In its April 2019 Short Range Outlook (SRO), the World Steel Association (worldsteel) projected that global steel demand will grow by 1.3% year-on-year to 1,735 million tonnes in 2019 and increase by another 1.0% year-on-year to 1,752 million tonnes in 2020. In comparison, global steel demand in 2018 increased 2.1% year-on-year to 1,712 million tonnes.

worldsteel pointed out that though global steel demand is expected to continue to grow, growth rates will be impacted by the less favourable economic environment. It cited China’s deceleration, a slowing global economy, and uncertainty surrounding trade policies and the political situation in many regions as factors that might affect business confidence and investment.

Most regions in the world are expected to see a slowing down in steel demand growth compared to 2018. The three NAFTA countries, i.e., USA, Canada and Mexico, for example, are expected to see steel demand growth inching down from 1.5% in 2018 to 1.1% in 2019 and 0.8% in 2020, contributed mainly by the waning effect of fiscal stimulus and monetary policy normalisation in the US. The EU will also likely see steel demand growth retreating sharply from 4.3% in 2018 to 0.3% this year mainly on account of deteriorating trade environment and uncertainty over Brexit. However, steel demand in the region is expected to perform better in 2020, with a 1.2% year-on-year growth rate.

The CIS countries will see a slowing down in steel demand growth from 3.5% in 2018 to 1.4% in 2019 and picking up slightly by 1.7% the year after. Steel demand in the Middle East region is projected to register a negative growth rate of -2.6% in 2019 before recovering by 1.2% in 2020. The Central and South America region, on the other hand, is forecast to register a credible year-on-year steel consumption growth rate of 3.6% in 2019 which will further expand by a strong growth rate of 7.5% in 2020.

As for Asia and Oceania, the region is projected to see a modest 1.7% year-on-year increase in steel demand to 1,195 million tonnes in 2019 but demand growth is expected to slow down to only 0.4% in 2020 to 1,200 million tonnes. China, the dominant producer in the region and the world, is expected to see its steel demand inching up 1% year-on-year to 843 million tonnes in 2019, before declining by a similar percentage to 835 million tonnes in 2020. Steel demand growth in China in 2019 is expected to be supported by government stimulus measures but the stimulus effects are expected to subside in 2020.

Among the other major steel producing countries in Asia, South Korea and Japan are both expected to register negative growth rates in steel demand in 2019. Japan’s steel demand is projected to retreat 1.0% year-on-year in 2019 to 64.7 million tonnes while South Korea’s steel demand will decline 0.4% to 53.4 million tonnes in the same year. Japan’s steel demand will continue to decline in 2020, by 0.8% year-on-year to 64.2 million tonnes. South Korea’s steel demand, however, will pick up 1.3% year-on-year to 54.1 million tonnes in 2020.

India, on the other hand, is expected to continue to register strong growth in steel demand, by 7.1% and 7.2% in 2019 and 2020 respectively. The country’s steel demand is projected to reach 102.8 million tonnes in 2019. With that, India will overtake the United States as the second largest steel consuming country in the world.

For ASEAN-5 (Indonesia, Malaysia, Philippines, Thailand and Vietnam), worldsteel expects the region, supported by infrastructure development, to be able to maintain its near-term demand growth potential of between 5% to 6% per annum. Accordingly, the region’s steel demand growth is projected at 5.6% and 5.5% for 2019 and 2020 respectively, making it one of the top performing regions in the world, in terms of steel consumption year-on-year growth rate, for both the years.

At the upcoming 2019 SEAISI Conference & Exhibition in Bangkok, Thailand, I will provide an in-depth analysis of the steel situation in ASEAN-6 when I present my report on “Performance of the ASEAN Iron and Steel Industry in 2018 and Outlook”. At the same event, representatives from the ten member countries of SEAISI will also provide detailed information on the steel industry situation in their countries when they present their respective Country Reports. Additionally, there will also be presentations on the steel industry situation in China and India.

Make sure you do not miss out on the biggest steel event of the year in this region!

TAN AH YONG

02. NEWS HIGHLIGHTS

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Australia rejects HSS duty exemption request

Australia's Anti-Dumping Commission has recommended that the Minister for Industry, Science and Technology reject a request to exempt certain goods from its duties on Chinese, Korean, Malaysian and Taiwanese hollow structural sections. It has also delayed its review of rebar duties, Kallanish notes.

Australian consumer JG Thomas had applied for exemptions on circular hollow conduit steel ERW pipe, pre-galvanized or hot dip galvanized and meeting Australian Standard AS/NZS 61386.21. The commission however found that the same product was available from domestic suppliers and so there was no justification for a duty exemption.
Anti-dumping and countervailing duties were first imposed in 2012 and re-imposed in 2017. Antidumping duties were imposed on all suppliers, while countervailing duties were imposed for all Chinese exporters except Dalian Steelforce Hi-Tech, Huludao City Steel Pipe Industrial and Qingdao Xianxing Steel Pipe.

The commission has also decided that it needs time before it issues its final report on its reviews of anti-dumping duties on rebar imported from Taiwan and Korea. It said this was due to the complexity of submissions received from related parties. *(Kallanish, April 4, 2019)*

### Indonesia

#### Indonesia's Dexin Steel to commission in June

The latest market reports show that Indonesia's Dexin Steel, jointly invested by Singapore's Delong Holdings, Tsingshan Group's Shanghai Dingxin and Indonesia's Morowali Industrial Park Company, will be fully commissioned in June this year. The company has designed a steelmaking capacity of 3.5 million tonnes/year with 1.5m t/y of this reserved for the production of merchant billet or slab, Kallanish notes.

The plant will put into operation two 1,780-cubic-metre blast furnaces, two 120-tonne converters and one 1.5m t/y bar mill. Dexin Steel has entered the equipment installation phase, and the No.1 blast furnace has already been fully installed. *(See Kallanish passim)*.

When the steel plant is fully commissioned, Dexin Steel will become a large-scale integrated steelmaker. It will combine coking, sintering, ironmaking, steelmaking and steel rolling procedures with the main products of bars, wire rods and slab or billet, company information reveals. *(Kallanish, April 30, 2019)*

### Japan

#### Japan’s FY 2018 steel output slips 2% on year to 102.89 mil mt

Japan’s crude steel output in fiscal 2018, which ended March 2019, fell 1.9% year on year to 102.89 million mt, reflecting two consecutive years of decline, according to the latest data released by the Japan Iron & Steel Federation on Monday.

Within the fiscal 2018 total, production by converter was down 3% year on year at 76.85 million mt, while those by electric furnaces rose 1.8% year on year to 26.04 million mt.

A JISF official said the drop in total was because of natural disasters which had hit Japan in the summer leading to slower production by steel producers. Also, facility issues by integrated mills had led to lower production by converters.

“Electric furnaces both for ordinary and special steel were kept busy to correspond to firm demand from the construction and auto sectors. Their output was kept stable to higher,” he said.

