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SOUTH EAST ASIA IRON AND STEEL INSTITUTE

SEAISI

NEWSLETTER

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MESSAGE FROM THE SECRETARY GENERAL

The construction sector, the biggest steel consuming sector in ASEAN, started to gain prominence in the proceedings of the year-end event of the Institute – the ASEAN Iron and Steel Sustainability Forum – in the 2014 Forum in Singapore. In that year, a special session on "Construction Sector as a Major Steel Consuming Sector" was introduced which saw presentation of papers on Building Information Modelling (BIM), Use of High Strength Steel in Construction and Selling Building Solutions.

The favourable response to the above led to the inclusion of more sessions on the construction sector in the succeeding Forums of the Institute. Thus the 2015 Forum in Kuala Lumpur, Malaysia featured three dedicated sessions on Construction Management & Sustainability; Smart Systems for Steel Construction; and Steel Materials & Innovative Product Developments while last year's event in Bangkok, Thailand examined topics on Steel Engineering for Construction Sector; Steel for Sustainable Construction; and Workflow Integration and Management for Construction.

This year's Forum, to be held at the Edsa Shangri-La Hotel in Manila, Philippines on 27 & 28 November 2017, will build on the momentum of past years' events and delve deeper into more construction and construction related subjects. The special sessions will kick-start with presentation by representatives of the six ASEAN member countries of SEAISI i.e. Indonesia, Malaysia, Philippines, Singapore, Thailand and Vietnam on the current status of the steel construction sector in their respective countries. This will be followed by the sessions on Product Development and Steel Construction Improvement; Steel Applications for Sustainable Building and Infrastructure; and Green Solutions Using Steel Materials.

Some of the interesting papers that will be presented in the above sessions include:

- The Development of High Strength Steel Plate with Improved Toughness and Weldability for Steel Box Girder of Elevated Highway Application by PT Krakatau Steel, Indonesia
- Development of Hot Rolled Thin Steel and High Strength PosMAC Steel for Steel Structures by POSCO, Korea
- Designing Steel to be Sustainable – Our Future Growth Depends on It by Liberty OneSteel, Australia
- Green Building in Vietnam – Late off the Block but Catching up to Our Neighbours by NS BlueScope Vietnam
- Market Development of Steel Structures in Japan – Standardization, Building Codes and Steel Products by Japan and Iron and Steel Federation
- Application of Sustainable High-Performance Steel Structures by POSCO, Korea
- Structural Workflow: from Feasibility/Concept to Fabrication/Drawing Generations by Bentley Systems, Singapore
- The Seismic Design, Construction and Applications of Steel Structures for Buildings in Taiwan by Dayan Engineering Consultant Corporation, Taiwan

Besides topics on steel construction, delegates to the Forum will also be updated on the latest developments in the steel industry through the session on Steel Market Developments. In this session, there will be an update on ASEAN Steel Industry Development Scenario by SEAISI; an overview of the Build, Build, Build Programme of the Philippine Government by Department of Public Works and Highways, Philippines; a peep into Future Trend in Global Demand of Steel by Tata Consulting Engineers Limited; a look at Competition to Chinese Steel Exports amid Supply-Side Reforms by Platts; and an examination of China Steel Export Prices by Metal Bulletin.

The half-day plant tour on the second day of the event will visit the facilities of Steel Centre Philippines Inc. The company is a specialist in steel fabrication and erection as well as a leader in custom-made steel structures.

For detailed information and registration, visit the SEAISI official website at www.seaisi.org. Register now to participate in this important year-end event of the Institute!

TAN AH YONG

UPCOMING EVENT

2017 ASEAN Iron and Steel Sustainability Forum
Date: 27-28 November 2017
Venue: Edsa Shangri-La, Manila, Philippines

NEWS HIGHLIGHTS

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AUSTRALIA

Australia drops anti dumping case

After a year of thorough investigation of the anti-dumping and anti-subsidisation case on Vietnamese galvanised steel, the Australian Anti-Dumping Commission (ADC) has closed the subject. No further anti-dumping subsidies will be imposed.

The case against flat rolled iron or steel products from India, Malaysia and Viet Nam, numbered ADC 370, was initiated in August 2016 by the ADC. It reached a final conclusion in August with no evidencd to suggest Vietnamese steel firms had been selling under market price on Australia's steel market.

In particular, Viet Nam is no longer accused of subsidising domestic businesses participating in three preferential taxation related programmes. The ADC found that one out of three Vietnamese companies who agreed to cooperate with them during the investigation did not receive any privileges from the alleged programmes.

The ADC also discovered that the other two Vietnamese steel producers and exporters only received an insubstantial amount of monetary support from the Vietnamese Government, and so they decided to close the matter.

Viet Nam's Hoa Sen Group and Nam Kim Group had been proved by the ADC to have had galvanised steel exported to Australia from during the investigation period within the negligible range of less than two per cent.

The three cooperative steel makers from Viet Nam were Hoa Sen, Nam Kim and China Steel Sumikin Vietnam Joint Stock Company, who collectively accounted for 96 per cent of galvanised steel exported to Australia from Viet Nam during the investigation period.

On August 2016, Australian steel maker BlueScope lodged an application alleging that the Australian industry had suffered material injury caused by exports of galvanised steel to Australia from Viet Nam at dumped and subsidised prices.

BlueScope allegedly claimed that due to Vietnamese firms' underselling, the Australian steel industry had been injured through loss of sales volume, reduced market share, coupled with price suppression, reduced profitability, employment, and capacity utilisation.

During investigation, BlueScope stated that the Vietnamese galvanised steel industry was subjected to special market conditions, as this company claimed Vietnamese firms had to import most of the main ingredients to produce galvanised steel, which are hot rolled coils.

According to BlueScope, as these hot rolled coils are already subsidised by the exporting countries, they are effectively underpriced and would in turn lower Vietnamese steel firms' production cost, leading to these firms selling at dumping price on the Australian market.

However, the VCA clearly stated that after the investigation period, ADC found no support for such claim, and cleared Viet Nam off the list of suspected dumping steel exporters.

In conclusion, the ADC said in its final report that a particular market situation did not exist in the domestic galvanised steel market in Viet Nam, such that selling prices in that market were not suitable for normal value purposes, and the cost of HRC in the Vietnamese exporters' records reasonably reflect competitive market costs.

The ADC also found that Viet Nam's steel exports to Australia had increased significantly in 2013 and had been steady since 2014 to the end of 2016.

Viet Nam News, September 14, 2017

INDONESIA

Krakatau Posco discusses $450m automotive steel plant

Steel firm PT Krakatau Posco (KP), a joint venture between state-owned steel maker PT Krakatau Steel (KS) and South Korean giant Posco, are in talks to develop a new plant worth US$450 million.

Posco Indonesia Inti (PII), Posco's holding company in Indonesia, said the plant would mostly cater to significant rising demand from the domestic automobile industry. PII's marketing managing director Kenneth KJ Rhee said his firm was talks with KS about the feasibility of building a cold rolling mill, which will mainly produce automotive steel, early next year.

"We are still in discussion with Krakatau Steel about how we can invest in this cold-rolling plant for high quality steel," he said on Tuesday after the Seventh Asia Steel Forum.

Rhee further revealed that the construction of the facility would run in two phases, with the first phase set to require $250 million of the overall $450 million investment.

It would have annual production capacity of between 1.2 and 1.5 million tons of cold-rolled steel, he added.

Posco, the world's biggest steel maker, now holds a 70 percent stake in KP, while the remaining 30 percent is owned by KS, Southeast Asia's top steel producer.

The joint venture has invested $3.28 billion to build integrated steel facilities in Cilegon, Banten, that produce steel slab and plate, among other products. That is in line with the government's target to create a steel cluster that can produce 10 million tons of steel each year.

Krakatau Steel president director Mas Wigrantoro Roes Setyadi confirmed the plan, saying that his firm was discussing it with Posco and separately with another KS partner, Nippon Steel.

