction to minimize impacts from any slowdown in the markets," said a Hyundai Steel spokesperson.

Stocks of China Steel ended down 1.75 percent on Friday, versus the broader market's 2.08 percent slump.

Yahoo news, November 18, 2011

THAILAND

Floods could cut Thailand's Q4 steel consumption 'by half'

Thailand's steel consumption in the fourth quarter of 2011 could halve to 2 million tpy because of the country's floods, an analyst in Bangkok said.

"Both long and flat steel consumption will fall [significantly] because of the floods. Construction activities, except in the southern provinces, will be completely stopped," Prasit Rattanakijkamol, a steel analyst from Asia Plus Securities, said.

"Many of the automotive industries have said that they will close [their] operations until mid-November. The worst-hit, Honda, has said that it will only [re]open in the first quarter of next year," he added.

"Fifty percent of steel produced in Thailand is used in the construction sector, and 20% in the automotive industry. By a rough calculation, steel consumption may fall by 50% to about 2 million tpy in the fourth quarter," Rattanakijkamol said.

Thailand is being disrupted by the worst flooding in three decades, with two-thirds of the country affected. More than 300 people have lost their lives since July and, this week, floodwater has moved south to reach the capital, Bangkok.

The government has said that it does not expect the flooding to ease until mid-November.

The floods have also affected industrial estates across the country, interrupting the global supply chain for many major automotive and electronics companies that depend on Thailand-produced parts.

Toyota, Nissan and Honda shut some of their factories in Thailand in early October because of the situation.

Sony and Seagate Technology, among others, have also closed their facility in Ayutthaya.

Thailand's steel mills, mostly located in the eastern and southern provinces and on relatively higher ground, are not directly affected by the floods, the Iron & Steel Institute of Thailand has said.

The country's biggest mill, Sahaviriya Steel Industries (SSI), has confirmed that its unit in Prachuap Khirikhan province in the south is running at 100% capacity.

"Not all operations are affected by the floods. Our headquarters in Bangkok is still open as normal for now," spokeswoman Numphung Buacharoen said.

SSI has capacity to produce 4 million tpy of hot and cold rolled coil. Thai mills may have to cut production in anticipation of lower consumption of steel because of stalled industrial and construction activities, Rattanakijkamol said.

"The mills may also cut production by 50% if they anticipate consumption will fall by as much," he said.

It is too early to say whether Isit will cut its forecast for steel consumption in Thailand, institute president Wikrom Vajragupta said.

In August,Isit lowered its steel consumption forecast for the year as the slowdown in Thailand's construction sector looked set to continue into the second half of the year.

Apparent steel demand for the year is expected to grow by between 3.4% and 6.3% to 14.4-14.8 million tonnes for the whole of 2011, lower than an increase of between 9% and 14% projected in January.

Apparent steel consumption from January to August 2011 is 9.77 million tonnes, according to Isit.

Metal Bulletin, October 28, 2011

Tycoons to build EF in Thailand

Tycoons Worldwide Group (Thailand) Pubic Co. has announced that the company is going to invest about NT$1.672 billion to build the electric furnace (EF) in its Thailand mill.

The designed annual capacity of this new billet production line will be 52 thousand tons and this new electric furnace production line has been expected to start its construction schedule since this November and to complete the whole construction around the first quarter of 2013.

As soon as this mill starts its official production, about 30% of its output will be supplied to export markets, such as Taiwan or other Southeast Asia countries and another 70% will supply to Tycoons itself for wire rod production.

Yieh, October 31, 2011

Sahaviriya Steel extends loss in Q3 ahead of TCP launch

Thailand's Sahaviriya Steel Industries booked a net loss of 2.96 billion baht ($96 million) in the third quarter as it continued preparations to restart its UK slab plant.

The company's iron and steelmaking business, including the still-idle Redcar facility, made a net loss of 2.78 billion baht, more than four times higher than the previous quarter.
"The business has [not] yet started operation while fixed costs and other expenses relating to the non-operating assets were incurred," the company said in a statement.

The company is expecting to restart the Teesside plant in early January, and will use the slab to feed its strip mills in Thailand.

Sahaviriya, which sold 414,000 tonnes of hot rolled coil in the quarter, made a 1.07 billion baht loss in the previous quarter, and turned a profit of $18 million baht a year earlier.

Steel demand in Thailand has been ravaged by huge floods in the last month. Sahaviriya said its own operations were not affected.

"Though our production assets are safely in the southern part and unaffected by the flood, steel demand is weak as production bases for electronic and automotive parts producers are severely affected," the company said.

Steel demand is likely to be weak in the fourth quarter before the floods recede and downstream industries recover, the company said.