The official said overall steel demand in the country from overseas customers were strong during fiscal 2018, but facility issues, which occurred mainly during the January-March quarter, pulled overall output lower during the fiscal year.

Meanwhile, crude steel output in March, the final month of fiscal 2018, was 9.08 million mt, unchanged year on year, but 17.3% higher from February at 7.74 million mt. Within this total, production by converter hovered on year, but rose 19.6% from February to 6.78 million mt, while output by electric furnaces was at 2.3 million mt, down 0.1% year on year, but up 11.1% month on month, the JISF data showed.

“Month-on-month increase in March means production by integrated mills are improving. We expect their output in April should be higher,” the official said. *(Platts, April 24, 2019)*

#### Steel exports by Japan see sixth straight year of decline

The trade statistics published by Japan’s Ministry of Finance (MoF) suggests sixth straight year of year-on-year decline in steel exports by the country. The exports totaled 34.284 million tons during the entire fiscal year 2018, falling by more than 8% over the previous fiscal. The value of exports was up marginally by 0.8% year-on-year at 3,337 billion yen.

The primary destination of Japanese steel exports was Asian region, which imported 27.808 million tons of steel from Japan. The regional imports were down marginally by 6.6% when compared with the prior fiscal. Among Asian countries, China emerged as the largest importer, receiving 5.247 million tons of steel from Japan, followed by South Korea with receipts of 5.209 million tons. The Japanese steel exports to ASEAN countries dropped marginally by nearly 3% to around 12.213 million tons.

The steel export quantity for the month of March 2019 alone totaled around 2.739 million tons, down significantly by nearly 18%. The monthly exports have declined for five months in a row now, said MoF press release. The exports were valued at 274.6 billion yen, posting a year-on-year decline of nearly 10%.

Meantime, Japanese steel imports surged 3% in FY 18 to 8.261 million tons. Out of this, 6.911 million tons were sourced from Asian region. The imports totaled 0.712 million tons in Mar ’19, significantly higher by over 15% year-on-year. *(Scrap Monster, April 26, 2019)*

### Korea

#### Korean market to bottom out this year: Kosa

Korea’s steel demand slumped in 2018 but GDP growth is expected to bottom out in the first half of 2019, according to the Korea Iron and Steel Association (Kosa) presentation at the recent OECD Steel Committee meeting. The weak steel market has also impacted trade, with Korean imports falling sharply, Kallanish notes.

2019 is expected to see Korea’s economic indicators bottom out, Kosa says, quoting Bank of Korea forecasts. These see GDP growth of 2.6% this year, down from 2.7% in 2018, but growth will recover from 2.5% in H1 to 2.8% in H2.
This is mirrored in a number of steel consuming sectors. Construction investment will be down -6.1% year-on-year in H1 but only down -0.5% in H2 to average a -3.2% decline over the whole year. In 2018 construction investment was down -4%. Equipment investment meanwhile will fare even better, with a 2.1% y-o-y decline in H1 reversed by a 6.3% gain in H2. A 2% increase over the whole on 2019 will reverse a -1.7% decline in 2018.

Korean steel consumption in 2018 fell -4.6% to 53.7 million tonnes, Kosa calculates. That was down from a recent peak of 57.1mt in 2016. Output was slower to fall however, dropping -2.4% to 75.2mt. Long product output actually increased slightly to 21.5mt. At the same time, export volumes fell slightly by -3.9% to 30.4mt, driven by a -28.3% third-quarter slump in exports to the USA because of import taxes and then a new quota system there.

The biggest shift in trade balance came from a other slump in import volumes. Korea imported 15.4mt of steel in 2018, down -22.2% year-on-year and -35% less than the 23.7mt imported in 2016.

Kallanish, April 8, 2019

MALAYSIA

NS BlueScope Malaysia completes acquisition of YKGI Holdings Berhad’s facility

NS BlueScope Malaysia has completed the acquisition of YKGI Holdings’ Berhad’s facility in Klang, Malaysia.

The assets comprise a push-pull pickling line, cold rolling mill, continuous galvanizing line and a continuous colour coating line. NS BlueScope Malaysia an operating entity of NS BlueScope Coated Products, which is a 50/ 50 joint venture with Nippon Steel Corporation (NSC) and BlueScope Steel Australia (BSL) focusing on coated products business in Southeast Asia and the USA.

NS BlueScope Coated Products believes that the acquisition has further strengthened its responsiveness to the needs of customers in the building and construction market.

The acquisition gives NS Bluescope Malaysia access to ‘a cost-effective source of cold rolled substrate’ and provides options to supply cold rolled feed to other operations in the ASEAN JV as well as future growth potential via additional coating and painting capacity.

Steel Times International, April 17, 2019

Leader Steel buys land to expand operations in Sarawak

Leader Steel Holdings Bhd has bought a piece of vacant 3.79-hectare industrial land in Kuching, Sarawak, for RM9.8 million to expand its plant and office as well as consolidate all operations in East Malaysia at one location.

The steel product manufacturer said the land at Sejingkat Industrial Park is adjacent to its existing branch in Kuching.

The landowner, Sumbumi Sdn Bhd, will be paid through internally-generated funds and bank borrowings, Leader Steel said in a filing with Bursa Malaysia today.

The company said its board of directors believe the purchase would contribute positively to the business operations and future earnings.

Leader Steel manufactures, processes and trades steel and metal products, and trades and processes minerals.

The Edge, April 24, 2019

MITI initiates anti-dumping probe on steel rebar imports

The Ministry of International Trade and Industry (MITI) said it has received a petition from the Malaysia Steel Association asking for an anti-dumping investigation on imports of steel reinforcing bar (rebar).

“The petitioner alleged that imports of rebar originating in, or exported from Singapore and Turkey, are being dumped into Malaysia at a price much lower than their domestic price,” the ministry said in a statement.

According to the petition, these are hot rolled steel bars containing indentations, ribs, grooves or other deformation.

MITI said the government has considered the prima facie evidence of dumping, injury and causal link and decided to initiate the anti-dumping investigation.

A preliminary determination will be made within 120 days from the date of initiation, in accordance with the Countervailing and Anti-Dumping Duties Act 1993 and its related regulations, the ministry said.

If the preliminary determination is affirmative, the government will impose a provisional anti-dumping duty at the rate that is necessary to prevent further injury, it added.

In connection with this investigation, MITI said it will provide a set of questionnaires to interested parties, including importers, foreign producers, exporters and associations.

“Interested parties may also provide additional supporting evidence to MITI on or before May 24, 2019,” it added.

Meanwhile, MITI said other interested parties may request for the questionnaires no later than May 10.

If no additional information is received within the specified period, the ministry said the government will make its preliminary findings based on available facts.

The Edge, April 30, 2019

PHILIPPINES

Steel Asia expansion to boost employment

A substantial number of jobs is expected to be created as Steel Asia Manufacturing Corp. continues to expand capacity amid growing construction sector demand, the Trade department said.

