Despite the uncertain economic conditions, world steel production did not slow down in 2012. According to the World Steel Association, world output of crude steel rose by 1.2% last year to a record high of 1,548 million tonnes.

The growth came mainly in Asia, which saw a 2.6% increase in output over that of 2011, and North America, with a 2.5% increase in production. On the other hand, regions like the European Union, the CIS and South America all registered negative growth rates of -4.7%, -1.2% and -3.0% respectively.

In Asia, China’s crude steel production reached 716.5 million tonnes, an increase of 3.1% year-on-year. With that, China’s share of world steel output increased from 45.4% in 2011 to 46.3% in 2012. Other Asian countries that registered positive growth rates include India (up 4.3%), Taiwan (up 2.4%) and South Korea (up 1.2%). As for Japan, its crude steel output was virtually unchanged year-on-year.

The World Steel Association did not provide a separate data for crude steel production in ASEAN. However, four of the ASEAN countries are listed in the top 40 largest steelmaking countries in the world in 2012. They are Malaysia (25), Vietnam (28), Thailand (32) and Indonesia (37).

Nonetheless, preliminary data gathered by SEAISI revealed that total steel production in the six ASEAN member countries of the Institute dropped in 2012 despite a surge in apparent steel consumption for the region in the year. The increase in steel demand in 2012 was mainly met through imports, the volume of which is estimated to have jumped by some 10% year-on-year. The steel producers in ASEAN were facing stiff competition from cheap imports in 2012 resulting in several countries in the region having to institute trade measures to protect their domestic industry.

2013 will still be a challenging year for the steel industry in ASEAN with competition from cheap imports remaining a major area of concern. Thus it is important that steel producers in the region constantly strive to improve their operational efficiency to enhance their competitiveness.

In connection to the above, SEAISI will be organising the 2013 Travelling Seminar from 18 to 27 March with the theme “Problem Solving Tools for Improvement in the Steel Mill Operation”. The topics covered are:

1. “TPM Method to Solve the Problem in the Steel Mill” by Mr. Wu Kai-Yu from Tung Ho Steel Enterprise, Taiwan;
2. “Application of TRIZ to Solve Problems in the Steel Mill” by Mr. Lee Hee-Choon from TRIZ Research Center of POSCO, Korea;
3. “Trends and Applications of Computational Mechanics/Process Modeling in Steel Mill Operation” by Dr. Kazuto Yamamura from Nippon Steel & Sumitomo Metal Corporation, Japan; and
4. “The Use of Six Sigma Improvement Tools for the Optimisation of Steelmaking Processes” by Mr. Michael Davies from Moly-Cop Australia-Newcastle, Australia.

The cities where the seminar will take place are Shah Alam, Malaysia (18 March), Hanoi, Vietnam (20 March), Bangkok, Thailand (22 March), Manila, Philippines (25 March) and Cilegon, Indonesia (27 March).

For those who are interested in attending the seminar, please contact your respective National Committees for further details.

-Tan Ah Yong-
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AUSTRALIA

Australian Port Hedland’s iron ore exports increase by 27% y-o-y in January

It’s reported that the Australian Port Hedland shipped 22 million tons of iron ore in January, rising by 27% year on year while falling by 15% from a month ago.

Among them, 18.3 million tons were made to China, falling by 9.15% month on month while rising by 31.2% year on year

Meanwhile, the three major miners use Port Hedland are BHP Billiton, Atlas Iron and Fortescue Metals Group.

Yieh, February 8, 2013

Australian BlueScope posts net loss of AUD12 million for H1 of FY2012/13

The Australian steelmaker Bluescope Steel posted a net loss of AUD12 million in the first half of fiscal year 2012/13 ended on December 31st, in comparison to a net loss of AUD530 million in the same period of a year ago.

In the first half of fiscal year 2012/13, the company realized sales revenues of AUD3.7 billion, falling by 17% year on year.

In the given period of time, Bluescope Steel produced 2.15 million tons of crude steel, decreasing by 19% in comparison to the figures in the same period of a year ago.

Yieh, February 19, 2013

INDONESIA

India-based Essar to invest US$125 million to boost output

India-based diversified firm, Essar Group, will boost its steel production capacity in Indonesia this year, aiming to tap into the surging domestic demand for steel.

KB Trivedi, the president director and chief executive officer (CEO) of PT Essar Indonesia, a local business unit of the group, conveyed the expansion plan during a meeting with Industry Minister MS Hidayat in Jakarta on Wednesday.

To support its expansion activity, Essar would make an investment amounting to US$125 million, Hidayat said after the meeting.

"The firm will likely realize its plan in the second quarter of this year," he told reporters.

At present, Essar operates a cold rolled coil (CRC) plant in Cibitung, Bekasi, West Java, with a production capacity of 400,000 tons per year, which makes it the second-largest producer of CRC in Indonesia after state-owned steel maker Krakatau Steel.

The annual output of Essar’s plant in Cibitung, Bekasi, West Java, includes 150,000 tons of galvanized strips, used in automotive and construction, and 100,000 tons of cold rolled soft steel, used to make pipes and tubes, enamelware and furniture.
In addition to the steel business, Essar Group also has a presence in the energy sector in Indonesia, holding exploration rights in the Southeast Tungkal oil block in the central Sumatra basin.