The Bank of Thailand has predicted negative GDP growth in fourth quarter, and has lowered its 2011 forecast to 2.6% from 4.1%, the steelmaker added.

"Economic and industrial activity is expected to resume gradually post flood and more vigorously in Q1/2012 as the government budget to rebuild infrastructure and rehabilitate industries kick in," SSI said.

Thailand's steel consumption in the fourth quarter of 2011 could halve to 2 million tpy because of the country's worst floods in three decades, one analyst estimated (MB Oct 28).

Metal Bulletin, November 14, 2011

VIETNAM

Vina Kyoei gets approval for new billet plant, bar mill

The Vietnamese government has approved plans by Vina Kyoei Steel to build a meltshop, billet caster and rolling facilities to nearly double the mill's capacity to about 900,000 tonnes/ year when the expansion is completed around 2013.

The new meltshop will host a 90-tonne AC furnace and a billet caster capable of producing 130-150mm square billets to 6 metre lengths, and a 500,000 t/y rolling mill. Located at Vung Tau in southern Vietnam, the mill is currently operating at full capacity at 400,000 t/y producing rebars and wire rods from imported and domestically-sourced billets.

Vina Kyoei is owned 45% by Japanese mini-mill Kyoei Steel, 40% by Vietnam Steel Corp, and 9% and 6% respectively by Japanese traders Mitsui and Marubeni-Itochu Steel.

"We have been planning a meltshop at Vina Kyoei to supply billet ourselves to improve competitiveness," a Kyoei spokesman tells Steel Business Brieng. To date, Kyoei has been supplying about 5,000-6,000 t/m of billet from its Osaka plant to Vina Kyoei. "Exports to Vina Kyoei will decrease but we have customers in Southeast Asia and also in Japan, so we will have no problem with losing Vina Kyoei as a billet consumer," he said.

Vina Kyoei has also been importing billet from other sources and procuring domestically-produced lower- priced semis. With the new facilities Vina Kyoei will start producing angles too, though the company has not decided production volume. Last month it began producing screw bars with technologies transferred from Kyoei.

Steel Business Briefing, October 31, 2011

VSA appeals to government to impose AD duty on stainless CRC imports

It's reported that Viet Nam Steel Association (VSA) has appealed to Ministry of Finance to impose 10% of import duties on the imports of stainless cold rolled coil (CRC),aiming to protect the local steel industry.

According to statistics, the country imported 140 thousand tons of stainless steel from China and Taiwan. The imports of stainless steel were sold with much lower prices than that offered by domestic steel mills.

VSA indicated that the country was capable of producing 350 thousand tons of cold rolled (CR) steel and stainless steel pipe per year, which can meet the domestic needs.

In Asian countries, it's known that Philippines, Indonesia and Thailand have imposed around 3%~7.5% of import duties on steel imports, Vietnam is the only one country offering the tax exemption.

Yieh, November 3, 2011

Cheap imports threaten local industry

Viet Nam Steel Association has asked the Ministry of Finance to consider imposing a 10-per-cent import tariff on cold-rolled

stainless steel products to protect domestic production. The present tax is zero.

Last year, about 140,000 tonnes of stainless steel were imported from mainland China and Taiwan. They were sold for much less than domestic product.

The association said the total capacity of domestic cold-rolled steel and stainless-steel pipe manufacturers in Viet Nam had reached 350,000 tonnes per year. Of this, cold-rolled stainless-steel products accounted for 90 per cent.

The association argued that with such production capacity, Viet Nam could meet domestic needs for cold-rolled stainless steel.

Posco VST Ltd company, the main manufacturer of cold-rolled stainless steel in Viet Nam, said it had to compete fiercely with imported steel which was exempt from import tariffs.

The Philippines, Indonesia and Thailand have applied import tariffs at between 3-7.5 per cent. Viet Nam is the only regional nation offering tax exemption.

Posco VST Ltd company said the industry was at risk being forced out of business due to the great pressure from imports.

The company said raising import duties on stainless steel was essential to protect domestic production.

Vietnam News, November 11, 2011

Steel industry faces tough year

The domestic steel industry will continue to face difficulties this year as demand has been forecast to fall by 7 to 10 per cent against last year, the Viet Nam Steel Association has said.

Speaking at a conference to brainstorm ideas to resolve the sector's problems held in Ha Noi yesterday, the association's vice chairman Nguyen Tien Nghi said steel makers had suffered a decline in both consumption and sale prices.

Last month, demand was 100,000 tonnes lower than August at 381,000 tonnes and October would be only 300,000 tonnes - the lowest level of the past four months.

Nghi said the low demand had caused a stockpile of 400,000 tonnes, which should normally be only 250,000 tonnes.