Japan's Nippon Steel, along with another partner, Sumitomo Metal Corporation, has set up a joint venture with KS and built a $378 million steel plant to produce galvanized steel, mostly used by the automotive industry. Previously, Posco was once in conflict with KS following the latter's joint venture with the two Japanese firms.

"If the conditions are agreed, the three of us [KS, Posco, Nippon Steel] may build the plant together," Wigrantoro told the Jakarta Post. "If one of us can't agree, we can go with the other. Otherwise, we [KS] will go ahead alone.

The automotive sector accounts for around 8 percent of national steel consumption, according to data from the Industry Ministry.

The fast growing sector may absorb a huge amount of the base material as automobile production is projected to grow at a compound annual growth rate of 5.5 percent to reach 2.3 million units by 2025.

The construction sector, meanwhile, uses the most steel, with 78 percent of domestic consumption, followed by the oil and gas sector with 7 percent.

Related to the future of the KP joint venture, Wigrantoro explained that in the shareholders' agreement, there was an option for KS to buy 15 percent of Posco's shares.

"If we buy the shares the Posco will only control 55 percent, while KS will have a 45 percent stake. However, the plan has yet to be executed," he said.

One of the key issues hindering KS upgrading its stake in KP is the losses recorded by the latter.

KP posted $56 million in losses last year.

"Unlike a private company, as a state-owned company that still suffers from losses," he said.

The Jakarta Post, September 18, 2017

Morowali Park to produce carbon steel

Industrial park developer PT Indonesia Morowali Industrial Park (IMIP) plans to build a carbon steel factory next year near its existing stainless-steel plants and nickel smelters in the 2,000-hectare park in a bid to reduce the import of the commodity.

IMIP managing director Hamid Mina said PT Dexin Steel Indonesia, a joint venture of IMIP, Delong Steel Singapore Projects Pte. Ltd. and Shanghai Decent, would build the factory. The factory is estimated to cost US$960 million and take one to two years to construct.

"We only need to wait for various permits issued by the BKPM [Investment Coordinating Board] to start the construction early next year," he told reporters on the sidelines ofnIMIP's inauguration ceremony of Morowali Metal Industry Polytechnic, where he welcomed first-year metal engineering students.

Indonesia imports 6 million tons of steel, mostly carbon steel, out of the annual demand of 14 million tons steel, data shows.

IMIP technical advisor I Wayan Prenata said that the type of steel mostly sought in the Indonesian market was not stainless steel but carbon steel, of which state firm PT Krakatau Steel, located in Cilegon, Banten, is the bigger producer.

"So if the plan is realized, Morowali will be the second biggest steel complex after Cilegon," he said.

The government and the firm claim that IMIP is the world's biggest integrated stainless steel complex in the world that processes soil, nicket and all the raw material of stainless steel," Hamid said.

IMIP previously stated it aimed to finish constructing there stainless-steel slab factories with a combined capacity of 3 million tons by April next year. One factory has been running this year and is set to produce 500,000 tons of stainless steel slabs by year-end.

Once all the slab plants are done, the firm will run its hot rolled coil (HRC) plant – processing the slab into thinner plates – under its full capacity of 3.5 million tons. Next, to further process HRC to cold-rolled coil (CRC), or thinner and shinier plats, IMIP requires a CRC plant, which the firm is currently building, with a capacity of 500,000 tons.

"The CRC products can then be processed into steel for automotive, health equipment and other uses," said IMIP CEO Alexander Barus.

The giant developer sources all of its nickel from Sulawesi and its surrounding areas while importing all of its manganese, chrome and silicone from South Africa as the three raw materials are not developed here.

Aside from processing nickel into steel, the firm also produces nickel and exports it to China. It aims to increase nickel production by 46.3 percent to 120,000 tons this year. The firm has secured a mining permit on 47,000 hectares of land. It has exploited some of the land and recovered 160 hectares of it to its former nature.

To support the expansions, the firm plans to build a 2x350 megawatt (MW) coal-based power plant (PLTU) worth US$$650 million, adding to its six PLTUs with a combined capacity of 1,130 MW.

With the vast business – worth at least $2.9 billion – the giant developer, comprising local and Chinese investors, is building an airport with an 1,800-meter runway, scheduled to operate next year.

The Jakarta Post, September 19, 2017

JAPAN

Japan's steel output dips in August but demand firm

Crude steel output in Japan in August decreased by 2% year-on-year but rose 1.7% from July to 8.73 million metric tons, according to new data released by the Japan Iron & Steel Federation.

The decline probably stemmed from "facility problems" among producers, a JISF official suggested, adding that demand is firm so whenever the problems is rectified, output should be higher.

Within total output, converter production decreased by 5.5% y-o-y but was up 3.1% from July at 6.78 million mt.

Output via the electric furnace route increased by 12.3% y-o-y to 1.95 million mt though this was down 5.5% m-o-m.

The carbon-steel EAF producers are stepping up output to meet higher demand for construction steel while special steel makers also using EAFs are responding to buoyant auto sector demand, the JISF official said.

"EAF mills usually decrease production more in August (than in July) because of summer shutdowns, but total(EAF) output last month was the highest for any August in recent years," he told Platts.

JFE Steel stopped one of two converters at its Keihin works last month through technical problems, as reported.

Ordinary steel output in August decreased by 3.2% y-o-y but rose 2.6% from July to 6.67 million mt. Special steel output was basically unchanged on year but up 4.4% m-o-m to 2.06 million mt.

The Japanese mills are planning to produce 26.4 million mt of crude steel during July-September, unchanged on year and higher by 1.3% on quarter, according to Japan's Ministry of Economy, Trade & Industry. "But I'm wondering how the problems at the integrated mill might impact this production plan," a Tokyo-based trader said.

JFE plans to stop the other remaining converter at Keihin for essential maintenance this month or next, forcing it to bank the works' only blast furnace for the predicted loss of around 300,000 mt of crude steel, JFE has said.

Platts, September 25, 2017

Japanese bar mills must adjust production to autumn demand

Japanese rebar mills need to track autumn demand and adjust their production schedules accordingly, Atsushi Iijima, chairman of Japan's small bar industry grouping, Kobo Kondankai, said Monday.

Iijima, a director of Nippon Steel & Sumitomo Metal Corp, warned producers they need to strengthen their financial base, pushing product prices up to offset increases in scrap, electrodes, alloys and refractory costs.

A Tokyo-based construction trader said the order backlog for rebar producers was sufficient. "But most were booked at lower prices, so most rebar producers are making no profit on their present production," he said. "This is why producers are very aggressive to lift their prices – because input costs are increasing further," he added.

A sales official from a Kansai-based mill said rebar market prices were increasing but still not enough to generate a profit. "Overall, we expect auxiliary material prices will be at least 30% from October," he said. "We can't easily offset all of this increase in higher product prices but we have to raise our prices to some extent or we'll just be producing and continuing to record red figures."

The official said the orders backlog of most rebar producers was probably healthy enough and most were in no hurry to secure new orders. "This is a good chance for us, because we can select what orders to accept; we can just accept the higher-priced orders!" he said.

Market prices of base-sized rebars in Tokyo were at Yen 60,000-61,000/mt ($534-543/mt) while those in Osaka were Yen 59,000-60,000/mt, up Yen 2,000/mt and Yen 3,000/mt respectively from a month ago, sources confirmed.

Platts, September 26, 2017

Flat product stocks at Japanese port rise in August

Stocks of imported plates, hot rolled and cold rolled coils at Japan's key ports of Tokyo and Osaka at end- August increased by 3.3% or 5,000 metric tons from end-July to 156,000 mt, according to Japanese trader Hanwa Co which tracks the data. But on year, the August stocks were down 9.3% or 12,000 mt.

Behind the on-month rise was most likely slower deliveries from ports to customers because of the summer holidays in August, a Hanwa official said. "We're not worried about the stock increase this time (because) flat steel demand has been firm and deliveries to customers outside of holiday time have been smooth," he said.

Flat steel arrivals until August were at a higher level because Japanese demand was stable, the official explained. "But prices of imported material booked after August have become higher and customers no longer see much merit in importing. Arrivals will probably decrease in coming months," he told Platts.