The Edge, April 30, 2019
“With the expansion of Steel Asia, jobs in the steel industry are expected to double from the present 10,500 personnel to around 21,000. Job multipliers in support industries will also result in creating 52,500 more jobs, doubling the support industries job output to around 126,000,” Steel Asia President Benjamin Yao was quoted as saying in a statement.

“Once the HBIS (Hebei Iron and Steel Group) integrated steel facility becomes operational along with the revival of the flat segment, steel industry jobs and its related industries could also potentially double up to 300,000 personnel,” he added.

The steel manufacturer has an ongoing five-year P105-billion expansion program, P66 billion of which is registered with the Board of Investments.

Steel Asia’s expansion projects are “in varying degrees of construction, commissioning or full-operational,” the Trade department noted.

Last December, Steel Asia, HBIS, Huili Investment Fund Co. Ltd., the Trade and Defense departments inked a deal for a $4.4-billion integrated steel facility inside the Phividec Industrial Estate in Misamis Oriental.

The Mindanao steel facility will produce “major intermediate steel products” including billets and slabs that are currently only sourced from imports, the Trade department said.

The Steel Asia chief said that the firm’s bid to expand capacity was in a response to rising demand for steel amid the government’s “Build Build Build” infrastructure program.

“The steel industry has been keeping pace with our strong GDP (gross domestic product) growth. This year, industry forecasts that steel consumption will rise by about 6 percent to around 11.1 million tons. Last year, steel consumption topped 10.5 million tons,” Yao said.

*The Manila Times, April 22, 2019*

**DTI assures safety of cement, steel**

THE Department of Trade and Industry said Tuesday it actively monitors the market for substandard cement and steel products to enforce the product norms set by its Bureau of Philippine Standards (BPS).

In a statement Monday, Trade Secretary Ramon M. Lopez said that only “quality goods are being sold to the public” due to monitoring conducted by its Fair Trade Enforcement Bureau (FTEB) in various establishments.

The DTI was addressing, among others, concerns about shoddy construction materials in the wake of the earthquake that hit Luzon on Monday and Samar Island yesterday.

“Finding no non-conforming products in the establishments that we monitor means that quality goods are being sold to the public,” he said.

“DTI’s heightened presence in the market sends a strong message to both consumers and business that we are serious in our campaign against uncertified and substandard materials,” he said.

In the year to date, the FTEB has confiscated P7 million worth of steel products — including 35,112 pieces of steel bars, equal-leg angle bars, upvc pipes, G.I. wires, and electrical cords.

The DTI issued a total of 138 notices of violation (NoV) to some of the 1,173 establishments monitored.

Of the total number of NoVs, 118 resulted in the filing of administrative cases, Mr. Lopez added.

Mr. Lopez warned that repeated violations by individual establishments would result in the revocation of licenses and permits to operate, as well as criminal charges.

“Protection of consumers is our utmost priority and we remain steadfast in our commitment,” he said.

The DTI has started to accredit hardware stores that sell only certified products. It also started compiling a list of compliant and non-compliant hardware stores, which will be made available to the public.

*BusinessWorld Online, April 24, 2019*

**Luzon quake tests inferior steel bars**

The magnitude 6.1 earthquake that rattled Central Luzon and Metro Manila on April 22 has evoked bad memories from the July 16, 1990 killer quake. That magnitude 7.7 temblor nearly three decades ago flattened buildings in Baguio City and Nueva Ecija and Pangasinan provinces and left over a thousand people dead.

Last month’s earthquake was nowhere near the strength of the July 16, 1990 tremor but it was strong enough for people to cower and to cause significant damage on one grocery store in Pampanga.

The 6.1 quake also tested the integrity of high-rise buildings and condominiums. Cracks were found in Clark Airport, a school in Manila, while the Chuzon Supermarket in Pampanga collapsed. There are unconfirmed reports that the steel products used by the supermarket were substandard.

Engineer Roberto Cola, president of the Philippine Iron and Steel Institute, seemed to be playing coy when he declined to categorically answer repeated questions from former senator Nikki Coseteng during the recent ‘Kapihan sa Aristocrat’ on claims that PISI members were selling just grade 40 steel bars to developers and passing them off as grade 60.

Coseteng said local steelmakers who are members of the PISI had replaced micro-alloyed steel products with substandard steel bars that underwent a questionable testing process to determine their tensile strength. The engineering community, developers, and building owners have no clue about this industry practice.

The issue has been hounding the steel industry since last year. During a Senate hearing in 2018, Cola conceded that “steel bars
grade 40 are quenched with spray of cold water so that hopefully, they become grade 60." They are sold as grade 60, but the raw material itself is grade 40.

This can be likened to an adulteration practice illicitly adopted by a dairy company in China, where it added Melamine, a nitro-rich compound, into the milk to increase the protein count in their milk and dairy products. Melamine is harmful if swallowed, inhaled or absorbed through the skin.

When grade 40 steel bars are ‘passed’ or upgraded to grade 60 and used as reinforcement bars for high-rise buildings, meanwhile, they can potentially cause the foundations of buildings to crumble. The impact of a high-magnitude earthquake on such building materials could be disastrous.

Coseteng during the same forum challenged Cola to show her a signed document assuring PISI’s products were grade 60 inside and out.

The Philippines is part of the ‘ring of fire’ or seismic circle where tectonic plates collide. The possibility of a high-magnitude quake such as the dreaded Big One can occur. This is the reason the 1992 National Building Code was revised to include industry regulations preventing developers to weld, galvanize or thread steel bars.

Unfortunately, Coseteng said steel products supplied by PISI members were only tested at the jobsite. “How rigid are steel testing on job sites?” she asked.

The former senator called for a more definitive testing process to ensure all steel products in the country were safe to use. Coseteng added the current standards of the Department of Trade and Industry, the agency responsible in approving and regulating standards of steel products, should be more stringent than normal, given the seismic condition of the Philippines.

Many of the steel rebars produced by steelmakers in the country only undergo a static test where their products are not subjected to welding, threading or bending.

Under the international-standard “cyclic loading test,” rebars are subjected to repeated, fluctuating intensity stress tests. The minimal steel grade requirements for rebars to be used in high rise buildings and other major infrastructure is Grade 60.

Coseteng said the impact of using substandard steel bars during natural disasters would be colossal: “Kapag may earthquake na mangyari, luluwod ang mga building. Gusto ba nating mangyari yan? Pag may isang building lang na lumuwhod sa BGC, the economic impact is going to be terrible. Yung mga building diyan sa Pasig River pagka-lumuhod baka maging dam ang Pasig River sa dami ng konkreto.”

Manila Standard, May 2, 2019

T A I W A N

**E United moves forward on Indonesian ferronickel investment**

Taiwanese local media have reported that Taiwan’s main stainless steel producer Yusco and its parent company E United hope to sign an investment Memorandum of Understanding (MoU) with the new Indonesian government. The company hopes that the newly-invested ferronickel plant will be completed two years after the start of construction, Kallanish notes.