"Businesses have to pay VND200,000 to VND300,000 (US$9.52-14.29) for each tonne of steel produced as interest rates sit at 18 per cent, which has forced several factories to operate at 40-45 per cent of capacity to keep their work force employed," he said.

He added that the Government's Resolution 11 to stabilise the economy had halted public investment in construction and stalled the real estate sector, resulting in a decline in demand for steel.

Increasing input costs of steel embryo, coal, petroleum and electricity have added to production prices while steel makers also have had to compete against their peers from China and other ASEAN countries after Viet Nam's admission to the WTO.

"No businesses in the sector have gone bankrupt, but some have had to stop production," he said, adding that the industry's forecast growth next year would be 4 per cent, at least half of this year's level of 8 to 10 per cent.

General director of Hoa Phat Group Tran Tuan Duong said the sector remained relatively small, and decreased demand and a rise in costs would create a steel surplus.

"We should learn from the experience of other countries who have reduced their production capacity. Hoa Phat Group, which has been the country's second largest steel maker, has operated at 80 per cent of capacity to avoid an abundance of steel during this period of low demand," Duong said.

He said the Government should stabilise import-export policies and improve efforts to prevent fraudulent trade.

"Steel producers should be given foreign currency support because half of the material used in steel production is imported," he added.

Deputy general director of Steel Corporation Nghiem Xuan Da said his company had been striving to maintain their market share while looking for new importers.

"Steel makers should save on costs - the situation would also be an opportunity for us to restructure and improve production and distribution to bypass these difficulties," Da added.

Sharing these sentiments, VSA chairman Pham Chi Cuong said steel enterprises had coped with the issues of high interest rates, restricted access to bank loans, reduced exports and lower selling prices.

"The economic crisis could be an opportunity for the industry to restructure. Strong businesses would continue to develop while weak ones would be eliminated - this is a rule," Cuong said.

Vietnam News, November 11, 2011

BRAZIL

Vale iron ore production hits record high in Q3

Brazilian mining major Vale saw iron ore production reach record highs in the third quarter of 2011, the producer said in its quarterly earnings report on Thursday.

The miner produced 87.9 million tonnes of iron ore in the three months to September 30, helping make a total of 239.7 million tonnes for the first nine months of 2011.

Iron ore pellet production reached a new record of 14.2 million tonnes, due to the ramp-up of Vale's pellet plant in Oman. The Sohar unit started production in April and produced 1.2 million tonnes in the third quarter of the year.

The miner produced a total of 39.9 million tonnes of pellets in the first nine months of 2011.

Vale reported record sales of bulk materials including iron ore, iron ore pellets and coking coal of $12.8 billion in the quarter, a 9.3% improvement on the previous three months.

Iron ore operations earned Vale $8.72 billion in operating revenue in the quarter, and pellet production $2.1 billion.

Metal Bulletin, October 27, 2011

RUSSIA

Russian Industry Likely Grew More Slowly

Russian industrial-production growth probably decelerated last month to the slowest pace since it began expanding in October 2009, a sign the broader economy may be at risk of stalling.

Factories, mines and utilities increased output 3.5 percent from a year earlier in October after a 3.9 percent gain in September, according to the median estimate of 18 economists in a Bloomberg survey. The Federal Statistics Service in Moscow is due to publish the data today or tomorrow.

Sales are shrinking at companies including Evraz Plc, the steelmaker part owned by billionaire Roman Abramovich, as global demand falters and Europe's debt turmoil shackles credit flows. Moderating growth in Russia may prod the central bank to ease borrowing costs after gross domestic product missed economist forecasts with a 4.8 percent increase in the third quarter, according to Renaissance Capital and VTB Capital.

"Companies will be reducing stockpiles in the fourth quarter, adapting to a weaker demand outlook and unfavorable conditions abroad," Natalia Orlova, chief economist at Moscow- based Alfa Bank, said by phone yesterday. "That means an industry slowdown will continue, dragging economic growth in the last three months of the year to 3 percent."

The benchmark Micex Index (INDEXCF) has lost 12 percent this year, led by OAO Raspadskaya (RASP), a coal producer, OAO Magnitogorsk Iron & Steel Works (MAGN) and OAO Mechel (MTLR), the country's largest coal miner, all three of which plunged 57 percent.
Muted and Lackluster

Industrial output may slow this quarter after uncertainty on global markets hurt exporters in the previous three months, Deputy Economy Minister Andrei Klepach, who reiterated this week that gross domestic product will expand 4.1 percent in 2011, said on Oct. 26.

Russian manufacturing expanded in October for the first time since June even as the increase in new business was "muted" because of slow growth on export markets and "lackluster" domestic demand, HSBC Holding Plc said Nov. 1, citing data compiled by London-based Markit Economics.