The Industry Ministry’s director general for manufacturing-based industry Panggah Susanto detailed the plan, saying that Essar would upgrade its annual production capacity of CRC to 700,000 tons.

“Our demand for CRC increases each year and this is what the firm expects to meet,” Panggah told reporters after the meeting.

Total CRC consumption in Indonesia is estimated to reach 2.4 million tons per year, according to Industry Ministry estimates.

However, overall output is only 1.63 million tons, generated by four firms: state-owned Krakatau Steel (850,000 tons), Essar Indonesia (400,000 tons), Little Giant Steel Corp. (230,000 tons) and Raja Besi (150,000 tons), leaving the remainder sourced from imports, such as from China, Japan, South Korea, Taiwan and Vietnam.

Local industry groups have estimated that domestic steel consumption will continue to rise, driven by robust development in the infrastructure, construction and automotive sectors in Indonesia, Southeast Asia’s largest economy.

Domestic steel consumption will grow by between 6 percent and 9 percent this year from the 10.4 million tons estimated last year, according to the Indonesian Iron and Steel Industry Association (IISIA).

Of the overall demand for steel every year, between 35 percent and 40 percent is imported as local capacity cannot cater to domestic demand.

Due to the shortfall in domestic supply, local firms are working on expanding their production capacity. Krakatau Steel, for instance, is building in conjunction with the world’s third-largest steel maker, South Korean steel giant Pohang Iron and Steel Company (Posco), a steel plant in Cilegon, Banten, in an investment worth $6 billion.

The plant, scheduled to begin operations at the end of this year, will have an annual capacity of 3 million tons per year, comprising various steel products such as steel plates, steel slabs and hot rolled coil.

The Jakarta Post, January 25, 2013

Steel, shipping firms to enter IDX

Steel pipe producer PT Steel Pipe Industry of Indonesia, known as Spindo, is planning to raise funds from selling new shares to the public to finance its expansion.

The company said on Monday it would offload 2.9 billion new shares that would account for 40.36 percent of its enlarged capital, priced at between Rp 260 (3 US cents) and Rp 390 apiece, which could see the company collect somewhere in the range of Rp 754 billion to Rp 1.13 trillion from the initial public offering (IPO).

Spindo, which was established in 1971 as a joint venture between Itochu Corp. and Kawasaki Steel, has appointed PT Andalan Artha Advisindo Sekuritas as underwriter for the issuance. The company, which also provides steel coating and shearing services, will hold the offering period for its IPO on Feb. 14 to 18 and is expecting to list its shares on the Indonesia Stock Exchange (IDX) on Feb. 22.

Proceeds from the IPO will be used as capital expenditure, working capital and to pay debts to Indonesian Eximbank of Rp 205 billion.

For its expansion, Spindo requires Rp 730 billion for developing a new factory called the Spindo Gresik Factory (SGF), purchasing and installing new machines including for factory unit V in Karawang, repairing machinery in Rungkut Industri I and II Warugunung in Surabaya as well as in Pasuruan, expanding the Karawang factory, land acquisitions and for relocating its factory from Pasuruan to Gresik. The company also needs Rp 765 billion for its working capital.

Spindo currently has five factories in Surabaya and Pasuruan in East Java and Karawang in West Java on a combined area of 268 hectares. According to its prospectus published on Monday, the company expected to obtain Rp 1.7 trillion from the IPO.

As the estimated fund to be raised from IPO was Rp 1.13 trillion, Spindo said it would use bank loans and internal cash for its expansion.

“Our focus is on increasing machine capacity. Relocation will be set aside for a while,” said vice president director Tedjasukmana Hudianto.

Tedjasukmana said that Spindo targeted to book up to Rp 4 trillion in revenue this year, increasing by about 33 percent compared to an estimated Rp 3 trillion in revenue in 2012. The company’s profit before tax is estimated to stand at around Rp 300 billion this year, increasing significantly from an estimated Rp 124 billion in 2012.

Spindo is majority owned by PT Cakra Bhakti Para Putra with 93.8 percent. Other shareholders include Pandu Lokiswara Salam (1.17 percent), Nugraha Salam (1.17 percent), Yaman Salam (0.92 percent) and the heir of Tjahjono Tedjo Koesoemo (2.95 percent).

Another company to hold an IPO is shipping company PT Trans Power Marine (TPM), which expects to bring in up to Rp 98.75 billion from the offering, scheduled next month.

TPM would release 395 million shares, or 15 percent of its enlarged shares, during the IPO at a price range of between Rp 220 and Rp 250 per share, the company announced in Jakarta on Monday.

PT BCA Sekuritas will act as the sole underwriter for the IPO, which will take place on Feb. 12 and 13. TPM says it hopes to list the shares on the IDX on Feb. 18.

Currently TPM mainly provides transportation services to the coal industry. Coal accounts overwhelmingly for its revenues at 96 percent, followed by clinker, for cement manufacturing, at 4 percent.
BCA Sekuritas president director Mardy Sutanto said it was now the perfect time for TPM to go public, citing significant growth in the local coal industry in the last five years. “Coal demands will continue to increase and that will bring benefits to the coal transportation business,” he said.