An Osaka-based trader said current prices of imported HRC delivered to major distributors in Japan are around Yen 65,000/mt ($576/mt) – mostly on par with those of the Japanese integrated mills. The blast furnace makers have been limiting their supply for spot sales because they have been kept busy fulfilling orders placed by their long-term contract customers.

As a result dealers have been relying on imported materials to fill out their catalogues. "Some distributors might still continue buying imported materials, but most won't be interested in importing. They'll just wait for supplies from the domestic mills," he said.

The Osaka-based trader said that overseas mills will also limit their export volumes while they too put priority on meeting their own domestic demand.

"Since China has curbed its exports less Chinese material has been distributed in South Korea so the South Korean mills will have to focus on satisfying their home market demand – meaning less Korean steel availablefor export," he said, adding that this situation will persist for a while.

Japan's imported flat stocks at Tokyo, Osaka
Source: Hanwa Co.
Unit: Metric ton

	End-August	End-July	End-Aug 2016
Osaka Plate	1,000	2,000	4,000
Osaka HRC	31,000	27,000	37,000
Osaka CRC	63,000	62,000	48,000
Tokyo Plate	12,000	12,000	28,000
Tokyo HRC	23,000	22,000	32,000
Tokyo CRC	26,000	26,000	23,000
Total	156,000	151,000	172,000

Platts, September 28, 2017

MALAYSIA

Malaysia's July distributive trade volume up 9.4%

Malaysia's distributive trade, as measured by the volume index of wholesale and retail trade, rose 9.4% to 157.7 points in July from 144.1 points a year ago, thanks to higher sales in the retail trade segment.

However, the July figure was down 1.3% compared with June index of 159.7 points, according to the statistics department.

Still, the sales value of wholesale and retail trade in July, at RM96.5 billion, is at three-year high and it represents the fastest growth since March 2014. It is 11.1% more than the RM86.86 billion reported for the same month in 2016.

The July sales value comprised RM45.9 billion in wholesale trade, RM38.3 billion in retail trade and RM12.4 billion in motor vehicle trade.

Sales of motor vehicles soared 9.8% year-on-year (y-o-y), the fastest expansion in two years. Retail trade registered a new record with a growth momentum of 14.1% y-o-y.

"We opine the robust expansion was partly due to softening inflation, sanguine business environment and improved labour market," MIDF Research said in a note to its clients after the figures were announced.

Describing Malaysia's strong distributive trade in July as a "good start for the third quarter of 2017", MIDF Research said the figures provide a positive cue for continuous decent performance in private consumption and services sector seen in the last two quarters.

"The return of positive growth in motor vehicle sales in July, coupled with solid retail trade and wholesale performance, was evidence of sustainability in Malaysia's domestic spending," the research firm observed.

"Henceforth, we view the strong momentum in distributive trade will translate into higher growth for private consumption and the services sector for the third quarter of 2017," it added.

MIDF Research also described the strong July data as a positive spillover effect from the upward trend in external trade activities.

"As exports rose above 30% y-o-y in July, the follow-through effects are among others in a form of manufacturing sales. Exports of manufactured goods cover about 82.2% of our total export products," the research firm noted.

In tandem with export growth in July, MIDF Research said manufacturing sales soared to its highest, growing by 22.2% y-o-y.

"Thus, employment in the sector increased by 2.9% y-o-y, fastest ever recorded while wage growth of the manufacturing sector expanded solidly by double digits at 11.3% y-o-y," MIDF Research said, adding that the strong external trade performance will translate into better sales, employment and "most importantly" improvement in domestic spending.

"Besides, with the slowdown in inflation rate, the economic condition gives extra room for domestic consumption to rise steadily in July," the firm said, expecting "the upbeat momentum in Malaysia's domestic spending to continue until the end of this year."

Going forward, MIDF Research forecasts this year's private consumption and services sector to grow at 6.3% and 5.3% respectively.

"Continuous solid performance of distributive trade in July signals stronger domestic spending is in play, added with strengthening labour market and upbeat momentum in external trade activities will drive Malaysia's economy into a better position in 2017, compared with last year particularly via private consumption and the services sector," it added.

The Edge, September 14, 2017

Malaysian steel stocks climb, pushed by China output cut

Steel stocks on Bursa Malaysia continued their steady climb yesterday on improving prospects, following China's stringent move to slash its output and clamp down on more illegal steel mills.

Steel companies in focus include Southern Steel Bhd, which gained six sen to close at RM2.43; Malaysia Steel Works (KL) Bhd, which firmed up five sen to RM1.61; and Ann Joo Resources Bhd, which remained unchanged at RM3.68.

Ann Joo, for example, saw its share price tripling over the past two years, said analysts.

According to Malaysian Iron and Steel Industry Federation president Datuk Soh Thian Lai, the current uptrend in steel prices was mainly triggered by the China factor.

"In the past two years, China has already cut down its steel production by 100 million tonnes compared with its initial target to reduce it to 150 million tonnes within five years," he told StarBiz.

Last year, China was focusing on clamping down on its steel "zombie" plants, but it is expected to target the operational capacity this year, explained Soh.

The domestic price of long steel products to date has surged to about RM2,600 per tonne compared with RM2,200-RM2,400 per tonne in January this year.

Even the imported flat hot-rolled coils are trading higher at US$600 per tonne, while imported cold-rolled coils are at US$630-US$650 per tonne.

UOB KayHian Research steel analyst Abdul Hadi Manaf said traders should remember that steel stocks had risen from the ashes from the oversupply situation in China, which had badly affected many local steel players.

It was in 2014 that steel companies felt that the situation had turned bad, which warranted them to seek the Government's help to curb the dumping of below-cost steel products from China into Malaysia.

As a temporary measure, the Government then imposed anti-dumping duties to curb the influx of cheaper imports from China.

"The situation today has improved and I feel that it should be sustainable," Abdul Hadi said.

"The oversupply situation from China is no longer an issue now. The government there is serious on the supply controls and supply there is presently tight with stricter environmental controls.

"Many millers have been closed down to curb sub-standard steel producers who are not environmentally friendly, and this has caused China steel billet prices to continuously go up while local prices are also stable now," he added.

Furthermore, there has been a gradual improvement in earnings across all steel sectors since the second quarter of last year.

Abdul Hadi said: "The recent quarter that was just announced was weak due to a weaker steel price on a quarter-on-quarter basis and soft demand.

"But we can possibly look forward to an improvement in the third and fourth quarters of this year."

In addition, local steel demand is expected to pick up, especially in the fourth quarter of this year, as infrastructure and mega projects move up a notch.

Abdul Hadi also highlighted some risks to the steel rally, especially if the input costs such as electrode, scrap and coal prices are not controlled.

"If players fail to manage this prudently, we may not see any margin expansion, so this can be a risk as well," he added.

Abdul Hadi said most steel stocks under his coverage had already hit their target prices.

He is also maintaining a "buy" call on the sector on the premise that the average steel price is trading at RM2,350 per tonne.

"If steel prices strengthen more than the forecast, then there will be room for price upgrades on some of the stocks under my coverage," he added.

Meanwhile, Reuters reported that China produced a record amount of steel in August, data showed on Thursday, as mills in the world's top producer boosted production to take advantage of rising prices despite rigorous environmental inspections across the country.

Mills in the world's largest steelmaker churned out 74.59 million tonnes of the construction material in August, up 8.7% from a year earlier and just beating July's previous monthly record of 74.02 million tonnes.

In the first eight months of the year, steel output totalled 566.41 million tonnes, up 5.6% from the same period in 2016, the National Statistics Bureau data showed.

Chinese steel mills have been running at full tilt, with some even postponing proposed maintenance schedules to ramp up output in an effort to cash in on strong margins.

The most active steel rebar futures rose 8.5% last month, and had the biggest one-day hike in seven months in early August.

Higher prices have also been fuelled by concerns of capacity curbs during the coming winter after the Ministry of Environmental Protection (MEP) pledged to reduce hazardous pollutants in the country's north, including key producing province Hebei, by halving steel output by up to 50%.