Evraz yesterday reported $722 million in earnings before interest, tax, depreciation and amortization in the third quarter, compared with $889 million in the previous three months, as sales fell.

The central bank left borrowing costs unchanged last month after two increases this year, saying money-market interest rates are at an "adequate" level to balance risks from inflation and an economic slowdown. Policy makers may adjust that stance to spur growth, Renaissance Capital said yesterday in a report prepared with Moscow's New Economic School.

"The bias with which the Russian central bank operates over the next couple of months will be an easing one," the economists wrote. "We expect to see increasing signs of this more moderate pace of economic activity on the back of weaker external demand and the completion of the inventory restocking cycle."

Bloomberg, November 16, 2011

Russian steelmakers hit back at claims they will flood EU market on WTO entry

Russian steelmakers have contested claims that their country's planned entry to the World Trade Organization (WTO) next year could precipitate a steep rise in competitively-priced Russian steel exports into the EU.

This is a key concern for EU-based producers as these shipments are currently protected by an EU quota of 3.2 million tonnes that will lapse on Russia's accession.

Ian Rodgers, director of industry body UK Steel, has raised the prospect of "a fairly rapid move towards the anti-dumping route" if this happens, on the grounds that Russian steel benefits from indirectly-subsidised energy prices.

Others disagree, highlighting last year's delivery levels that were well within the quota. "Russia's export quota to Europe in 2010 was 3.2 million tonnes but actual deliveries totalled 2.1 million," Anton Bazulev, the external communications executive of Russia-based steelmaking company NLMK, said.

"The 2011 quota was set at 3.3 million; [so far in 2011] deliveries [have] totalled 1.6 million tonnes," he told Metal Bulletin. "Russia has no intention of significantly increasing delivery volumes. The current quota is being met by no more than 60%," he added.

Representatives of the Russian Union of Metal and Steel Producers have welcomed the approaching accession, stressing that it will remove restrictions on the export of metal products.

"Russia's accession to the WTO will remove or reduce a number of tariff and non-tariff barriers, which will increase the opportunities for Russian steel producers to send products to foreign markets," Alexander Romanov, president of the Russian Union of Metal and Steel Producers told Metal Bulletin. "[The accession] will increase the competitiveness of Russian products on the world markets," he added.

Russian steel giant Severstal was also happy with the accession: "This will have a positive impact on conducting business internationally", said Severstal CEO Alexey Mordashov. "It will provide a set of global trade rules and principles to resolve issues in relation to joint activities with international business partners. Business communities of Russia and the United States must be commended for their immense efforts to negotiate a mutually beneficial position and enable Russia's accession to the WTO".

Russian steel companies have moved rapidly to re-equip and re-finance themselves in the past five years, following on from the period when they were able to exploit Russia's bountiful and cheap iron ore, coal and coke, Bill Penn, the head of steel industry consultancy Ferrousity, noted.

Penn helped write the business plans for leading Russia-based steelmakers Severstal and Evraz. Over the past decade, the Russian and European steel industries have already become closely interlocked based on vertical integration across borders. As early as the mid-2000s, for example, Russia successfully created a domestic wide-diameter plate manufacturing capacity to serve the EU-based energy companies.

Relatively cheap Russian semi-finished and lower grades of finished products have slotted well into the EU processing industries, providing Russia-based steelmakers with faster-growing markets than they would have found competing directly in finished products.

Under the entry agreement, Russia will sign up to 57 market-access agreements for goods, with an average legally-binding tariff of 7.3% compared with the 9.5% average today. Quantitative restrictions on imports, such as "quotas, bans, permits, prior authorisation requirements, licensing requirements or other requirements or restrictions that could not be justified under the WTO provisions" are to be eliminated.

This process will be completed by the end of 2012. In theory, this could help Russian steel exports, including finished products. Russia's government has pledged that railway transportation charges on goods in transit will, by July 2013, be "applied in a manner that conforms to the WTO's provisions".

This will apply to imported products rather than similar products moving between domestic locations. Russia has also accepted the elimination of "all industrial subsidies programmes [or their modification], so that any subsidy provided [will] not be contingent upon exportation or upon the use of domestic over imported goods".

Finally, Russia has pledged to publish "all legislation, affecting trade in goods, services, or intellectual property rights, prior to their adoption and [will] provide a reasonable period of time, no less than 30 days, for members to comment".

Metal Bulletin, November 15, 2011

INDIA

India recommends dumping duties on stainless HRC

India's ministry of commerce & industry has recommended dumping duties of $160-1,130/tonne on grade 304 stainless hot rolled products originating in or exported from the European Union, South Africa, Taiwan and the US, after concluding that dumping of these products into India had occurred.