The IPO proceedings will be used to finance about 30 percent of its capex budget this year, while the remaining 70 percent will be provided by bank loans. According to TPM finance director Rudy Sutionjo, the company will allocate between $30 million and $40 million for this year’s capex to purchase between four and seven new tug-and-barge sets.

Based on its latest financial report up to September 2012, TPM’s revenues climbed 24.3 percent to $37.04 million, due to new contracts it secured during the nine-month period. However, its comprehensive profits fell 4.5 percent to $6.57 million as it faced increasing costs from tug-and-barge rentals.

The Jakarta Post, January 29, 2013

Local industry expects output rebound

Domestic iron and steel manufacturers expect production to rebound this year after a sharp decline in 2012, on the back of expected rapid growth in infrastructure development in the country during 2013.

Edward Pinem, the Indonesian Iron and Steel Industry Association (IISIA) executive director, said on Tuesday in Jakarta that local output would likely rise by 23.1 percent this year to return to the production level of the 4.8 million tons recorded in 2011.

Indonesia is realizing its Masterplan for the Acceleration and Expansion of Indonesia’s Economic Development (MP3EI), comprising a wide array of infrastructure projects including toll roads, airports and railways, to boost its gross domestic product to about US$4.5 trillion by 2025, which will make it among the world’s 10 biggest economies.

Sales of cars are expected to top 1.2 million units, while sales of motorcycles will reach 6.3 million this year, according to industry groups. “The utilization rate will surge from the 65 percent of last year to 80 percent this year along with smoother flows of raw materials,” Pinem told a press briefing.

The output of the local iron and steel industry dropped to around 3.9 million tons last year, about 20 percent down from the 4.8 million tons in 2011, as local facilities slowed production due to raw material shortages.

The production decline in 2012 was also caused by low demand.

Early last year, local customs seized steel cargo containing imported scrap metal at the country’s main import gate, Tanjung Priok Port in North Jakarta. More than 2,000 containers filled with scrap metal was detained following the finding of more than 100 containers contaminated by hazardous toxic waste by the custom authorities at the port. Some of the scrap was reexported and some was detained by the authorities.

A number of industrial players then replaced scrap metal with steel billets to keep production on track, but others curbed operations. Better prices would also help local manufacturers to boost their outputs this year, Pinem said.

Steel prices will possibly rise by around US$90 per ton until May this year, from approximately $700 per ton in December last year, the association earlier said.

Domestic steel consumption will leap by between 6 and 9 percent this year to the 11.4 million tons estimated last year, with between 35 percent and 40 percent of that being sourced from imports due to a limited domestic capacity, according to the association.

The capacity issue is partly a result of the relatively small, new investment in the upstream sector.

However, the required investment in the upstream sector is sizeable, while sources of the minerals needed for production are mostly located in remote areas with poor infrastructure, with power, road and seaport issues sometimes serving to put off investors from setting up facilities.

The Jakarta Post, February 6, 2013

RI may keep duties on hot rolled coil

Indonesia will likely extend the anti-dumping duties imposed on five countries for imported hot rolled coil believing that the commodity is still being sold here at unfair prices.

The Indonesian Anti-Dumping Committee (KADI) recommended the Trade Ministry keep the duties in place to deter imports of hot rolled coil from China, India, Russia, Taiwan and Thailand.

KADI chairman Bachrul Chairi said the commodity is being sold in Indonesia at prices below production costs or lower-than-home-market prices.

“We’ve concluded that the product [from the five countries] is still being dumped on the local market and if we lift the duty, it will hurt our industry,” Bachrul said in Jakarta on Thursday.

KADI issued the recommendation following a five-year review, which the five countries in question did not cooperate with. Thus, KADI’s conclusion had to be produced based on the available information, he said.

Indonesia first imposed anti-dumping duties on hot rolled coil on March 1, 2008, after realizing that the influx of the imported product had severely disadvantaged the local industry.

The percentage of duties affect 17 firms from the five countries at different levels: three Chinese firms (from 25.18 to 42.58 percent), three Indian firms (from 12.95 to 56.51 percent), four Russian firms (from 5.58 to 49.47 percent), three Taiwanese firms (from 4.24 to 37.02 percent) and four Thai firms (from 7.52 to 27.44 percent).

The duties are due to expire on March 1 this year, and KADI has assessed the duties based on a request from Indonesia’s biggest steel producer, state-owned firm Krakatau Steel, which served as the petitioner representing the local industry since April 4, 2012.

SEAISI Newsletter, February 2013
Indonesia, like many other countries that joined the World Trade Organization (WTO), has imposed anti-dumping duties on products sold in the local market at prices deemed lower than fair value.

Bachrul said that the import duties would also be expanded to include an additional three foreign firms, which based on analysis sold hot rolled coil at an unfair value.

Various steel products have been subject to trade disputes between Indonesia and other countries.

Indonesian hot rolled carbon steel plates, for example, were smacked with an anti-dumping duty and anti-subsidy in Canada in the mid 1990s, but the measures were lifted in 2000 after they expired and the authorities stated that unfair practice had ceased.

In a recent move, the anti-dumping committee also recommended the Trade Ministry and Finance ministry impose up to 74 percent anti-dumping duties on imported cold rolled coil to protect the local industry from unfair trade practices.