Some inspection teams have already been sent to eight provinces in August, according to the MEP.

China's stockpiles of rebar, a construction steel product, rose to 3.88 million tonnes by the end of August.

The Star, September 15, 2017

Japan's Hanwa owns 3% share in Malaysia's Bahru Stainless

According to the announcement from Japan's Hanwa Co., Ltd. (Hanwa) on September 14th, it had acquired a share of 3% in Bahru Stainless Sdn. Bhd. in Malaysia.

Bahru Stainless Sdn. Bhd. is currently engaged in producing cold-rolled stainless steel plates, and it was established in February of 2008. Its shareholders included Spain's Acerinox with 67%, Japan's Nisshin Steel with 30% and Hanwa with 3%, respectively.

Yieh, September 21, 2017

PHILIPPINES

BOI OKs P323-M Cavite steel plant project

The Board of Investments (BOI) has approved the P322.7-million steel plant project of Portal Steels Inc. in Carmona, Cavite for tax incentives under the manufacturing activity of the Investment Priorities Plan.

Portal Steels will produce steel billets and rebars at an annual volume of 48,000 metric tons (MT) and 22,800 MT, respectively, with commercial operations slated to start in December.

The BOI said around half of the billet production is for commercial sale in support for other rolling mill operations inside and outside the country while the other half is for its own use intended for integrated rolling mill operations.

Production of rebars, meanwhile, is expected to cater to the domestic demand of the infrastructure industry.

"Steel companies stand to benefit in light of the government's Build Build Build strategy to usher the country in the golden age of infrastructure with infrastructure spending of up to seven percent of the country's gross domestic product," BOI managing head Ceferino Rodolfo said.

Rodolfo said the BOI would continue to push for the revitalization of the country's steel industry, seeing it as not only a critical component for infrastructure but also in achieving inclusive economic growth and sustainable development.

According to the BOI, Portal Steels is embarking on an iron and steel program that aims to primarily attain operational efficiency and achieve the least cost of production.

The firm's project in Cavite, it said, will be using one of the most modern billet and rebars making technology available to the local industry, making the project capable of producing higher quality steel and more efficiency in terms of production output.

The BOI said raw materials such as scrap metals will all be sourced locally.

Steel billets are freshly made steel which is still in the form of a metal bar or rectangle, while reinforcing bar is a mesh of steel wires used as a tension device in reinforced concrete and reinforcement masonry structures to strengthen and hold the concrete in compression.

Philippine Star, September 20, 2017

Support local steel industry

The entry of foreign substandard steel and electrical products to local markets will lead to the disappearance of the small and barely surviving local steel industry unless addressed. We in Agham-Advocates of Science and Technology for the People call on the government to support the local steel industry and create an economic environment favorable for its growth.

A draft department administrative order by the Department of Trade and Industry covering new rules on product-certification schemes grants foreign-owned steel plants the opportunity to use the Philippine Standard safety mark on their products, a privilege previously solely granted to Filipino-owned steel manufacturers. This is despite numerous documented cases of entry to Philippine markets of substandard steel that did not pass government safety standards.

In Luzon, 56 hardware stores in Pangasinan and La Union were found to be marketing substandard steel and electrical products. The situation is similar in Central Visayas where 21 hardware stores possessed defective angle bars. The initial culprits of the defective products are deemed to be steel importers, most notably from China.

The Philippine Iron and Steel Institute fears that the new order may lead to the influx of substandard foreign steel which will simultaneously subject local construction projects to safety issues and hinder the development of the Philippine steel industry.

It is ironic that the Philippine steel industry still faces issues such as this at present when Republic Act 7103, or an act strengthening the iron and steel industry, was already passed in 1991. The presence of various economic policies oriented toward further liberalization of vital and strategic industries blocks the steel industry's opportunity to prosper.

The government must immediately strengthen its regulatory functions, specifically increasing tariff and limiting import quota, to create an environment conducive for the local steel industry to flourish.

Inquirer.net, September 20, 2017

SINGAPORE

Singapore rebar import market flat as price ideas diverge

Singaporean rebar importers continue to sidestep direct mill offers from China even though prices remained range-bound over the past seven days as buyers and sellers refuse to cave in to price expectations.

Even though the market is at a stalemate due to the stand-off between Singaporean buyers and international rebar exporters, sources said some Chinese position, limited tonnage cargoes traded to Singapore at $555 per tonne cfr last week.

Metal Bulletin's price assessment for Southeast Asian rebar imports – which mainly considers Chinese cargoes sold into Singapore on a theoretical weight basis – was $555-$575 per tonne cfr for the week ending Monday September 18, unchanged from the previous week.

Rebar cargo offers from Chinese mills are still hovering around $580-600 per tonne cfr, exhibiting little signs of softening despite buyers refusing to accept current offer prices.

"The [Singapore] market has no tolerance for this price level [of $580 per tonne cfr]," a seller into the Singapore market told Metal Bulletin.

Having successfully secured a cargo from India at $555 per tonne cfr in the week ending September 8, Singaporean importers are holding tight to their expectation of prices below $560 per tonne cfr and continue to maintain their distance from fresh offers.

"It is the downstream [market] that cannot absorb the cost, so the fabricator or big buyers in Singapore will have to either balance out [higher priced material] out with earlier goods or absorb the price difference," the seller said.

Major Singaporean importers are still in 'wait-and-see' mode and sources agree that they are unlikely to return to the market anytime soon since they have sufficient inventories.

Meanwhile, offer levels for Chinese wire rod cargoes into the Philippines succumbed to buyer resistance last week, retreating to $600-610 per tonne cfr Manila, down from $620 per tonne cfr, according to market participants.

Sources indicate that a 3,000-tonne wire rod cargo from Vietnam was traded into the Philippines at $600 per tonne cfr last week.

"The market cannot tolerate prices beyond $600 [per tonne]," a Philippines-based trader said. "Volumes on new deals are not significant because people are buying a little to cover inventory gaps, but I haven't heard any of the big buyers paying beyond $600."

Metal Bulletin's price assessment for wire rod imports in Southeast Asia, which mainly considers cargoes sold into the Philippines, was $600-610 per tonne cfr in the week ending September 18, narrowing upwards from $590-610 per tonne cfr previously.

Metal Bulletin, September 18, 2017

TAIWAN

Taiwan records 30% growth in steel output in H1

The production value of Taiwan's steel sector grew about 30 percent in the first half of the year from the same period in 2016, as prices climbed higher, according to the Ministry of Economic Affairs (MOEA).

The ministry said the steel industry's output for 2017 is expected to reach NT$1 trillion (US$33.33 billion) for the first time in three years, riding the wave of higher prices.

Steel demand from shipbuilders, metal product makers, and machinery, auto/motorbike and home appliance suppliers is likely to grow as they seek to fill increasing orders, the ministry said.

Taiwan's steel output fell in 2015 to NT$958.3 billion and in 2016 to NT$913.6 billion due to a global supply glut, after hitting NT$1.27 trillion in 2014.

In the first six months of 2017, however, output jumped 30 percent year-on-year to NT$559.1 billion, as steel prices climbed amid a global economic recovery, the MOEA said.

Meanwhile, Taiwan's steel exports grew 30.2 percent in the first seven months of the year to US$5.5 billion, with China absorbing 13 percent to remain the biggest market, followed by the United States (12.3 percent), Japan (8.3 percent) and Vietnam (8.1 percent), the MOEA said.

Exports to those markets during the seven-month period showed double digit growth, with the U.S. market recording the highest growth of 42.3 percent from a year earlier, according to the MOEA.

In terms of steel imports, China, Japan, Russia and South Korea were Taiwan's top suppliers, accounting for 26.4 percent, 24.6 percent, 6.8 percent, and 6.2 percent, respectively, of the total US$4.7 billion, the MOEA said.

Taiwan Ratings analyst Anne Kuo said in report that China is expected to further cut its steel supply, which would continue to prop up prices and benefit Taiwan's steel sector.