E United will invest TWD 10 billion ($323.8 million) in the new plant, although the company is still waiting for land approvals. E United will build nickel-iron smelting furnaces and a stainless steelmaking electric arc furnace and slab caster.

A senior Yusco executive notes that it has already acquired nickel resources in Indonesia’s Sulawesi region. The new facility would cover an area of 7,000-8,000 hectares, with an estimated deposit of laterite nickel ore of more than 40 million tonnes. The mining area has a service life of 15 years and licences can be renewed after expiration (see Kallanish 10 December 2018).

Kallanish, April 26, 2019

**Taiwanese container scrap falters**

The Taiwanese market for containerised scrap has faltered after a short period of recovery, Kallanish notes.

Leading mills booked containerised HMS 1&2 80:20 from the US on Tuesday at $280/tonne cfr, Taiwanese traders report. Previous container scrap deals took place at $287/t cfr Taiwan around 19 April. Taiwanese mills are looking for lower prices in tandem with eroding Turkish scrap import prices and the weakening domestic scrap market.

On Monday, leading Taiwanese EAF mill Feng Hsin Iron & Steel lowered its scrap procurement prices and rebar sales prices after keeping them unchanged for two consecutive weeks. Its purchase price for HMS 1 was lowered by TWD 300/t ($9.7/t) to around TWD 8,700/t ($282/t). The mill also dropped its procurement prices of plate & structural, shredded A and busheling grade scrap by TWD 400/t.

The mill’s ex-works list sales price for #5 (58 inches or 15.875mm nominal diameter base) rebar is reduced by TWD 400/t to TWD 16,900/t. This excludes volume discounts which could amount to TWD 500-600/t.

Kallanish assessed its weekly HMS 1&2 80:20 container scrap at $280/t cfr on Tuesday, down $7 on week.

Kallanish, May 1, 2019

**THAILAND**

**Tata Thailand targets export sales boost**

Tata Steel Thailand, now controlled by China’s Hebei Iron and Steel (Hegang), expects growth in sales in the fiscal year started April 2019 to be driven by both domestic demand and higher exports. The company saw sales shrink domestically last year, while exports jumped, Kallanish notes.

Tata Thailand hopes to boost its sales by 5-10% to 1.2-1.25 million tonnes in its current fiscal year. The company also says it expects Thai steel demand to increase 5-6% to 18mt in 2019. However, because of a weaker outlook for the Thai construction sector, the company expects growth to be driven by export markets.
In the fiscal year ended March 2019, Tata Steel Thailand saw sales volumes fall -5.18% year-on-year to 1.15 million tonnes. Export volumes however jumped 20.4% to 136,000t.

The unit has also proposed an increase in its annual budget to THB 400 million, double the previous year, in order to boost the quality of its wire rod output.

The 1.7 million tonne/year rebar and wire rod producer was part of a deal between Tata Steel and Hegang involving Tata’s Southeast Asian assets. Tata Thailand and Singapore-based NatSteel will be sold to a new joint venture between Tata Steel and Hegang, with Hegang holding a majority interest.

Kallanish, May 2, 2019

VIETNAM

Viet Nam’s steel industry facing nearly 50 anti-dumping and -subsidy investigations

Viet Nam’s steel industry is facing 47 anti-dumping and anti-subsidy investigations from importing countries, accounting for one-third of the total cases of Vietnamese goods, according to a report from the Ministry of Industry and Trade (MoIT)’s Trade Defence Department.

According to Pham Châu Giang, deputy director of the department, steel is subjected to the highest number of trade defence investigations in the world because it is produced by many countries and is considered a product related to national security.

“After the US, other countries such as Canada, Turkey and EU have also launched investigations to apply safeguard measures to the entire steel industry. That is not to mention the fact that other countries have increased the number of anti-dumping and anti-subsidy investigations of specific steel items and specific countries,” Giang said.

According to the Organisation for Economic Co-operation Development (OECD), the global oversupply of steel was nearly 900 million tonnes in 2017, most of which came from China.

Giang said the oversupply was caused by the slowdown of the world economy, which resulted in losses for many steel enterprises, and by the return of trade protectionism.

“Although Viet Nam’s steel products are being heavily investigated by many countries, Vietnamese steel enterprises still have high growth rates in production and exports in the region,” Giang said. “Not every investigation has caused Viet Nam’s steel products to be subjected to tax and damages.”

For example, Giang said Indonesia had recently decided to terminate the application of safeguard measures on Vietnamese cold steel sheets after Viet Nam sued the World Trade Organisation (WTO) for those measures, which Viet Nam said violated WTO regulations.

In addition, the MoIT has also co-operated with the Vietnam Steel Association and export enterprises to prove that Vietnamese exporters do not dump and do not receive subsidies from the Government. “Many investigation cases have been conducted, but not all are subject to taxes, so they still could export,” he said.

“This result does not only benefit businesses who are facing investigations, but also creates a positive precedent for fighting against similar cases in the future, especially in the context of protectionism, which has increased in the world,” Giang added.

In the domestic market, Viet Nam has taken action to protect its domestic market, which is facing pressure from China’s low-quality steel products, which are prevented from export by some countries but can spill over into Viet Nam.

Giang said the Trade Defence Department was in the process of finalising the “white book” on trade barriers for steel products, which is expected to be announced at the end of the second quarter this year.

Viet Nam tightens trade defence to protect domestic industries

MoIT recently unveiled a master programme on trade defence solutions for 2018-20 to protect domestic industries.

It focuses on strengthening policies and institutions and improving enforcement of legal provisions on trade defence to support them.

According to the ministry, anti-dumping, anti-subsidy and safeguard measures are permitted by the World Trade Organisation (WTO) and free trade agreements, and countries are allowed to establish an equal competitive environment by supporting domestic industries.

In the context of Viet Nam’s deep integration into the regional and global economies, trade defence measures have become an important policy tool contributing to enhancing the efficiency of the economic integration process, it said.

It said it would focus on building government management agencies’ trade defence capacity and strengthening protection of industries.

The tasks would be concretised into specific programmes and activities to achieve the main objectives of supporting development and improving the productivity and competitiveness of domestic industry and making use of favourable conditions in free trade agreements, it added.

The ministry’s Department of Trade Defence will be entrusted with co-ordinating with relevant agencies to carry out the master programme.

Vietnam News, April 16, 2019

INDIA

India steel demand likely to exceed 7% in 2019, 2020: Global steel body

Steel demand in India is expected to grow above 7 per cent in the current as well as next year, according to the World Steel Association.
India’s finished steel imports increased by 4.7pc from a year earlier to 7.84mn t in the 2018-19 fiscal year ended 31 March. The largest steel exporter to India was South Korea, with the bulk of its exports comprising HRC. Large-scale integrated Indian steel producers secured a large portion of their margins through sales of HRC and cold-rolled coil (CRC). Imports of flat product, such as HRC and CRC, are charged a 12.5pc import duty with additional anti-dumping and safeguard duties.