Based on its inquiry, the committee found strong evidence to support the allegation that imported cold rolled coil and sheet are dumped onto the local market, causing injury to the petitioner, Krakatau Steel.

The proposed anti-dumping duties may affect imports from five countries — China, Japan, South Korea, Taiwan and Vietnam. The Jakarta Post, February 8, 2013

KOREA

Posco sets up joint venture auto tube mill in Japan

Posco is joining with two Japanese companies to establish Japan’s first foreign-invested joint venture making welded steel pipes, the Korean mill said Thursday. The JV will begin production during the first quarter next year from a plant located inside one of Posco’s coil centers in Japan, Posco- JEPC in Yokkaichi City, Mie prefecture.

The new pipe mill will have a capacity of around 10,000 metric tons/year of welded pipes for automotive applications and will supply Japanese carmakers. Posco’s partners in the JV will be Osaka-based Mory Industries, a stainless and carbon steel pipe producer, and Nagoya-headquartered auto parts maker Maruyasu Industries.

The JV would be a unit of Posco Japan, the Korean mill’s locally-incorporated subsidiary in Tokyo and will be equipped with two pipe forming lines and two cutting lines. “We will be the majority shareholder owning more than 50% of the equity,” a spokesman from Posco- Japan told Platts without disclosing the actual share split.

Most of the coil feeds for pipemaking will be sourced from Posco in Korea but the official refused to disclose whether these would be carbon steel or stainless.

In Japan Posco- JEPC has three coil centers – in Toyohashi, Yokkaichi and Kawasaki – with a total processing capacity of 440,000 mt/y. It is providing processed coil to end-users such as Carmakers and appliance manufacturers.

Mory is a leading producer of stainless pipes, stainless bars and ordinary pipes and produces about 40,000 mt/year of stainless pipes at its Kawachi-nagano plant in Osaka. Steel Business Briefing, February 15, 2013

MALAYSIA

Steel influx threat on Asean

THE emergence of Asean as the world’s biggest steel importing region in recent years has attracted world major steel producers from Japan, South Korea and China to increase their investment presence and exports in this thriving region.

But the serious threat of unfair trade practices by major non-Asean steel producers especially from China has resulted in a harmful impact on regional steel players, which are struggling to retain market share in their home turf amid production cuts and increasing costs.

The latest move by Asean steel players seeking for a review in Asean-China Free Trade Agreement (ACFTA) on steel products will likely see more intervention by the affected Asean governments in the form of anti-dumping duties, safeguard measures and other trade actions this year to protect their domestic steel industry.

StarBizWeek recently met with the Asean Iron and Steel Council (AISC) president and South East Asia Iron and Steel Institute (SEAISI) chairman Chow Chong Long to give his views on the latest regional steel sector development.

Below are excerpts from the interview.

What would you consider major threats that will challenge the competitiveness of the Asean steel players this year?

Chow: With ACFTA fully implemented in early 2010, there have been a huge surge of imports of various steel products from China into Asean. China’s share of Asean’s total steel import in 2009 was only 10% but its share jumped to 17% in 2010 and further increased to 23% in 2011, making China the second largest exporter to Asean, just behind Japan.

What is detrimental is that most of the steel exports from China, unlike Japan, are directly competing with similar products produced by the Asean steel manufactures.

On the other hand, there has been very little export of steel products from Asean going into China. Thus, the steel trade is basically a one-way traffic.

In the current situation of global economic uncertainties which brings about negative impact on steel demand and steel price, there is also an increasing trend for countries in the region to institute protective walls to insulate their domestic industry from external threats which include the Asean countries.

Furthermore, Asean is not self-sufficient in raw material supply for its iron and steel sector. The region imports substantial
volume of ferrous scrap, its main raw material input, as well as iron ore and coking coal. Raw materials constitute about 65% to 70% of the cost of production of steel.

With the high volatility in the prices of such materials, this poses a great challenge to the steel players in managing cost and price of their finished products.

Given the fact that Asean is one of the few regions in the world that is still experiencing healthy growth in steel demand, it has attracted keen interest from the major global steel players which are increasing their investment presence in the region.

While this could bring about the much needed upgrading of technology for the industry but on the other hand, it could also lead to the crowding out of the domestic steel players who might not be in a good position to compete with the big boys.

**With the influx of China-based steel products flooding into Asean, what are some of the counter measures taken by AISC members to address the whole issue?**

AISC actually has brought up the matter with the China Iron and Steel Association in its annual dialogues with the association last year but nothing concrete has come out of it so far.

The situation basically arises out of the duty and tax rebate structure of the Chinese steel industry. In effort to discourage the export of low value add steel products, the Chinese government imposes export duty on such products and provides rebates for the export of high value added products.

The steel exporters from China are taking advantage of the loopholes in the duty structure by exporting steel added with the minimum amount of boron and recently chromium and declared under alloy steel, which enjoys tax rebate.

These products, which are competing directly with similar products in the region, also came in under the tariff preferences accorded in the ACFTA.

Given this development, one may be excused for thinking that the Chinese government has purposely designed its tax structure to dominate the steel market in Asean under ACFTA.

In any case, the Governments in the Asean region are well aware of this and many are instituting measures such as trade actions to address the problem.