A decision by China Steel Corp., the biggest steelmaker in Taiwan, to raise its wholesale product prices in the fourth quarter was a good indicator of the industry's growing strength, Kuo said.

She said the regional steel industry was likely to continue to grow over the next few quarters, which would benefit Taiwanese producers.

"We expect the sector's credit outlook to improve further over the coming quarters, especially in light of the supply-side reforms in China," Kuo said. "However, the extent of improvement depends on the sustainability of the Chinese government's efforts to eliminate excess capacity."

Hellenic Shipping News, September 11, 2017

CSC sees improved sales volumes in August

Taiwan's China Steel Corporation (CSC) saw its monthly sales volumes increase month-on-month again in August. Both revenues and income also rose accordingly, Kallanish notes from the integrated steelmaker's preliminary result.

August sales volumes of carbon steel increased by 11.3% to 1,000,285 tonnes from 898,987t in July. The cumulative sales total to the end of August was 7.27 million tonnes of which 68% went into the domestic market, CSC says. Exports in August itself fell m-o-m as domestic shipments constituted 71% of total sales in the month. These were at 68% in June.

Preliminary consolidated operating revenues grew on-month by 7.5% to TWD 30,631 million ($1.01 billion) in August. Consolidated operating income grew by 12.1% to TWD 1,498m, same comparison.

CSC had announced in May that it would lower prices by -5.28% on average across its basket of goods for third quarter shipments. The rise in sales tonnage in August would have helped revenues therefore, and the product mix must still be strengthening towards the higher value end of the range.

Unlike in July when reported monthly income fell however, August figures for that result showed a hefty m-o-m improvement, suggesting also that costs were more under control in the latest period.

Kallanish Steel, September 27, 2017

THAILAND

Thailand adjusts AD duty on certain Chinese wire rods

The Thai government decided on September 12 to remove anti-dumping duties it imposed on imports of certain low-carbon wire rod from China, after a review recently, China's Ministry of Commerce (Mofcom) reported last week.

The products involved are under the single HS code of 7227.9000.090, with the duties taking effect in March 2016 and ranging from 12.81-31.15% depending on producers, according to Mofcom.

In the case filed in early 2015, products covered by the AD duties are rods of 16mm diameter or less with carbon content of 0.29% maximum, including boron-bearing and other alloy steels, as Platts reported. They fall under HS codes 7213.9120.000, 7213.9190.010, 7213.9190.011, 7213.9190.012, 7213.9190.013, 7213.9190.033, 7213.9190.0.4, 7213.9190.035, 7213.9190.090, 7213.9920.000, 7213.9990.000, 7227.9000.015 and 7227.9000.090.

The removal of the duty [on a single HS code] would have limited effect on exports at the moment, in light of the already dampened overseas demand caused by high Chinese offer prices, said an eastern China trader.

S&P Global Platts assessed 6.5mm diameter mesh-quality rod at $579/mt FOB China last Wednesday, down $11/mt from one week earlier but the price remained the second highest since July 2012. On Monday, Chinese mills were offering at $565-610/mt FOB, according to market sources.

Platts, September 26, 2017

VIETNAM

Vietnam HRC import market stalls on offer price surge

Importers of re-rolling grade hot rolled coil in Vietnam are standing their ground against higher offers after those from China spiked this past week on limited supply and the strength of its domestic market.

Market participants indicate that Chinese offers – which rose to $600-620 per tonne cfr on September 4 from $560-570 per tonne cfr three days prior – are showing little signs of retreating. Vietnamese buyers retreated to the sidelines after being spooked by the sudden surge.

Metal Bulletin's assessment of HRC import prices in Southeast Asia – which mainly considers Chinese 2-3mm SAE1006 HRC and equivalent grades sold into Vietnam – was $585-600 per tonne cfr for the week ended Monday September 11, up from $560-570 per tonne a week earlier. The increase reflects the higher offers from China.

"Usually buyers hold back if the market changes too quickly. It is also seasonally weak in Vietnam and Thailand right now because it is the rainy season but there is usually a demand uptick in October," one trader said.

Bids were few and far between last week with only one heard at $585 per tonne cfr. Trader sources said major importers were still hanging on to a price idea of $575-580 per tonne cfr, a price level that Chinese suppliers are not willing to accept.

"Importers are playing with time. They think that traders have position cargoes available and that they will come out to offer in the market at lower prices than current offers. Depending on trader offers, I think buyers can commit to a booking anytime," a Vietnam-based trader said.

While there are no transactions for direct cargoes from mills, sources indicate that a position cargo of re-rolling-grade HRC was traded at $590 per tonne cfr Vietnam on September 12.

Healthy domestic demand in China and tighter supply resulting from the shuttering of induction furnaces are providing strong support to flat steel prices in the country. With Vietnam being in the off-season this month, there is not much urgency for buyers to immediately meet seller price expectations this week.

"Last week, sellers were just testing the market and they are realising after talking to people that offer prices are too high. Maybe at $590 [per tonne] cfr buyers will start looking. Otherwise, they wouldn't even want to begin talks," a second Vietnam-based trader said.

Sources believe Vietnamese buyers are likely to return to the negotiation table soon. Trading is expected to occur in the last week of September just before China enters a week-long holiday during the first week of October to mark its National Day and the Mid-Autumn Festival.

Metal Bulletin, September 12, 2017

Vietnamese HRC market flattens out after sharp fall

Chinese hot rolled coil export prices fell early this week as a certain Chinese mill lowered prices to sell off export allocations ahead of the Chinese long holiday, trading sources tell Kallanish. The HRC market in Vietnam may have hit bottom because the mill has since withdrawn offers at these low numbers.

While Kallanish was unable to find consensus among traders, some sources report they heard around 30,000-40,000t tonnes of SAE 1006 2-0-2.5mm thickness HRC from China transacted at $560-565/t cfr during the past two days.

This included a leading Chinese exporting mill's sale of 30,000t of 2.0-2.5mm thickness SAE 1006 HRC on Tuesday at $560/t cfr Vietnam. The same Chinese mill was now seeking higher prices and would not accept a bid at $565/t cfr, a Vietnamese trader said Tuesday. "If buyers would like to get more, they have to pay a higher price," another trader said.

Traders note that the mill had secured sufficient orders for the time being. "They will come back after prices are higher," a trader in Ho Chi Minh city says. He notes that with the firming in Chinese futures, many Chinese mills appeared to have withdrawn from the market. These mills were offering material of 2mm thickness and up at around $580-585/t cfr for November/December shipment.

However, certain traders' view of the market appear to be the reverse of Chinese mills. Offers of HRC from two Chinese mills were still available at $560/t cfr Vietnam Wednesday. "It is a trader's price for a short position," a regional trader says. He adds that these two mils are offering material at $560/t fob China.

Kallanish Steel, September 28, 2017

BRAZIL

Brazil extends anti-subsidy investigation into Chinese HRC imports

The Brazilian foreign trade ministry, MDIC, has extended the deadline in an anti-subsidy investigation into imports of hot rolled coil (HRC) from China.

The deadline for the probe was extended for another six months, according to a decision published in the country's official gazette on Monday September 25. The deadline was originally November 21 this year; it is now May 21, 2018.

Preliminary findings in the investigation have pointed to the existence of subsidies for HRC imports of Chinese origin, which are resulting in damage to the domestic industry in Brazil, the document read.

However, the ministry has not recommended the adoption of provisional countervailing duties.

The investigation has found subsidies worth $192.41 per tonne for Bengang Group, $147.11 per tonne for Baosteel Group and $207.78 per tonne for all other unspecified Chinese steel producers, over the entire calendar year of 2015.

Subsidies were found in the form of credit and insurance facilities for steel companies in China, reduced taxes, and lower costs for coal, iron ore and energy.

The anti-subsidy probe was launched in November 22, 2016, after a request from Brazilian steelmakers ArcelorMittal Brasil, CSN and Gerdau.

It analysed imports of HRC under tariff codes 72081000, 72082500, 72082610, 72082690, 72082710, 72082790, 72083610, 72083690, 72083700, 72083810, 72083890, 72083910, 72083990, 72084000, 72085300, 72085400, 72089000, 72253000 and 72254090.