The increase in imports raised anxiety among Indian steel producers that appealed to the government to introduce additional quality control restrictions, said a Delhi-based importer.

HRC imports during February rise by 30.7pc from a year earlier to 157,700t, according to latest government data. February imports of CRC rose by 232pc from the previous year to 55,600t, while coated sheet imports rose by 68.3pc to 13,600t.

Argus Media, April 24, 2019

Extra quality standards threaten India’s steel imports

Indian steel importers are increasingly anxious about additional products, including more grades of hot-rolled coil (HRC), coming under the influence of quality control standards as these may restrict imports.

The Bureau of Indian Standards (BIS) has identified 13 additional steel products for which domestic and global producers will have to acquire quality control licences before they can be sold in India, although no date for implementation has been announced. The products include additional grades of hot-rolled steel in coil, sheet and strip form, structural steel, carbon alloy bright steel bar, steel for hardening and tempering, certain grades of automotive steel, as well as semi-finished products such as billet, ingot, bloom and slab.

India has already implemented BIS quality regulations on 53 steel products, some of which are being contested by the EU at the World Trade Organisation. The EU has demanded that India should stop carrying out factory inspections in EU steel mills that have implemented quality management systems that meet Indian standards.

“The new order on 13 products will result in a rise in domestic prices, as local mills which already have BIS licences will not face any competition from imports,” said a Mumbai-based trader. Most foreign mills do not currently have BIS certification and acquiring these licences is an extended process requiring physical verification of products in steel mills and India-based laboratories.

Tata Steel aims to shift all crude steel production to India by 2025

Tata Steel aims to produce 32 million tonnes per year of crude steel at its Indian operations by 2025, the company said.

The 2025 capacity target in India would constitute the entirety of the steelmakers’ global crude capacity following the planned divestment of operations in Asia and a planned joint venture of European flat steel operations with Germany’s ThyssenKrupp.

Of the Indian steelmaker’s current group-wide capacity of 33 million tpy, 44% is at its European operations in the Netherlands and the UK. The remaining 56% - or around 18.5 million tpy - which includes capacity at the recently acquired Bhushan Steel, is in India.

“Tata Steel continues to grow its footprint in India in terms of volumes, downstream capability and product portfolio,” chief executive officer and managing director TV Narendran said in Tata Steel’s quarterly results presentation on Thursday April 25.

“Despite subdued steel markets and weak growth in our key customer segments, this year our volumes in India grew by over 33%, leading to a significant improvement in our overall profitability and cashflow,” he said, citing its Bhushan Steel purchase and its plan to expand capacity by 5 million tpy at its Kalinganagar operations in Odisha state in the east of the country.

He described the recently completed acquisition of the 1-million-tpy steel business of Usha Martin as “an important milestone in our plans to grow our long products business.”

Tata Steel subsidiary Tata Sponge acquired the specialty long steel business, located in Jamshedpur in Jharkhand state, for 40.94 billion rupees ($582.07 million) on April 9.

Tata Steel’s Indian operations achieved its highest-ever crude steel output in the last quarter of its financial year ending March 31, 2019.

Asia, EU divestments
In the shift in strategy to focus on the Indian steel market, Tata Steel is divesting its operations in Southeast Asia. China’s Hebei Iron & Steel is expected to acquire the business.

Competition regulators in the European Union have pushed back the deadline on their decision to approve the creation of a 50:50 European flat-steel joint venture between ThyssenKrupp and Tata Steel’s European operations to June 17 this year, the European Commission (EC) said on April 26.

Tata Steel expects a “modest recovery” in Indian steel demand following the conclusion of the country’s general elections, which are running from April 11 to May 19. The company expects automotive sector demand to pick up slowly.

“Indian steel prices are expected to pick up gradually, with better domestic demand and improving pricing sentiments in regional markets,” Tata Steel said.

Fastmarkets MB’s weekly price assessment of Indian domestic hot-rolled coil (HRC) was 40,500-41,000 rupees ($576-583) per tonne ex-works on April 19, down from a recent peak of 46,000-47,000 Indian rupees on November 30, 2018, with cheaper imported material putting downward pressure on domestic prices.

The price assessment for domestic secondary 12mm rebar stood at 35,800-36,000 rupees per tonne ex-mill, down from 36,100-36,300 rupees per tonne ex-works in the previous week.

“Global steel demand is expected to witness a gradual recovery, mainly driven by improving real estate demand conditions in China, however, uncertainty over the trade environment is still a risk,” Tata Steel said.

The cost of steelmaking raw materials, iron ore and coking coal, are likely to remain elevated in the short term after a tailings dam at Brazilian miner Vale’s Córrego do Feijão mine ruptured late in January and because of supply disruptions in Australia due to cyclones.

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The index was $93.58 per tonne on April 26, up from $74.69 per tonne on January 25, the day of Vale’s tailings dam failure, which led to a tightening in global iron ore supply.

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China’s March crude steel output climbs 10 percent, boost from eased anti-smog curbs

China’s crude steel output grew 10 percent in March compared with the same month a year ago as mills ramped up operations amid a profit margin recovery and less stringent curbs on production in the country’s anti-smog crackdown.

Mills in the world’s biggest market for the metal churned out 80.33 million tonnes last month, data from the National Bureau of Statistics showed on Wednesday, up from 73.98 million tonnes in March 2018.

Average daily output in March was 2.59 million tonnes, the strongest level since October and up from 2.39 million tonne in March last year, according to Reuters calculations based on the official data.

Cities in northern China imposed at least five months of production restrictions on heavy industry, including steel mills, over winter in a bid to cut emissions and improve air quality. But the curbs were lenient compared with the previous winter.

“We expect steel output to continue increasing in the coming months as demand remains solid,” said Wang.

For the first three months of this year, China produced a total of 231.07 million tonnes of steel, up 9.9 percent on the same period last year, the official data showed.

Reuters, April 18, 2019

China city relocates 13 steel mills to cut pollution

The major steel city of Tangshan in north China’s Hebei Province has kicked off a campaign to relocate and upgrade 13 steel and iron mills in a bid to reduce pollution and energy consumption.

The 13 mills near the main urban areas of Tangshan have a total production capacity of 51.4 million tonnes, said Lang Wenchang, deputy director of the city’s development and reform commission, on Sunday.

The 13 firms will be relocated to coastal industrial parks in Laoting and Fengnan in Tangshan, said Lang.

The major steel base in Laoting is under construction and is scheduled to start operation in the second half of the year. It will use more energy-saving and environmentally-friendly techniques and churn out more high-end steel products.

The steel industry has been a major driver of local economic growth but has also led to severe pollution and high energy consumption.

Highly polluting companies, including steel mills and coking firms, in and within 25 km of urban areas, contributed to 70 percent of local air pollutants, said Lang.
The relocation and upgrading in Tangshan will help cut coal consumption by 1 million tonnes and reduce emissions of carbon dioxide by 20 million tonnes a year, according to the city’s ecology and environment department.