For example, Malaysia on Oct 23 last year imposed provisional anti dumping duties on imports of steel wire rods from five countries including China. Indonesia in the same month also imposed an anti dumping duty of 10.47% on hot rolled plates from China.

Thailand also recently announced that it will proceed with an anti dumping investigation into high carbon wire rods import from China as well as initiating safeguards investigation on hot rolled steel flat products with certain amount of alloying elements such as boron, chromium which apparently aimed at China imports. Any Asean nations which are slow in taking trade remedy action will receive the full brunt of the influx.

**As the SEAI SI chairman and AISC president, what are the strategic areas which the Asean iron and steel industry players can work together to achieve a win-win situation?**

As the iron and steel industry in the region progressed and became better developed, the Asean member countries started to gradually assume a bigger role in the running of the affairs of SEAI SI. By 2007, SEAI SI was fully “localised” and now the management is entirely in Asean hands.

Another significant milestone is the integration of SEAI SI and the Asean Iron and Steel Industry Federation (AISIF) in end-2011 and the subsequent formation of the Asean Iron and Steel Council (AISC) within SEAI SI to deal with economic and trade matters.

In light of the above developments, I would like to see the SEAI SI playing a positive role in further enhancing the level of cooperation among the steel players in the region.

As for the AISC, its six steel association members from Malaysia, Indonesia, the Philippines, Thailand, Singapore and Vietnam, are now seeking for an immediate review in ACFTA on steel products. The Asean Secretariat in Jakarta will be taking up the matter with China.

The industry players under AISC, would be able to project a united front in bringing up issues with the major steel trading partners from China, Japan and South Korea.

Another area that industry players can work together is to enlarge intra-Asean steel trade. Asean is a growing market with a huge population around 600 million people.

Steel demand in the region is also growing rapidly and in 2011, apparent steel consumption in Asean crossed the 50 million tonnes threshold for the first time.

However, the intra-Asean steel trade is still low not more than 10% for most steel products, except for scrap and sections. Most of the high end steel products are supplied by the non-Asean countries mainly Japan, South Korea and Taiwan.

The regional industry players should therefore see how best they can take advantage of this void by investing and producing such products in Asean to supply to one another.

In this context, the industry players should also explore the options of forming joint-ventures and/or going into specialisation.

Another area is in the development of human capital and innovation of technology for the region.

It has been highlighted in the last three years SEAI SI Conferences that shortage of skilled engineers and technicians is one of the major challenges for the iron and steel industry in the region.

The SEAI SI board will review on this.

*The Star, January 26, 2013*
Bluescope upbeat on local steel production

Bluescope Lysaght (M) Sdn Bhd sees a vast growth potential this year with the strengthening of local production and growing steel consumption, said its president Heon Chee Shyong.

Heon said with more projects being implemented under the Economic Transformation Programme, 2013 would be a promising year for the construction industry.

“We are looking into opportunities to expand our business and resources in Malaysia by exploring new market segments,” he told Bernama yesterday. He hoped that more residential projects would use steel roofing instead of concrete as its quality was better, durable and with enhanced aesthetics.

“The company sees a growing demand for the metal roofing as it is more robust and offers better security and protection from extreme weather,” he said.

He said Bluescope faced challenges in the market from importers who offered competitive prices.

“The influx of cheap building materials of questionable quality has affected the profit margins of local producers. The Star, January 31, 2013

Malaysia to impose anti-dumping duties on wire rod from February 20

Malaysia will impose anti-dumping duties on imports of wire rod from Taiwan, China, Indonesia and South Korea from Wednesday February 20, the country’s ministry of international trade and industry said on Tuesday.

The tax will be levied in a range between 3.03% and 25.20%, and will be in effect for five years.

Among Taiwanese wire rod importers, China Steel Corp will be subject to duty at 10.98%, imports from Feng Hsin Iron & Steel will face a 9.04% levy, while other importers will be required to pay the full 25.20%.

Posco will have to pay 3.03% on its wire rod imports, while other South Korean importers will be taxed at 25.20%.

Almost all imports of wire rod from China and Indonesia will be levied at 25.20%.

The Malaysian government began an anti-dumping investigation last June, based on a petition filed by Amsteel Mills, a unit of Lion Corp, on behalf of the domestic industry producing steel wire rods.

Amsteel claimed that imports of steel wire rods from Taiwan, China, Indonesia, South Korea and Turkey had caused “material injury” to the domestic market, as they were being priced at levels much lower than those of their home markets, the ministry said.

In a separate statement released on Tuesday, the ministry said that no anti-dumping duties would be imposed on Turkish importers, nor on Indonesia’s PT Ispat Indo or China’s Jiangsu Shagang International Trade Co.

“The reason for the negative final determination is that the export price of the subject merchandise exported by Turkey and those companies into Malaysia is higher than its normal value,” the ministry said.

Metal Bulletin, February 19, 2013

TAIWAN

Taiwan’s steel industry to benefit from China’s urbanization plan

With China moving to urbanize rural and remote areas starting this year, the policy will likely trigger tremendous demand for steel to benefit Taiwanese steelmakers in the future.

According to insiders, China has just kicked off its urbanization plan as part of its economic stimulus program, to involve up to RMB4 trillion (about NT$20 trillion or US$666.6 billion) in investment. Based on steel making up a 20% share of construction costs, the ambitious plan will generate roughly business potential of RMB800 billion for steelmakers.