In July 2016, Brazil launched a separate anti-dumping probe into imports of HRC from Russia and China.

The results of this investigation have yet to be announced.

Several Brazilian industry associations have recently come out against the adoption of anti-dumping or anti-subsidy measures against HRC imports from China.

Metal Bulletin, September 25, 2017

RUSSIA

Russian OHF capacity may stabilise at 1.5 mln mt/y in 2020s

Russia's desire to eliminate its open hearth furnace capacity has dwindled in the last two years, despite the government's intention to shutter production by 2015, or 2020 at the latest.

Surveyed by Platts, two mills confirmed they are committed to closing down their OHF capacities: Russia's pipe company OMK is aiming to shut for good its last OHF currently operational at its Vyksa Steel Plant (VMZ) by the end of Q1 2018, while bar and profile producer Omutninsk Steel Plant is mooting a phase out of OHFs.

Omutninsk is selecting a supplier of a 250,000 mt/year EAF that should come on line in 2021-2022. Omutninsk has two 130- and 105-mt OHFs together capable of producing 180,000 mt/year, which the mill utilizes fully. Last year, it made 180,000 mt of crude steel and this year, aims at 190,000 mt output, an official at the mill told Platts.

Other OHF operators seem to be reluctant to get rid of their old furnaces. Guryevsk Works has no plans to shut the remaining 120,000 mt/year OHF, or replace it with an EAF, the company told Platts. Last year, the mill made 51,000 mt of crude steel running at less than half of its full capacity; this year it aims to make 105,000 mt of steel.

Bar producer Petrostal Metallurgical Plant, part of machinery manufacturer Kirov Works, has four 95-mt OHFs with combined maximum output of 330,000 mt/year and has no intention to decommission them either. In 2014, Petrostal ramped up newly installed ladle-furnace and through that resolved the issue of impurities, a source close to the mill told Platts.

The source confirmed there was a plan to install an EAF but could not be realized due to insufficient power capacities in the Leningrad region as well as unsuitability of rimmed steel for Petrostal's chief customer – Kirov works – which needs only killed steel (steel that has been completely deoxidized and so has to be made either from scrap in an OHF or another furnace but from primary iron ore feed).

Platts, September 26, 2017

INDIA

JSW Steel aims to to increase own iron ore production

JSW Steel Ltd, India's biggest local steelmaker, aims to be producing 80 percent of the iron ore needed for its flagship plant in south India in three years time as it seeks to cut costs, a senior executive said.

The company expects to begin producing ore from mines it won in a recent auction in the southern state of Karnataka by March, at an annual run rate of 4.7 million tonnes, Deputy Managing Director Vinod Nowal said, adding that it was also planning to bid for more mines in an upcoming auction.

"A higher degree of reliance on our own mines will help in long-term cost savings," he told Reuters.

Iron ore accounts for the biggest single cost in steelmaking, giving companies with their own mines an advantage over rivals.

While JSW Steel's two biggest local rivals, Steel Authority of India Ltd (SAIL) and Tata Steel, already have their own mines, JSW's Vijayanagar plant in Karnataka has an annual steelmaking capacity of 12 million tonnes and needs 22 million tonnes of iron ore a year.

In July JSW won the rights to operate five mines in Karnataka which were re-opened under a stricter regulatory regime, the country's top court having closed them in 2011 due to environmental concerns, and more mines are being put up for auction in November.

Nowal said the company aimed to more than triple annual production from its own mines in three years with output to also be boosted by the other mines that the company plans to bid for.

Reuters, September 19, 2017

India to hit 170 million tonnes steel production level in 2019: Steel Minister

India will achieve more than 50 per cent of its 300 million tonne steel production target by 2018-19, says Union Steel Minister Chaudhary Birender Singh.

The minister has also assured stakeholders that there will not be any shortage of raw materials for steel-making.

"(As of now), I can't say what would be the production this year, but in 2018-19, the domestic crude steel production will be 170 million tonnes (mt)," he told PTI.

Under the National Steel Policy (NSP), the government has set a production target of 300 mt, which is to be achieved by 2030-31. The NSP also aims at more than doubling the per capita steel consumption to 158 kg by 2030-31, from 61 kg at present.

The minister asked the industry to make full use of the resources available in the country. India has surplus power and the iron ore reserves will last for at least next 30 years, he pointed out.

He pointed to recycling reducing demand for iron ore and coal for steel-making. "Scraps can also bring down our demand for raw material for steel-making and is of the best grade. At present, 8 mt scrap is imported," he said.

These measures are expected to bring down dependence on imports for raw materials like coking coal from countries, including Australia.

According to official figures, at the end of 2016, the domestic crude steel output was close to 100 mt.

PTI, September 19, 2017

Indian steelmakers bemoan rising finished steel imports

India's finished steel imports
Source: Joint Plant Committee
Unit: metric tons

	2017	2016	Change y-o-y
August	285,430	112,500	154%
July	224,740	151,080	49%
June	130,110	208,560	-37.6%
May	131,970	135,730	-2.8%
April	106,370	203,280	-47%
Total	878,620	811,150	8.3%

Indian steelmakers are expressing concern about the recent spurt of finished steel imports into the country and are threatening to petition the government for additional protection.

"We will need to ask for more import protection measures if such high volumes continue to arrive in India," said a senior official at JSW Steel.

India's overall steel imports during April-August jumped by 16% on-year to 3.45 million mt, according to data published by the Joint Plant Committee on Saturday.

The rise in international prices of steel products has made it possible for such imports to breach the minimum reference price stipulated by New Delhi, below which an anti-dumping duty is levied, he explained.

For instance, the S&P Global Platts' price for China-origin SS400 hot rolled coil on Monday was assessed at $560/mt FOB China.

This is higher than the minimum reference price of $478-489/mt CFR Mumbai specified for HRC imports, and thus any shipments would not attract anti-dumping duties, Platts notes.

India's overall HRC imports increased during April-August by 8.3% on year to 878,620 mt, JPC data reveals.

During April-August, finished steel exports from India's largest supplier South Korea surged by 32% on year to 1.1 million mt, according to JPC. This was followed by imports from China which soared by 13% on-year to 1 million mt during April-August.

The highest jump was in India's imports of coated sheets and small diameter pipes used for structural applications, said a Mumbai-based official.

During April-August, overall Indian imports of coated sheets jumped by 87% y-o-y to 423,600 mt. Similarly, overall pipe imports in the country rose to 267,880 mt during the five months, from a much lower base of 40,210 during April-August 2016.

India's finished steel imports by product
Source: Joint Plant Committee
unit: metric tons

	April-August 2017	April-August 2016	Change y-o-y
Plates	242,620	316,820	-23%
Hot rolled sheets	9.250	29,340	-68.47%
Hot rolled coils	878,620	811,150	8.32%
Cold rolled coils	341,170	342,500	-0.39%
Coated sheets	423,600	226,570	87%
Electrical sheets	233,020	136,600	70.6%
Pipes	267,880	40,210	566%

Platts, September 26, 2017

CHINA

China's 2017 steel output to rise 3-5 percent despite mill closures – CISA

China's steel output is expected to grow 3 percent to 5 percent in 2017 compared with last year, said a trade body official on Saturday, despite the closure of small outdated mills as surging prices prompted larger players to turn out more metal.

The world's largest steel producer will make about 840 million tonnes of crude steel this year, said Qu Xiuli, vice president at China Iron and Steel Association (CISA). Last year, the country produced 808 million tonnes of steel.

Steel output at member steel firms of the association – each with annual capacity of more than 1 million tonnes – rose 6.8 percent in the first seven months this year, while small steel mills saw a 2 percent drop in production from last year.

That comes after Beijing's crackdown that shut 120 million tonnes of low-tech steel capacity in the first half of this year and a continuing series of environmental inspections in an effort to curb pollution.

"The Chinese steel sector is upgrading and the industry concentration ratio is rising," said Qu.

Of the 808 million tonnes of steel produced last year, only about 36 percent was produced by the top 10 largest steel mills in China, and their portion is expected to increase this year.