The duties apply to grade 304 HRC of widths of up to 1,250mm (width tolerance of +20mm for mill edge and +5mm for trimmed edge) under the HS codes of 7219 and 7220, according to findings issued by the ministry earlier this month. No duties were levied on HR coils produced and exported by Acerinox in Spain, Acerinox Malaysia, Outokumpu in Finland and those produced and exported by Korea.

The findings come after the launch of an investigation in April 2010 when India's largest stainless producer, JSL Stainless, complained about dumping causing injury to the domestic industry, as Steel Business Brieng reported. JSL also told SBB then that, after dumping duties were implemented on stainless cold rolled imports in April 2009, imports started arriving in India in the form of HRC, and hence its request for the government to conduct an investigation about dumping.

The commerce ministry has recommended the change to the Indian customs, which must issue a notication before the duties can take effect. But before this is issued, affected parties can still appeal, SBB notes.

Anti-dumping duty on grade 304 stainless HRC
Source: Indian ministry of commerce

Produced in	Exported from	Duty ($/t)
EU*	EU*	649.55
South Africa	South Africa	1,130.28
Taiwan	Taiwan	683.95
US	US	165.32
Columbus Stainless	Columbus Stainless	160.14
Columbus Stainless	Acerinox Malaysia	200.50
Yieh United Steel Corp (Yusco)	Yieh United Steel Corp (Yusco)	432.44
*Excludes Acerinox Spain, Acerinox Malaysia, Outokumpu Finland		

Steel Business Briefing, October 26, 2011

Indian HRC exports rebound in September

India's exports of carbon steel hot rolled coils and strips rebounded in September, following a brief slowdown in July-August. Recent provisional data from the steel ministry's Joint Plant Committee (JPC) show Indian HRC exports totalled 101,410 tonnes in September, up from 63,590t in August and 81,900t in July.

Exports of HRC from India had begun to gather momentum earlier this fiscal, averaging 110,000-120,000 tonnes/month in April- June. However, a subsequent weakening in demand from overseas markets saw export volumes declining thereafter.

The rebound in September seems to have been driven chiefly by shipments of some 35,800t to Vietnam. Until last month, Vietnam had not figured in export destinations for Indian-origin HRC this fiscal. Another new overseas market to have emerged last month for Indian coils was South Africa, to which some 12,800t was exported. Shipments to Belgium and Spain contributed another 33,670t.

Indian HRC exports for the first half of this fiscal thus stood at 593,930t, surpassing the 479,590t India exported during the entire April 2010-March 2011 fiscal year, Steel Business Brieng notes.

Indian HR coil/strip exports by destination in 2011
Source: JPC *Unit: Thousand Tonnes*

	September	April-September
Belgium	22.37	182.5
Spain	11.3	63.9
Italy	3	45.6
UAE	6.1	45.6
Vietnam	35.8	35.8
Tanzania	0.8	19.5
USA	-	15.6
South Africa	12.8	15.11
Ethiopia	-	6.46
Other	9.24	163.86
Total	101.41	593.93

Steel Business Briefing, October 31, 2011

India's steel overcapacity weakens industry

India's steel industry faces major overcapacity in the next two years with the situation already weakening the profit outlook for local companies, according to ICRA, India's leading ratings agency

In its November report 'Margin Outlook for Indian Steelmakers Weakens', Moody's associate ICRA projected a capacity addition of 25 million tonnes, or a 30% increase, in Indian steel production over the next 18-24 months.

This growth is likely to outpace domestic demand in the medium term and keep "realisations under check", according to the report.

The growth of India's steel consumption has already shown a slowdown between April and September of this year; with a growth rate of 2.5% for the period, compared with 14.5% in the corresponding period last year.

According to ICRA, this drop is due to the continuing slowdown in major steel-consuming sectors such as construction (65%), capital goods (15%) and automobiles (8%).

ICRA also noted that profit margins would be affected by the current costs of raw materials, which are expected to remain high over the next two years, as India's iron ore and coal industries remain highly concentrated, with few mining companies and supply bottlenecks.

According to ICRA, raw material costs for companies that have their own captive sources, such as Tata Steel and Jindal Steel & Power, is only 45% in comparison to the 70% cost component for companies that depend on external sources for coal and iron ore, such as Steel Authority of India and JSW Steel.

The report said 40% of India's total steel production comes from blast furnaces that use metallurgical coke, with 70% of it imported into the country – mostly from Australia.

With 68 million tonnes of steel production in 2010, India is the fourth-largest steel producer in the world. According to ICRA, the current demand and supply trend will eventually turn India into a net exporter of steel, from its present position as a net importer.