Taiwan’s steelmakers interested in exploring the lucrative Chinese market are blessed with more good news. China has started several infrastructural and public works projects and still has more to be launched later, which call for a budget of estimated RMB200 billion. So to say that China’s steel market will be key to reviving Taiwan’s steelmakers’ anemic performance last year is not an overstatement.

All-round Demand

Market observers say that after China implements the abovementioned plans, nearly all kinds of steel and steel products will be in heavy demand for constructions of railways, roads, airports, apartments and other larger buildings, including cold-rolled steel, hot-rolled steel, galvanized steel, pre-painted steel, steel plates, steel I-beams, columns, tubes, wires, fasteners, stainless steel, and so forth. In other words, Taiwanese suppliers along the entire supply chain and downstream customers will share the market, especially those with manufacturing bases in China.

Among Taiwanese steelmakers, China Steel Corp. and its subsidiaries will be the biggest beneficiaries of the takeoff in the Chinese steel market.

China Steel, the largest steelmaker in Taiwan by revenue and output with 30% of its overall exports to China and Hong Kong, says that China’s booming market for steel will not only push up sales in the country, but also enhance its competitiveness against Chinese steelmakers, primarily because Chinese counterparts will have to allocate more capacity to meet local demand, which, in turn, will allow more room for Taiwanese suppliers to win global export orders originally going to China.

China Steel’s subsidiary China Steel Structure Co., Ltd., with a plant in Kunshan in China’s southeastern province of Jiangsu, says that orders for steel structures will surely soar to drive up revenue and profits in the short term as the Chinese government sets in motion infrastructural development.

Yieh Phui Enterprise Co. Ltd., and Sheng Yu Steel Co., Ltd., both large-sized suppliers of coated steel products with factory in

SEAISI Newsletter, February 2013 7
Jiangsu and Guangdong, respectively, also predict bright future riding on China’s urbanization plans.

Among fastener makers, Chun Yu Works & Co., Ltd. is the most likely to achieve bigger sales gains when China kicks off construction of high-speed railways and other infrastructures, for the veteran Taiwanese producer has built a complete product lineup and sound distribution network in the country, backed by internationally certified special fasteners for high-speed railways.

For instance, China’s Tai Feng Group, a realty, mineral exploration and foods group, announced buying 5 million shares for US$400,000, its subsidiary, Australian mining company Ferrowest Limited, regarded a strategic move to penetrate the Australian company’s Yogi Iron Project.

The researcher says Ferrowest is developing its Yogi Iron Project, aiming to produce 4.5 million tonnes of fine-grained magnetite ore a year at its 100% owned Yogi iron deposit in mid-west Western Australia, believed to contain estimated 572.5 million tonnes of magnetite ore.

According to the Australian company, of the planned production output, 3 million tonnes will be exported via the Oakajee Port, with the remainder to be used for operations of its Eradu MPI Project, which is being developed to achieve initial annual output of 1 million tonnes of merchant pig iron, which will be shipped to Eradu for further refining at a Japan’s Kobe Steel’s factory.

Meanwhile, China’s Meijin Energy Corp., the country’s largest coke producer, who has just expressed interest in exploring thermal coalmine at Queensland’s frontier Gallilee Basin, made a US$455 million bid for Western Desert Resources Ltd. earlier.

A US$1.5 billion investment project launched by Japan’s Mitsui & Co., Ltd. to expand iron ore export capacity of a port at Cape Lambert, Australia, is notable to the researcher, who says the port focuses on handling exports from Robe River, a joint venture between Mitsui and Rio Tinto where each holds a 33% and 53% stake, respectively.

Obviously coordinated with Rio Tinto’s recent project to spend US$3.7 billion to boost output at its iron ore mine in the Pilbara region of Western Australia to 353 million tonnes in the first half of 2015, 25% more than the current, Mitsui’s investment will raise the abovementioned port’s export capacity sharply to 203 million tonnes of iron ore in 2015 from 70 million tonnes at present, despite recent price drops in iron ore, says the MIRDC researcher.

Mergers and acquisitions (M&As) by Chinese mining firms worldwide have increased in recent years, a trend that will further underpin the country’s clout in the global supply chain of steel in the short term, according to MIRDC’s researcher.

According to global market researchers, Chinese enterprises finalized 60 M&As overseas in the first half of 2012, up 22.4% over a year ago and valued at US$19.42 billion, up 23.8% yearly. Of the total, 12 were conducted by Chinese energy and mining companies with value of US$12.887 billion.

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Meanwhile, China’s Meijin Energy Corp., the country’s largest coke producer, who has just expressed interest in exploring thermal coalmine at Queensland’s frontier Gallilee Basin, made a US$455 million bid for Western Desert Resources Ltd. earlier. If the buyout, which must be subject to reviewing by both Australia’s Foreign Investment Review Board and China’s competent authorities, is officially approved, the Chinese private company will acquire iron ore, gold, copper and uranium deposits that the South Australia-based company explores in the northern territory.

Downturn in Q4

For a variety of reasons, including global economic doldrums and the aftermath of natural disasters worldwide, MIRDC’s researcher predicts Taiwan’s steelmaking industry to see output value keep declining 9% QoQ to NT$334.5 billion in the fourth quarter, with exports of NT$135 billion, down 4% yearly. For the whole year, output value is estimated at NT$1.3554 trillion, including NT$536.3 billion in exports and imports of NT$38.11 billion.