The city plans to reduce the number of local steel and iron companies to within 30 from the current 38 by 2020 and to within 25 by 2025, with more moving up the value chain to produce high-end products.

Between 2013 and 2018, Tangshan cut its steel and iron production capacity by more than 78 million tonnes in a bid to reduce excess capacity.

Xinhua, April 22, 2019

Magang hopes to lead China scrap industry overhaul with new 10-mln-tpy business

Major Chinese steelmaker Maanshan Iron & Steel (Magang) hopes to lead the overhaul of the Chinese ferrous scrap market by pioneering a domestic pilot project, group vice president Chen Zhaoqi said at the 12th China International Metal Recycling Conference 2019 in Zhuhai, China on April 25.

Magang is planning 10 million tonnes per year of new ferrous scrap capacity across 10 ferrous scrap processing bases to coincide with the national industrial shifts toward electric-arc furnace (EAF)-based steelmaking.

“Some of our blast furnace (BF)-based mills are old, and the company’s direction will likely be to replace them with EAF-based mills in the future,” Zhaqoi said.

The new ferrous scrap capacity will be built over the next three years and will include national ferrous scrap collection services as well as processing, warehousing and sales networks.

The company is targeting a sales revenue of over 25 billion yuan ($3.7 billion) once the full 10 million-tonne capacity is completed.

Magang expects a more orderly and large-scale ferrous scrap industry to be developed in China, which has larger enterprises with better corporate governance.

More needs to be done, however, for the Chinese ferrous scrap industry as a whole to develop further, Zhaoqi said.

“There is a need to expand tax benefits to encourage domestic businesses to scale up and prevent blind investments into new scrap processing capacities without proper analysis and studies,” Zhaqoi said.

China’s ferrous scrap markets would also benefit from becoming more advanced. The industry needs effective scrap sorting, inspection and processing so that scrap recovery rates can improve and costs to go down.

“There is a disorderly collection of ferrous scrap in the country and limited cash flow for the scrap industry as a whole. There is also some discrepancies in ferrous scrap standards,” Zhaoqi said.

Fastmarket’s assessment of domestic heavy scrap in China was at 2,620-2,750 yuan per tonne on April 19, up from 2,540-2,670 yuan per tonne on April 4 after domestic steel mills in east China increased their purchase prices for ferrous scrap.

Domestic ferrous scrap prices in China have been on an upward trend over the past year due to improving profit margins in the downstream steel markets.

Metal Bulletin, April 25, 2019

China to release guidelines on steel industry consolidation

China will soon release guidelines to push mergers and restructuring plans for the steel industry to facilitate the creation of larger and stronger groups that can compete in the global market, according to a report by the Economic Information Daily.

The guidelines, aiming to clear obstacles in steel consolidation, will encourage cross-region and cross-ownership mergers and restrukturings by qualified enterprises, the paper cited unnamed authorities.

Market funds will also be welcome to take part in the effort to offer more financial support for the move, the paper said.

Compared with world-leading steel groups, there is still a wide gap in competitive power for Chinese companies, and industry consolidation should be an important solution, the paper cited Li Xinchuang, deputy head of the China Iron and Steel Association.

In 2016, China set a target that 60 percent to 70 percent of steel should be produced by the top 10 steel groups by 2025.

Following decades of reckless investment-driven expansion, China’s steel mills have been running at overcapacity in recent years, prompting the government to take measures to cut outdated capacities.

The country fulfilled its goal of reducing the steel industry’s capacity by 100 million-150 million tonnes from 2016 to 2020 ahead of schedule.

Thanks to the capacity-cut drive, the steel market has gradually recovered and rendered high profits for producers.

China’s steel industry reported profits of 470.4 billion yuan (around $70 billion) in 2018, surging 39.3 percent year-on-year, while crude steel output grew 6.6 percent to 928.26 million tonnes, a record high, official data showed.

Apart from capital support, the guidelines will also stipulate production limits in regions including Beijing, Tianjin and Hebei for environmental concerns, according to the paper.

The Central People’s Government of the People’s Republic of China, April 25, 2019

CISA SCRAP CONF: China to continue growing ferrous scrap use in steelmaking from 2019

China will continue to increase its ferrous scrap utilization rates as part of its “Blue Sky” environmental protection policies from
2019, Ma Hongchang, advisor at the Bureau of International Recycling said at the 12th China International Metal Recycling Conference 2019 in Zhuhai, China, this week.

“China will continue to promote the use of ferrous scrap in the coming years, especially through increasing the electric-arc furnace (EAF) ratio in steelmaking and encouraging steel mills to improve their technologies and processes,” he said.

Blast furnace-based steelmakers are presently required to use at least 20% of ferrous scrap in their steelmaking processes.

“China will continue to enact more policies to incentivize steelmakers to continue gearing their production towards increasing ferrous scrap use in their basic oxygen furnaces,” Ma said.

China is expected to use a total of 187 million tonnes of ferrous scrap in steelmaking in 2018, according to BIR statistics.

It had already increased its ferrous scrap usage by 38.9%, or 39.4 million tonnes, to 141 million tonnes of ferrous scrap in January-September 2018.

Ferrous scrap consumption reached 201 kg per tonne of steel produced, up by 42.6 kg per tonne, or 26.9% year on year.

It will also grow steel shredder capacities in the country to feed demand for ferrous scrap even as it targets zero scrap imports by the end of 2020.

“Each tonne of ferrous scrap used in China can replace 4.3 tonnes of iron ore, one tonne of coking coal, 1.7 tonnes of water and reduce carbon dioxide production by 1.6 tonnes,” Ma said.

Ferrous scrap imports into China have dropped 48% year on year to 1.5 million tonnes in 2018 from 2.32 million tonnes of in 2017.

The major steel maker will continue to reduce imports by 20-30% each year in 2019 and 2020.

It exported 2.2 million tonnes of ferrous scrap in 2019, mainly to Indonesia.  
*Metal Bulletin, April 25, 2019*

China’s crude steel output up 9.9 pct in Q1

China’s steel producers reported steady output growth in the first quarter, with production of crude steel up 9.9 percent to 231 million tonnes, data from an industry association showed.

In the first three months, China exported 17.03 million tonnes of steel products, up 12.6 percent year on year, while imports came in at 2.9 million tonnes, down 16.1 percent, according to the China Iron and Steel Association (CISA).

Following decades of reckless investment-driven expansion, China’s steel mills have been running at overcapacity in recent years, incurring heavy losses for producers and becoming a drag on economic growth that prompted the government to take measures to cut outdated capacity.

Sunday’s data showed Chinese steel companies monitored by the CISA made combined profits of 37.5 billion yuan (5.6 billion U.S. dollars) in Q1, down 30.2 percent year on year.

To make the industry more competitive, China will soon release guidelines to push mergers and restructuring plans for the creation of larger and stronger groups in the global market, according to a recent report by the Economic Information Daily.