Metal Bulletin, November 16, 2011

SAIL cuts India's FY12 steel demand outlook

India's steel demand is likely to grow by 6 percent in the current fiscal year, nearly half the earlier forecast, as higher interest rates squeeze demand from the automobile and construction sector, the country's top domestic steel maker said.

Maintaining the prior forecast of 10 to 12 percent growth in consumption for the year ending in March is difficult in the current environment, Shuman Mukherjee, director commercial at Steel Authority of India Ltd told an industry conference on Tuesday.

"Right now demand is slightly sluggish. Let's hope it improves," he said.

Car sales in India fell 23.8 percent in October, the biggest percentage drop since December 2000, an industry body said earlier this month, hurt by a series of interest rate increases by the central bank and high vehicle costs.

The sluggish demand will keep steel prices under pressure, Mukherjee said.

Earlier this month, the state-run steelmaker blamed a halving of quarterly profit on rising costs and a strong dollar.

SAIL imports 75 percent of its coking coal requirements, with a significant portion coming from Australia. The company's coking coal requirements are likely to rise to 21 million tonnes in 2013 from 13.8 million tonnes in 2010, Mukherjee said.

India holds 10 percent of the world's coal reserves but local supplies are falling short of demand as the country builds more power plants, and as domestic projects run into environmental and land acquisition delays.

The recent fall in input costs has been nullified by depreciation in the Indian rupee, he said. The rupee skidded to an all-time low on Tuesday and slumped 16.8 percent from its 2011 high reached in late July.

The company aims to expand its crude steel production capacity to 40 million tonnes by 2020 from the existing 12.84 million tonnes. Iron ore requirements are likely to rise to 39 million tonnes in 2013 from 23.25 million tonnes in 2010, he said.

SAIL is also the country's second largest iron ore producer, and had produced 24.2 million tonnes of the steel-making raw material in 2010/11.

Reuters, November 23, 2011

CHINA

ABN Amro to trade 60 million tonnes of iron ore in 2012

Dutch investment bank ABN Amro is set to triple the extent of its iron ore trading activities in 2012, aiming to finance 60 million tonnes of iron ore imports into China, the bank's global head of metals Piet-Hein Ingen Housz told MB.

"We will have financed 20 million tonnes of iron ore imports into China in 2011; we aim to triple that in 2012," Ingen Housz said.

ABN Amro is one of a growing number of banks that finance iron ore trades on behalf of clients. Societe Generale, BNP Paribas, Standard Chartered, ING and Deutsche Bank also trade physical iron ore.

China's recent slowdown will not hamper ABN Amro's trade finance expansion plans, Ingen Housz added.

"China has to build cities for 30 million people a year. Its growth might not be as spectacular as we have seen in recent years, but they will need steel for a long time to come," he explained.

Spot iron ore prices cfr Chinese ports have dived in recent weeks, with prices dropping by $13 last week to sit at $154-155.

The Dutch bank has yet to enter the rapidly expanding iron ore swaps market, however.

ABN Amro plans to focus on developing its iron ore and steel trade finance businesses before establishing a paper trading desk, Ingen Housz said.

"We will not enter the iron ore swaps market in the next twelve months. Our focus is on having a strong global presence for trade finance first," he said. "But our clients are active in [the iron ore swaps and steel derivatives markets] and they are becoming more and more important."

The ABN Amro Metals & Steel trade finance team is based in Hong Kong and began operations at the start of 2011.

ABN Amro also announced on Monday the opening of a raft of new offices to serve the bank's energy commodities and transportation (ECT) clients.

The bank's ECT section, which includes metals, has re-established its local presence in several countries in the past 18 months to enhance client coverage.

Metal Bulletin, October 25, 2011

China iron ore destocking could take months-Fortescue

Global iron ore prices, down nearly 30 percent since early September, could take months to recover as Chinese steel mills work off inventories, Australian miner Fortescue Metals Group said on Wednesday

China is the world's largest buyer of iron ore, gobbling up some 600 million tonnes annually, or about two thirds of the global seaborne iron ore market controlled by mega-producers Vale , Rio Tinto and BHP Billiton .

"We are seeing some short-term volatility because the steel mills are destocking in China," Fortescue Chief Executive Nev Power told a media conference. "It has been a little more hand-to-mouth than what it has been."

Power said Fortescue, which relies almost exclusively on sales of ore to China for revenue, held all its long-term contracts in place and that those sales were going through.

"It's really the shorter-term sales that are being shifted around and changed," he said.

Asked how long Chinese steel mills would continue to draw on existing inventories of iron ore, Power said: "Probably a matter of weeks, maybe stretching to a couple of months."