In the face of persistently weak global demand and increasingly challenging market, the researcher suggests Taiwan’s smaller steelmakers look for innovations to create new markets and value networks, instead of making me-too products that no longer build sustainable development.
**THAILAND**

**Commerce Ministry acts against cheap Chinese steel**

The government will apply a temporary safeguard on imported hot-rolled steel flat products following complaints by local domestic producers regarding cheap imports, mainly from China.

Commerce Minister Boonsong Teriyapirom, who chaired a meeting of the Anti-dumping and Countervailing Committee last week, said the members agreed to apply temporary safeguard measure by raising import tariffs on hot-rolled steel flat products containing 33.11% alloying elements.

The measure will be in effect during the investigation into damage from imported hot-rolled steel dumping.

Four Thai steel producers have complained to the ministry that they have suffered from low-priced Chinese products.

They are Sahaviriya Steel Industries, G Steel, GJ Steel and Sahaviriya Plate Mill Co.

The four firms said the amount of hot-rolled steel imported from China is significant, at 42% of the total imported, but much of it is substandard.

Thailand currently produces 5-6 million tonnes of hot-rolled steel, while another 2 million tonnes are imported, especially high-quality steel used in the automobile, mould and dye, and huge-steel-pipe sectors.

Mr Boonsong said the temporary safeguard will take effect next week and be compulsory for 200 days during the ministry's investigation, which started last Nov 27.

The ministry is expected to finish within 360 days. Thailand imports hot-rolled steel from 16 countries, mainly Japan, South Korea and India. Normal import duty is 5% but zero for countries with a free trade agreement with Thailand.

Last year, the import volume of hot-rolled steel flat product was 1.55 million tonnes, up by nearly 97% from 2010. In 2010, the imported volume was only 403,762 tonnes.

Previously, the ministry also imposed a safeguard on the import of glass blocks. It may extend the measure, which is due to expire next year.

The Thai Textile Industry Association recently submitted a formal complaint to the ministry and asked for an investigation into textile imports from China.

**SSI sees Thailand domestic steel demand up 7.2% in 2013**

Thailand based flat steel producer Sahaviriya Steel Industries last week reached a cumulative hot rolled coil production of 28 million metric tons, the highest record among Thai steel companies, the company said in a press release. It added that it continues expecting an increase in production at its Thai re-rolling plant due to the increasing domestic demand and the results of the synergies from its vertical integration (with the slab supply from SSI UK).

“We will see from now consistent growth in volume and sales revenue, and reducing production cost due to larger economy of scale. Furthermore, we will soon begin to see better margin as our products gain market share under our innovate premium value products strategy,” the company said.

SSI added that in 2013 Thai domestic steel demand is expected to increase 7.2% y-o-y, to 17.5 million mt, according to the local steel institute. “This is mainly because of several major infrastructure investment projects of the government and the expansion of downstream industries such as automobile and energy,” SSI added.

**Steel Business Briefing, February 14, 2013**

**Thai safeguard duty of 33.11% on HR flats expected soon**

Thailand’s Ministry of Commerce is awaiting the official go-ahead for its planned provisional duty of 33.11% as a safeguard measure on imports of hot rolled flat products in coils and lengths, containing certain amounts of alloy elements such as boron and chromium, classified under customs tariff codes 7225 and 7226.

The provisional duty will be enforced the day after publication in the Thai Royal Gazette. “This will be sometime soon, probably by end-February,” a ministry official said. It was pending and awaiting official signature, the official explained. The World Trade Organization has circulated a notice dated February 7 of the planned provisional safeguard measure. “The provisional safeguard measure will remain in force for a period not exceeding 200 days,” the notice stated.

Volume of imports of the concerned products into the country has soared. Their volumes rose by 97% year-on-year from 2010 to 2011 and surged again from 2011 to 2012. The market share of the domestic industry fell during the period. Its market share reduced to 74% in 2010 from 78% in 2009 and fell to 66% in 2011, the notice said. Domestic industry’s market share during the first half of 2012 was 62% compared to the 70% during the corresponding period of 2011.

“If this situation continues, the domestic industry will inevitably lose more market share and face serious losses,” it said. “The domestic industry is at risk of having to suspend their business
activities if provisional safeguard measures are not quickly adopted,” it added.

China, Japan and Korea were identified as major exporters of the products with their shares of imports in 2012 at 42.39%, 25.26%, and 20.13% respectively.

Steel Business Briefing, February 15, 2013

Thai automakers await new autosheet start-ups

Japanese automakers with plants in Thailand are eyeing the start of production on two new autosheet facilities backed by Japanese integrated mills and expect to receive their first sheet samples soon, sources in Bangkok said Wednesday.

The first to come on stream will be the 400,000 metric ton/year hot-dip galvanizing plant being built by JFE Steel Galvanizing (Thailand) in Rayong, eastern Thailand, where hot trials are scheduled to start in April. In October Nippon Steel & Sumikin Galvanizing (Thailand) will start its 360,000 mt/y HDG and galvannealed sheet plant also in Rayong.