China has been striving to streamline its heavy industries to reduce debt burdens and produce more high value products.

Export prices for steel products in the first seven months of the year rose 43.3 percent to $686 a tonne compared to the same period last year, according to CISA.

Shanghai benchmark steel rebar prices gained nearly 50 percent this year, hitting a 4-1/2-year peak at 4,194 yuan (£471) a tonne in early September, as the market was boosted by expectations of tight supply due to rigorous capacity cutbacks and the environmental checks.

The price increases have led to booming profits at Chinese steel mills.

"The net profits of Chinese steel firms have raised 390 percent in the first seven months this year to over 70 billion yuan. We expect to see at least 100 billion yuan in profits by the end of this year," said Qu.

Reuters, September 18, 2017

Booming demand causes price surge

Domestic demand is fueling a rise in steel prices as China reports solid economic data.

An increase in heavy truck manufacturing, excavators and robots in the first half of this year has helped drive up consumption.

"With the recovery of the Chinese economy, steel demand has continued to grow, causing steel products and even iron ore prices to rise," said Chen Kexin, chief analyst at Lange Steel Information Research Center.

This fits in with data reflecting stable growth in China during the first half of the year.

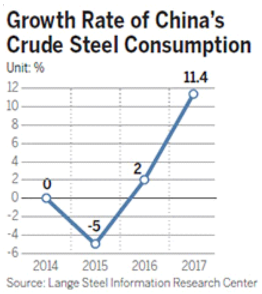
Official government figures showed gross domestic product, or GDP, increased 6.9 percent in the first six months, up 0.2 percentage point compared to the same period in 2016.

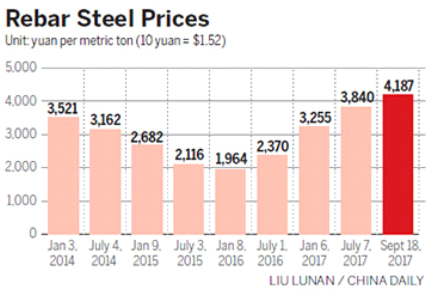
Last year, consumption of steel jumped to 709 million metric tons, up 2 percent from 2015, marking a turning point for the industry.

In the first seven months of this year, it surged by 14.3 percent year-on-year, statistics from Lange Steel Information Research Center highlighted.

Chen is now expecting China's steel consumption to increase by more than 8 percent in 2017, stoked by the rise in infrastructure projects across the country.

Manufacturing industries such as the heavy truck sector, excavators and robotic equipment are driving demand for steel.





At the same time, inventories have declined steadily.

By August, total stocks of five different steel products in 20 cities had fallen for six consecutive months to historical levels, signifying strong demand.

"Cutting capacity has (helped boost) steel demand," Chen said. "But without a strong need for steel, strict environmental protection policies cannot account for the price rise."

During the past few years, the government has rolled out tough environmental laws and regulations for the iron and steel industries. But prices have continued to remain low.

Part of the reason for the increase has been market speculation, one academic stressed.

Last month, the China Iron and Steel Association reported that spiraling steel prices were due to speculative trading by market players.

"Speculators began to disrupt the market by forcing up the prices after noticing strong market demand and reduced supply," said Zhou Yusheng, a professor at the Central Iron and Steel Institute in Beijing.

China Daily, September 21, 2017

China continues to flout WTO rules on steel trading, AISI says

China continues to disregard its commitments as a member of the World Trade Organization (WTO), more than 15 years after joining it, the American Iron & Steel Institute has alleged in a submission to the US government.

Washington-based AISI provided an interagency trade committee, which is led by the US Trade Representative (USTR), with "evidence that China continues to fail to comply with its [WTO] commitments", the steel trade body said on Wednesday September 20.

"China's continued violation of global trading rules has significant effects on the global steel trade and significantly harms steelmakers in the USA," the AISI said.

This was the 14th yearly submission the AISI has made to this committee or related bodies since its first submission to the USTR in 2004, the letter to policymakers said. During this time, it added, China's share of the global steel market has grown to nearly 50% from 26.2%.

"Ongoing dialogues between the USA and China regarding these problems have not been successful in bringing China into compliance," the letter said.

"Unfortunately, China sees its own economic success over the past decade, coupled with the global economic crisis, as an affirmation that 'China holds the philosophical high ground' and that 'Western policies of free trade and open markets do not work as well as previously thought'," the letter added.

US President Donald Trump's administration "must, therefore, fundamentally alter its approach to encourage China to end its trade-distorting policies and practices and comply with all of its WTO obligations".

The USA already has 35 anti-dumping and countervailing orders in place against Chinese steel products, the 47-page AISI submission indicated. This number was up from 29 orders in September 2014.

China argued in December 2016 that should automatically receive market economy status as of December 11 last year, 15 years after its date of accession to the WTO. It requested dispute consultations with the USA and EU over certain anti-dumping calculation methodologies that it claimed unfairly prejudiced against Chinese exports.

"AISI strongly urges the US government to recognise China's compliance failures and to adopt a more aggressive strategy that is commensurate with the scope and severity of China's failure to comply with its WTO obligations," AISI vice president of public policy Kevin Dempsey said.

He noted that "this trend continued to be a major problem for steel producers in the USA, other US manufacturers and the broader US economy".

A public hearing on the issue is scheduled for October 4. The USTR must submit a regular annual report to the US Congress on China's WTO compliance by December 11.

Metal Bulletin, September 22, 2017

China's daily crude steel output rebounds in early September

China's major mills raised their output rates in early September after a drop in late August.

Member mills of the China Iron & Steel Assn (Cisa) produced crude steel at an average rate of 1.8675 million tpd during the first ten days of September, up 20,300 tonnes – or 1.1% – from an average rate of 1.8472 million tpd during the preceding eleven days, according to data released by the industry body on Monday September 25.

Cisa member mills, which are mainly medium-sized and large steelmakers, account for roughly 80% of the country's total steel output.

They had 12.36 million tonnes of finished steel in their inventories on September 10, up 1% compared with 12.23 million tonnes ten days earlier, according to Cisa's statistics.

Metal Bulletin, September 25, 2017

WORLD

Thyssenkrupp, Tata Steel agree to forge Europe's No. 2 steelmaker

Germany's Thyssenkrupp and India's Tata Steel struck a preliminary deal on Wednesday to merge their European steel operations in a 50-50 joint venture to create the continent's No.2 steelmaker after ArcelorMittal.

The deal will not involve any cash, Tata Steel said, adding that both groups would contribute debt and liabilities to achieve an equal shareholding and remain long-term investors.

The companies say they need to consolidate to address overcapacity in the European steel market, which faces cheap imports from China and elsewhere, subdued demand for construction and inefficient legacy plants.

Thyssenkrupp shares were indicated up more than 5% in pre-market trade in Germany while Tata Steel was up 0.7% in India.

Tata Steel last month reached a landmark deal that will allow it to reduce 15 billion pounds (US$20 billion) in pension liabilities, long seen as the main hurdle in talks between the companies, which have lasted more than a year and a half.

"Under the planned joint venture, we are giving the European steel activities of Thyssenkrupp and Tata a lasting future," Thyssenkrupp CEO Heinrich Hiesinger said. "We are tackling the structural challenges of the European steel industry and creating a strong No.2."

The new company, to be named Thyssenkrupp Tata Steel, will be headquartered in Amsterdam, the companies said in statements on Wednesday after signing a memorandum of understanding (MoU). "Excellent news," tweeted Dutch Prime Minister Mark Rutte.

The MoU, widely expected after Thyssenkrupp last week said a deal could be reached this month, outlines annual synergies of 400-600 million euros (US$480-720 million) as well as up to 4,000 job cuts, about 8% of the joint workforce.

"This is a key positive catalyst supporting our thesis that Thyssenkrupp's core capital goods operations deserve a meaningful rerating," Jefferies analyst Seth Rosenfeld wrote in a note, reiterating his "buy" rating.

Thyssenkrupp also has profitable businesses in elevators and high-tech car parts.