Spot iron ore prices slumped more than 7 percent on Tuesday in the deepest decline ever for the steelmaking raw material on thin demand from top importer China, where slower growth has dented steel consumption.

Power said weakening Chinese steel prices were contributing to a reluctance by mills to immediately replenish stockpiles of iron ore.

"The steel prices have come down in China, particularly the rebar price, and that is causing some pain with the steel mills."

Fortescue also on Wednesday said it had raised $1.5 billion of senior unsecured notes to help pay for mine upgrades.

The offering, which was initially launched at $1 billion, was increased to $1.5 billion due to strong demand, the company said.

Counting on strong demand for its ore in years to come, Fortescue has accelerated a 2014 expansion target of mining 155 million tonnes by a year.

"We see continued strong growth, and that is going to be driven by the continued urbanisation of central and western Chinese provinces, which are largely undeveloped and lack infrastructure at this stage," Power said.

The notes, which have an eight-year term with a non-call period of four years, will pay 8.25 percent a year. Fortescue shares rose 0.7 percent in afternoon trade, slightly outpacing a 0.3 percent rise in the overall market .

Reuters, October 26, 2011

Canada to launch AD investigation on Chinese made stainless steel sinks

It's reported that the Canadian trade authorities launched a preliminary injury inquiry on Chinese made stainless steel sinks.

The Canada Border Service Agency announced that it would making ruling on December 28th if it found enough evidence for dumping and subsidization resulting injuries on Canadian industries.

If the evidences are supportive, the authorities will issue preliminary determination by late January.

Yieh, October 31, 2011

Obama takes tough stand on China

President Obama pushed China to revalue its currency at a leadership summit over the weekend in one of his boldest moves yet to get the Asian nation to meet its political and economic responsibilities.

"There's been a slight improvement over the last year, partly because of U.S. pressure, but it hasn't been enough," Obama said Saturday during the Asia-Pacific Economic Cooperation (APEC) summit in Honolulu. "It's time for them to go ahead and move toward a market-based system for their currency. The United States and other countries feel that enough is enough."

Obama also pointed out that companies doing business in China consistently report problems resulting from unprotected intellectual property rights.

"I want certainly to continue cultivating a constructive relationship with the Chinese government, but we don't want them taking advantage of the United States or U.S. businesses," Obama added.

Others agree. "There's a lot more work to be done and improvements in the traditional approach to trade will be

necessary," Leo W. Gerard, international president of the United Steelworkers union, said in a statement. "We cannot abide by countries that maintain and erect non-tariff barriers to our products, engage in predatory practices such as currency manipulation, provide subsidies through state-owned enterprises, and simply don't play by the same rules that we do."

Others in the industry warn of the potential for a trade war, saying that the United States must act quickly in order to solve the alleged currency manipulation problem. While a currency bill passed last month in the U.S. Senate, it has made little progress in the House of Representatives.

"If the Chinese hiccup, everyone directly or indirectly will feel it," said one trader. "The fear of a trade war is always out there looming. But something has to be done about it quickly."

In other comments, the president said he will continue to push his failed $447-billion jobs bill, especially in regard to rebuilding the nation's infrastructure.

Metal Bulletin, November 15, 2011

China's steel output lower again in early November

China's steel output fell again in the first third of November after low prices and weaker demand drove more mills out of the market.

New estimates released by the China Iron & Steel Assn (Cisa) showed daily crude steel output at 1.664 million tonnes in the first ten days of November, down 3.1% from the previous period.

Chinese mills have brought forward maintenance to cut back output and ride out a slowdown in steel demand. Ten-day output peaked at 2.01 million tpd in late June, according to Cisa's estimates.

"According to the mills' maintenance plans, daily production data could start rebounding from December," an analyst in Shenzhen said.

Cisa estimates steel production based on analysis of figures from its own members, which produced 1.480 million tpd in the early-November period, 0.7% lower than late October.

Metal Bulletin, November 16, 2011

WORLD

U.S. to Start Antidumping Probe of Some Steel Pipe Imports

The U.S. Commerce Department said it began antidumping and countervailing duty investigations of steel pipe from India, Oman, the United Arab Emirates and Vietnam at the request of companies including U.S. Steel Corp.

The U.S. International Trade Commission is scheduled to make its preliminary determination in the probe, targeting imports of circular welded carbon-quality steel pipe, by Dec. 12, the department said today in an e-mailed statement.

Imports of the steel pipes totaled about $64.9 million from India last year, $27.5 million from Vietnam, $26.3 million from the UAE and $24.2 million from Oman, according to the Commerce Department.