The guidelines, aiming to clear obstacles in steel consolidation, will encourage cross-region and cross-ownership mergers and restructurings by qualified enterprises, said the paper citing unnamed authorities.

Market funds will also be welcome to take part in the effort to offer more financial support for the move, the paper said.  
*Xinhua, April 30, 2019*
Global steel market is put on notice as top China mill warns

The top steel mill in China has issued a one-two warning about the outlook, saying it sees the twin risks of slowing demand and rising output in the country that accounts for half of global production. The shares sank.

Contraction in industries including property and autos will slow consumption this year, although infrastructure remains relatively robust, Baoshan Iron & Steel Co. said in a statement as it reported record profit for 2018. Exports are set to drop amid global trade frictions while supply may expand, said the listed unit of China’s biggest steelmaker, China Baowu Steel Group.

The mill also cited weakness in autos among drivers of slowing production. The shares sank.

The mainland steel market sets the tone for conditions in the industry worldwide, with trends in demand, supply, pricing and exports carrying implications for mills around the globe. The downturn outlook from Baosteel contrasts with a run of positive signals from Asia’s biggest economy as first-quarter growth topped expectations, steel prices rebounded and mills’ profitability improved. Still, it follows a surge in the cost of iron ore — used to make steel — which has rallied to multiyear highs on a supply squeeze.

The shift in the mill’s outlook was captured in its earnings figures. While profit for 2018 hit a record 21.6 billion yuan ($3.2 billion) — with earnings of about 5 billion yuan each quarter — net income in the first quarter of 2019 fell to 2.73 billion yuan, down 46 percent, the mill said in a second statement.

Huge Challenge
The slump in Baosteel’s first-quarter earnings isn’t surprising as elevated costs, including iron ore, pose a huge challenge, according to Helen Lau, an analyst with Argonaut Securities (Asia) Ltd. Steelmakers couldn’t pass on the higher costs due to the weakening macro economic situation, she said.

Baosteel shares ended 4.4 percent lower in Shanghai on Thursday, putting them on track for the biggest weekly drop since mid-2018. Over the past year, the stock is 22 percent lower, although it remains higher year-to-date.

Full-year sales of steel products are expected to drop to 46.8 million tons in 2019 compared with 47.1 million tons in 2018, while revenue slides to 273.1 billion yuan from 305.2 billion, Shanghai-based Baosteel said.

The mill also cited weakness in autos among drivers of slowing consumption in 2019. China’s auto market shrank for the first time in almost three decades last year as the economy slowed and the trade war with the U.S. hurt spending.

Nationwide steel supply faces pressure to increase as new facilities gradually come online under a swap-program with idled capacity, the producer said. China churned out 231 million tons between January and March, up almost 10 percent from a year earlier and the highest for any first quarter on record.

Bloomberg, April 30, 2019

WORLD

AISI: U.S. finished steel imports dropped massively

The American Iron and Steel Institute (AISI) reported that the U.S. total and finished steel imports declined drastically over the previous month in February this year. The combined steel imports during the first two months of 2019 were up significantly over the previous year, whereas imports of finished steel were down marginally. Also, finished steel market share was estimated at 20% in February 2019, in accordance with the preliminary data released by the U.S. Census Bureau.

The U.S. imported a total of 2.433 million net tons (NT) of steel during February this year, which is significantly lower by 30.1% when compared with Jan ‘19 final imports. Out of this, finished steel imports totaled 1.744 million NT. The finished steel imports recorded nearly 29% decline over the previous month. The total and finished steel imports had totaled 3.479 million NT and 2.450 million NT respectively in Jan ‘19.

The combined total steel imports during Jan-Feb ‘19 amounted to 5.912 million NT, higher by 10.2% over the previous year. On the contrary, the year-to-date finished steel imports dropped by 3.6% to 4.351 million NT. The total and finished steel imports in Jan-Feb ’18 had totaled 5.362 million NT and 4.351 million NT respectively. The finished steel import market share was estimated at 22% during the first two months of 2019.

The imports of all steel products registered decline over the month. Oil County Goods reported sharpest decline in import volumes, with imports dropping by 41.8%.

Scrap Monster, April 19, 2019

Section 232 tariffs lead to dramatic recovery of Kentucky’s steel sector

The decision by the Trump administration to impose 25% tariffs on imported steel has eased the steel crisis and has resulted in overall recovery in nation’s steel sector. Kentucky has witnessed dramatic recovery, reporting notable jump in capacity utilization by steel mills. It has also led to reopening of several shuttered steel plants by steel majors, thereby bringing back jobs in the region.

The imposition of tariffs has lifted the capacity utilization at U.S. domestic mills to levels exceeding 80%- a level not seen over the past decade. Also, rough estimates indicate that steel import volumes have declined by more than 50% during the period from April 2018, when the tariffs became effective, until December 2018. Also, steel shipments from the country surged higher by
5%. Additionally, the share of imported steel has fallen drastically from 29% in April 2018 to as low as 19% in Dec ’18.

The improved steel market conditions have led to several companies announcing their decision to invest in construction of new mill and expansion of existing mills. Recently, Nucor had declared to make an investment of approximately $1.35 billion in constructing a new state-of-the-art steel plate mill in Brandenburg, Kentucky. This project is expected to create 400 jobs. The company had also announced its decision to expand its steel mill near Ghent.

Incidentally, the Kentucky steel industry generates over $11 billion in industry output, supporting nearly 40,000 well-paid jobs in the state. 
 *Scrap Monster, April 30, 2019*

**U.S. steel tariffs are making waves as far away as Turkey and Malaysia**

Increased tariffs designed to protect the U.S. steel industry are starting to have international repercussions in unexpected places with Malaysia launching an anti-dumping investigation into steel imported from Turkey, a country hit hard by the changed U.S. import rules.

What’s upset Malaysia’s steel industry is a flood of cheap steel from Turkey that used to find a market in the U.S. leading to a request from the Malaysian Steel Association for a government investigation into whether steel from Turkey and Singapore is being dumped at a price lower than the domestic price in the exporting countries.

It will take time for the dumping inquiry to establish the facts but a few days before the Malaysian request to examine the flow of steel products out of Turkey an investment bank report identified part of the problem being a worldwide surplus of scrap steel.

**Scrap Steel Surplus**

Turkey is the world’s biggest importer of scrap used in electric-arc furnaces to make exportable products such as reinforcing bar (rebar) used in construction projects.

One of the biggest markets for Turkish steel has been the U.S. but with the higher tariffs it’s been necessary for Turkish steel mills to find new markets.

The end result is a curious case of what can happen when a fundamental change is made to the way an industry functions with the root cause of the problem confronting Malaysia’s steel industry being surplus Turkish steel, which is being blamed on the increased U.S. tariffs.

According to Macquarie Bank’s analysis of the steel market it’s the 50% import tariff imposed by the U.S. on Turkish steel which triggered significant changes to the global market for some steel products and for scrap steel because Turkey is the world’s biggest importer of scrap.