The MoU will be followed by negotiations about the details of the transactions as well as due diligence before a joint venture contract can be signed at the beginning of 2018, Thyssenkrupp said.

The deal will require the approval of Thyssenkrupp's supervisory board and Tata Steel's board of directors as well as that of the European Commission.

The Edge, September 20, 2017

ASEAN steel sector boom likely to boost ferrous scrap demand

The participants at SteelMint's 2017 Steel Scrap & Raw Materials Conference Asia have predicted that steel production and consumption by the ASEAN region is likely to remain robust in the coming years.

The installation of new capacity in Vietnam has led to sudden surge in production, noted Nghiem Xuan Da, chairman, Vietnam Steel Corporation. The country's billet production more than doubled in 2016. The country's steel output totaled 7.8 million metric tons during the year. Out of this, 4.7 million metric tons were produced by EAFs, 2.3 million metric tons were produced by BOFs and the remaining 0.8 million metric tons were produced in foundries and induction furnaces. The country's steelmaking furnaces reported scrap consumption of around 4 million metric tons during the year, Da noted.

According to Da, Vietnam's crude steel output is predicted to grow by over 28% year-on-year and is likely to cross 10 million metric tons during the current year. Vietnam will continue to depend on imported ferrous scrap raw material for making steel. Japan and Hong Kong are likely to remain as the top scrap suppliers, followed by China. The country's crude steel output is predicted to touch 20 million metric tons by 2020. The ferrous scrap imports too are likely to witness corresponding growth during this period.

Meantime, trade statistics released by the Vietnam's Ministry of Finance indicates that the country's ferrous scrap imports hit new high in August. The country's imports totaled 483,000 tons during the month, higher by over 40% from August 2016 and by nearly 45% when matched with July this year. The imports of ferrous scrap by the country are up by almost one-fifth till date this year. Vietnam has imported 2.883 million tons of scrap during the initial eight months of 2017.

Rajiv Mangal, president and CEO, Tata Steel Thailand PLC noted that Thailand's steel sector is likely to report muted growth in the near future. However, the ferrous scrap demand is expected to sustain the current levels, mainly on account of the country not having any integrated mill complexes.

The country's steel production and consumption may witness tremendous growth upon implementation of the proposed massive infrastructure development outlined in the country's five-year plan. Thailand will continue to remain as a net importer of ferrous scrap, mainly due to the limited domestic scrap availability in Thailand, Mangal said.

SteelMint's 2017 Steel Scrap & Raw Materials Conference Asia was held September 11-12 in Bangkok.

Scrap Monster, September 26, 2017

Electrode shortage likely to linger through 2018: Icdas exec

The graphite electrode shortage that emerged earlier this year is likely to continue posing problems for global steel producers through next year — and possibly into 2019, according to an executive at a major Turkish steelmaker.

Speaking this week during the 77th IREPAS meeting and SteelOrbis Fall Conference in Athens, Murat Cebecioglu, exports manager at Icdas, said electrode costs have increased about “ten-fold” as a shortage has gripped the industry. Prices recently have been reported as high as $33,000/mt.

“It’s a fact — graphite electrode costs are increasing,” Cebecioglu said, adding the cost must be passed on to steel buyers. “This is not a short-term problem as far as I’m concerned.”

Supply of electrodes, which are used in both primary and secondary steelmaking, has tightened amid curtailed output in China. Cebecioglu said some 300,000 mt of Chinese capacity was shuttered in the second half of last year.

Reduced needle coke availability has contributed to the shortage as well, amid China’s intentions to reduce air pollution during the upcoming winter months and the force majeure declared last month by the world’s largest electrode producer, GrafTech, in the wake of Hurricane Harvey. One source at the conference said other electrode producers are facing needle coke supply issues as well, with at least one operating at only 50% of capacity.

“This is what it is. [Electrode] prices will increase” and this will affect finished material prices, Cebecioglu said.

Platts, September 28, 2017

HEADLINES

Update on China’s export of steel structure

China’s export volume of steel structure continued to increase, albeit slightly, amidst the decline in its steel export. Export of structures and parts of structures (HS code: 7308) registered an increase of 1.2% y-o-y to 4 million tonnes in the first seven months of 2017. Major destinations for the export were the United States, South Korea and Japan. The volume of export to these countries were above 400,000 tonnes each for the first seven months in 2017. The export to ASEAN-6 totaled 526,626 tonnes in the same period, which represented a drop of 7.9% y-o-y.

Export of steel structure to Malaysia registered the highest volume among ASEAN-6, at 135,679 tonnes, a slight increase of 1.7% y-o-y in the first seven months of 2017, followed by the export to Indonesia, at 106,189 tonnes, a sharp drop of 29.7% y-o-y.

Export to Philippines surged substantially, by 48.6% y-o-y to 102,314 tonnes in the first seven months of 2017. Export to Vietnam registered 68,725 tonnes, a decline of 8.2% y-o-y in the same period. Export to Thailand showed a moderate increase of 6.7% y-o-y to 66,300 tonnes.

The bulk of China’s export of ‘steel structure’ fell under HS code 730890 for ‘other steel structure’, at 3.15 million tonnes, which accounted for a total of 77% of total steel structure export. Major destinations were South Korea, the United States and Japan. Export to ASEAN-6 registered 418,938 tonnes, a decline of 10.6% y-o-y in the first seven months of 2017.

Export to Malaysia was highest among the countries in the region, at 103,707 tonnes, a drop of 9.2% y-o-y, followed by the export to Indonesia, at 98,255 tonnes, a steep decline of 30.6% y-o-y. On the other hand, export to Philippines surged significantly, from 45,668 tonnes in the first seven months of 2016 to 75,108 tonnes in the same period of 2017. Export to Thailand also increased by a double digit growth rate of 20% y-o-y to 47,726 tonnes in the same period. Meanwhile, export to Singapore and Vietnam declined significantly, by 39.7% y-o-y and 13.3% y-o-y respectively in the first seven months of 2017.

China’s export of bridges and bridge-sections (HS code: 730810) to the world was not significant, at 55,687 tonnes in the first seven months of 2017. Export to ASEAN-6 registered only 4,000 tonnes in the same period.

China’s export of towers and lattice masts (HS code: 730820) registered 247,664 tonnes from January to July 2017, an increase of 7.2% y-o-y. Major destinations were Egypt and Pakistan, with volume of above 40,000 tonnes for each country. Export to ASEAN-6 totaled 21,000 tonnes, half of this was the export to Philippines, which increased significantly, by 21.5% y-o-y.

China’s export of doors, windows and their frames and thresholds for doors (HS code: 730830) registered 194,290 tonnes, an increase of 8.6% y-o-y in the first seven months of 2017. Major destinations were Russia, the United States, Nigeria and Hong Kong. Export to ASEAN-6 rose 17% y-o-y to 10,319 tonnes in the first seven months of 2017.

Export of equipment for scaffolding, shuttering, propping or pit-propping (Hs code: 730840) from China registered 410,606 tonnes, in the first seven months of 2017, a decline of 5% y-o-y. Major destinations were the United States, Australia and Japan. Export to ASEAN-6 totaled 73,357 tonnes, a moderate decrease of 3.9% y-o-y in the same period. Export to Malaysia almost doubled in volume to 24,380 tonnes in the first seven months of 2017, followed by the export to Thailand, at 15,263 tonnes, a significant decline of 26.3% y-o-y. Export to Philippines increased moderately, by 8% y-o-y, to 12,776 tonnes in the same period.

SEAISI, September 2017

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(half (½) day – 2:00 p.m. to 6:00 p.m.)

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***Note: Plant tour only applicable for Forum participants*

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HOTEL ACCOMMODATION

Favorable accommodation rates have been negotiated with Edsa Shangri-La, Manila, Philippines. 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.

Edsa Shangri-La, Manila
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1650 Metro Manila, Philippines
Tel: +63 2 633 8888
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Room Category	Single Occupancy	Double Occupancy
Garden Deluxe	PHP 6,500 nett	PHP 7,500 nett
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