U.S. Steel was joined by Tyco International Ltd. (TYC)'s Allied Tube and Conduit, JMC Steel Group and Wheatland Tube Co. in filing a complaint about the anti-competitive practices, according to the department's statement.

Bloomberg, November 17, 2011

HEADLINES

ASEAN Steel Industry and its preparation for the AEC

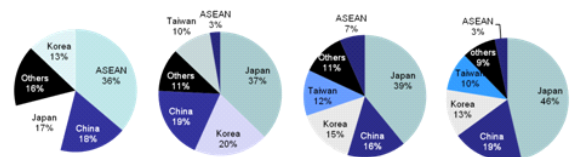
ASEAN is a large importer of finished and semi-finished steel products. In particular, the region imported up to 9.6 million tonnes of semi-finished steel in 2010, accounting for 33% of the region's total semi-finished steel demand. The region also imported 9 million tonnes of hot rolled coil steel (HRC) in 2010, more than half of its total HRC demand for the year. Imports of cold rolled coil and coated sheet also constituted more than half of the total demand in 2010. Major sources of imports were Japan, Korea and Taiwan. On the other hand, imports of long product were not significant as the region is self-sufficient in long steel production. Most of the long products used in the region are for the construction sector.

Flat steel import

2010

Flat products	(million tonnes)			
	HRP	HRC	CRC	Coated sheet
Consumption	2.7	14.6	8.6	7.8
Import	2.3	9.0	4.7	4.8
Net import	1.3	8.4	3.7	4
Major importers	Thailand 40%	Vietnam 40%	Indonesia 25%	Thailand 48%
	Vietnam 20%	Thailand 31%	Malaysia 24%	Malaysia 16%
	Indonesia 18%	Indonesia 11%	Thailand 21%	Indonesia 13%

Main sources of imports



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Source : World Trade Atlas, SEAISI

The main reason for the huge import volume, especially for flat steel product, is the fact that the regional steel producers do not have the capacity to produce certain grades of steel, particularly those at the high end. According to Dr. Chayodom Sabhasri of the Chulalongkorn Univeristy Thailand, there are many steel product groups that steel producers in the region do not produce or are capable of producing only limited grades or very small amount.

In his presentation on "ASEAN Economic Community (AEC) and Thailand Steel Industry" at the 2011 SEAISI Economic, Environmental and Safety Seminar, he identified them as high quality carbon and alloyed bar and wire rod, hot rolled coil for subsequent production into cold rolled coil, galvanized steel sheet for automotive and electrical appliances sectors, certain grades of carbon and alloyed hot rolled coils which are for direct use in the automotive and electrical appliances sectors,

hot rolled pickled and oiled sheet and hot rolled stainless steel sheet.

Despite the global economic turmoil and the natural disaster in some countries, the steel industry in the region continues to grow. Steel consumption in the region picked up strongly after the economic slowdown in 2008 and registered a robust growth of 17% y-o-y in 2010.

Nevertheless, steel industry in the region cannot continue its growing momentum by relying on imports of steel from outside of the region. With the establishment of the ASEAN Economic Community in 2015, the region needs to change its strategies by improving its competitiveness. In the CEO panel discussion at the same seminar, it was agreed that the region's steel producers should go into the production of high grade steel and fulfill the missing gap in the supply chain. While consolidation is an important strategy, the issue is how to achieve this.

Dr. Chayodom also suggested in his presentation that the Thai steel industry should establish 'an immunity' for domestic producers. The government should not only allow imports but also lower barriers as well as facilitate intra- ASEAN trade. This would encourage regional investment and establishment of production and trade networks among the ASEAN members. Last but not least, the government should also offers support and assistance to strengthen producers who produce import substitution products so that they could lower their costs and improve their production processes.

SEAISI, November 2011

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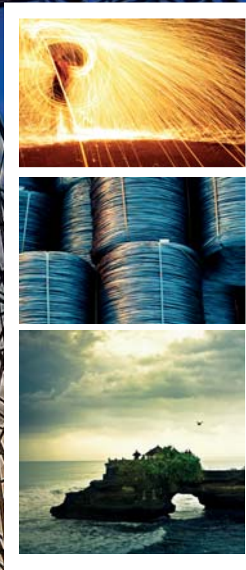

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THEME

ASEAN Steel Industry: Anticipating Opportunities, Growth and Challenges

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1. Steel Market Analysis
2. Trade Analysis
3. Steel Price Outlook
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5. Investment Strategy
6. Raw Materials
7. New Product Development
8. New Technologies
9. Process Improvement
10. Quality Improvement
11. New Steel Applications
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DEADLINE

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Tel: 603 5519 1102 Fax: 603 5519 1159 Email: pichsini@seaisi.org, ericlee@seaisi.org Website: www.seaisi.org