**Scrap Prices Fall**

The end result of this complex situation is that the price of scrap has been falling even as the price of the primary material used to make steel, iron ore, has been rising.

Since the end of January, largely because of reduced exports from Brazil after a number of mines were closed, the price of iron ore has risen by around 25%.

Scrap prices, however, have fallen by up to 7% because demand in Turkey, which has a steel industry heavily-reliant on scrap to feed electric-arc furnaces.

**Turkey In Trouble**

“The reason scrap prices are struggling is simple, the world’s largest importer, Turkey is in deep trouble,” Macquarie said.

“Anti-dumping duties and a 50% import tariff imposed by the U.S. on Turkish steel has cut-off the country’s main export market, while a tumbling currency, also triggered by a political spat with the U.S., has made foreign capital more expensive, choking finance for domestic construction projects, the main steel end-used in that country.”

Macquarie estimated that total crude steel production in Turkey dropped by 15% in the March quarter, drying up the market for scrap steel even as the iron ore price was rising sharply.

“As we flagged when trade tensions first emerged, Turkish steel mills have tried to export more steel, targeting markets still open to competition,” the bank said.

“Total steel exports have surged by 21% year-on-year despite the loss of the U.S. market. Much of the material previously going to the U.S. has found a home in Europe.

“Far away markets in South East Asia, a market traditionally dominated by steel producers in China, Japan and Korea, have also seen an influx of competitively priced Turkish rebar.”
 *Forbes, May 02, 2019*

**Crude Steel Output by Asian Countries Rose 7.4%**

The latest production statistics published by the World Steel Association (worldsteel) suggests notable jump in crude steel output by Asian countries during the month of March this year. The region accounted for more than 70% of the total world steel output during the month.

The Asian crude steel production totaled 109.054 million tons (Mt) in March this year, significantly higher by 7.4% when compared with the production during the year-ago period. The regional output had totaled only 101.546 Mt during March last year. The combined output during the first three months of the current year was up by 7.0% year-on-year to total 312.859 Mt.

China- the leading producer in the region reported 10% surge in output. The country accounted for nearly 74% of the total regional output during the month. The Chinese output totaled 80.326 Mt. India continued to remain as the second largest steel producer in the region, pushing Japan to third spot by a thin margin. The Indian production totaled 9.412 Mt, whereas Japan produced 9.084 Mt. The Indian output declined marginally by 1%, whereas the Japanese output held flat when compared with the year-ago month. The top three producers accounted for almost 91% of the total monthly output by the Asian region.
The March ’19 steel output by other countries in the region was: South Korea (6.266 Mt), Taiwan (2.030 Mt), Vietnam (1.395 Mt), Pakistan (290,000 t) and Thailand (250,000 t).

*Scrap Monster, May 6, 2019*

**HEADLINES**

**Global and ASEAN-6 steel scrap demand and supply**

According to worldsteel’s presentation at the 12th China International Metal Recycling Conference 2019, trend of EAF production is expected to grow. Currently, EAF is the mainstream in Europe, North America, Middle East, Southeast Asia and Africa. China still focuses on production by using non-EAF facility. However, worldsteel pointed that China may possibly push more EAF production and by 2035 the world EAF ratio would reach a new historical high.

Steel-making production by using EAF facility has lower environmental footprints. Compared to BF-converter furnace process, EAF using steel scraps as main raw materials has largely reduced environmental footprints. Moreover, it takes up smaller space with lower investment, few processes and flexible production. However, producing long products by using EAF lacks scale advantages with more difficulties in quality control and higher costs.

The advanced countries are the main steel scrap exporting countries with the US as the largest steel scrap exporting country, followed by UK and Japan. The major steel scrap importing countries are Turkey, India and Vietnam, which together accounted for one-third of the world steel scrap import in 2017.

According to worldsteel, world steel scrap export is around 100 million tonnes each year. The global steel scrap supply has been increasing steadily and demand also continued to grow. Major sources of steel scrap are from scrapped steel products. Worldsteel believed that there are still sufficient steel scrap supplies in the world market and some of the regions may even encounter oversupplies.

Changes in the global steel scrap supplies and consumption

China, in particular, is currently having sufficient domestic steel scrap supplies and there might be a possibility of overshares in the future.

Forecast of domestic steel scrap supplies in China.

![Graph showing changes in global steel scrap supplies and consumption](source: World Steel Association)

![Graph showing forecast of domestic steel scrap supplies in China](source: World Steel Association)
In the case of ASEAN, apparent steel demand in the ASEAN-6 countries continued to increase significantly since 2009, except for 2017 when steel consumption retreated mainly due to destocking activities in some countries. On the other hand, domestic steel production in the region did not show any significant increases until 2016 with the commencement of the new capacities from companies such as Formosa Ha Tinh in Vietnam.

Steel-making production is mainly done through scrap-based EAF facilities. However, capacity utilization rate still remained low, at below 50%. Despite this, scrap demand in the region continued to increase with an average annual growth rate of 4-5% in the last 10 years. Scrap demand saw a significant increase of 26% y-o-y to 24 million tonnes in 2017. ASEAN-6 is not self-sufficient in scrap supply and still needs to rely on import from other countries. Major sources of import are USA, Japan and Australia.

Most of the six countries in ASEAN are net importers of scrap. Vietnam is the region’s biggest scrap importer accounting for nearly half of total volume of scrap import in the region, followed by Indonesia and Thailand.

The countries in the region that are net exporters of scrap are Philippines and Singapore. However, volume of scrap export from Philippines declined significantly in 2017, by 34% y-o-y. This could be due to higher demand within the country. Singapore's scrap export volume has not been significant, with export volume declining in 2017.
Payment Details

To make a payment by credit card, please call +603 55191102 or visit www.seaisi.org/seaisi2019 to register and pay online

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Swift Code: PBBEMYKL

Cancellation and refund: Only written cancellation will be accepted. Replacement will be allowed. For cancellation made on or before 17 May 2019, total payment received less 20% for administration charges, may be refunded. No refund will be made for cancellation after 17 May 2019. Delegate may substitute the seat with his/her colleague from the same company at no extra cost.

Hotel Accommodation

Favourable accommodation rates have been negotiated with The Athenee Hotel, a Luxury Collection Hotel, Bangkok. The hotel room reservation has to be booked online. The online hotel room reservation weblink will be forwarded to you by the Secretariat upon receiving your completed registration form. Only limited number of rooms will be available. Please refer to the terms & conditions on the online room reservations regarding room cancellation.

The Athenee Hotel, a Luxury Collection Hotel, Bangkok
61 Wireless Road (Witthayu)
Lumpini, Pathumwan,
Bangkok, 10330 Thailand
Tel: +66 2650 8800

Room Type
Athenee Room

Room Rate
(Single Occupancy) THB 5,500 nett /room/night

Room Rate
(Double Occupancy) THB 6,000 nett /room/night

The above room rate is inclusive of 10% service charge, 7% government tax as well as buffet breakfast and in-room internet access.