A Bangkok-based Japanese trader said that JFE Steel has asked traders to begin contacting automakers and parts manufacturers in Thailand seeking candidate users to test samples of the new coil.

Six months or more could be required for auto makers to complete tests on the samples and give their approval, but the source said few problems were expected. “The galvanizing lines incorporate Japanese technology,” he noted.

Another Bangkok-based trader said in the future Japanese automakers in Thailand will rely on galvanized sheets produced domestically by these Japanese plants and that HDG imports from Japan will decrease. “But imports of hot rolled coils from Japan for substrates will increase,” he remarked. Japan exported 1.9 million mt of HRC to Thailand in 2012, some 28% above 2011, and 1.2 million mt of galvanized sheet, up 16% year-on-year, according to Japan Iron & Steel Federation data.

Steel Business Briefing, February 28, 2013

Korea’s Union Steel opens a new coil center in Thailand

Korea’s leading producer of color-coated sheet, Union Steel Manufacturing, officially commissioned a new coil center in Chon Buri’s Pin Thong Industrial Estate, southeast of Bangkok, on February 26, the company said.

Union Steel Processing Center Thailand, which is wholly owned by Union Steel, has a processing capacity of 60,000 metric tons/year and cost about $12 million to build, it added. The center will mainly serve home appliance manufacturers such as Samsung Electronics, LG Electronics and Japanese firms with factories in the region.

In a forecast issued earlier the Iron & Steel Institute of Thailand noted that construction, auto assembly and appliance manufacturing will drive the country’s apparent steel demand to between 17.39 and 17.84 million mt this year, as Platts reported.

The Korean re-roller currently hosts two other coil centers abroad. Since 2008 Union Steel Mexico has been operating a 60,000 mt/year processing facility in Nuevo León exclusively for appliances. In October last year Union Steel India opened a facility in Greater Noida, 40km southeast of New Delhi, also with a capacity of 60,000 mt/year.

Meanwhile, Korea’s total production of color-coated sheet stood at 2.11 million mt last year, down just 0.4% from the previous year, according to Korea Iron and Steel Association statistics.

Steel Business Briefing, February 28, 2013

Steelmaker looks to capital markets to raise funds

Shareholders of steelmaker Huu Lien Asia Corporation (HLA) have approved the company’s plan of issuing VND300 billion (US$14.4 million) worth of shares to its existing shareholders at the par value of VND10,000 each.

However, it has been questioned whether there are any investors who will accept this price while HLA shares are being traded for around VND6,000 on the stock market?

The expense of high interest has piled pressure on HLA’s profit growth and this has driven the company to raise capital from its shareholders.

Last year, financial costs (mainly interest expenses) ate away a large proportion of HLA’s profit. With around VND235 billion ($11.2 million) paying for loan interests, HLA’s net profit reached just VND15.75 billion ($753,600) while its revenue totalled nearly VND5 trillion ($239.2 million).

According to Phan Van Dung, a company director, the current share price is lower than its book value of VND14,000 and some organisations are ready to pay a higher price to hold a large volume of shares and participate in management of the company.

However Dung declined to disclose further information as they are currently in negotiations with interested parties.

HLA also planned to issue shares to raise capital last year but it was unable to successfully do so due to the prolonged bear market.

Responding to questions about what a repeat failure would mean for the company, Dung said HLA would continue to borrow money to finance its production operations but would promote export activity to generate more money to offset cost.

Exports last year brought the company $25 million, a year-on-year increase of 100 per cent and accounted for 30 per cent of the company’s revenue. Steel tubes are currently the company’s main product and it is occupying 15 per cent of the domestic market share.

Steel Business Briefing, February 28, 2013

SEAISI Newsletter, February 2013
This year, HLA projects a revenue of just VND3.52 trillion ($168.4 million), down 41 per cent from a year ago, and a total pre-tax profit of VND46 billion ($2.2 million). Dividend payment is planned at 9 per cent in cash.


Oversupply, anti-dumping duties threaten hit hard at Vietnam steel industry

The Vietnamese steel industry is caught between a rock and a hard place as oversupply at home has been pushing producers into export markets, where they have been warned of anti-dumping duties.

In a Saigon Times report, Dinh Huy Tam, general secretary of the Vietnam Steel Association (VSA), said that exports of steel products have increased rapidly, which has caused importing countries to grow more cautious.

Vietnam last year shipped abroad 2.3 million tons of steel for US$2.03 billion.

Indonesia last December slapped 13.5-36.6 percent anti-dumping taxes on Vietnam’s cold rolled steel coils. Vietnam’s galvanized iron and color coating iron are also named in lawsuits over anti-dumping duties in Malaysia and Thailand.

If Vietnamese steel mill lost the lawsuits, these countries could impose taxes of between five and 20 percent on the products, which are currently exempt from duties.

Tam said exporting is a “compulsory” step for firms to take due to the shrinking demand in domestic market, but they will be exposed to the threat of anti-dumping duties.

He advised steel producers to seek for more markets and promote trading agreements.

Sales of the steel industry last year slightly increased by 3 percent and Pham Chi Cuong, chairman of VSA, said the figure does not look “too sad” if compared with other industries in times of economic crisis.

But Cuong was concerned about the construction steel sector, which suffered the most from the falling local demand due to the prolonged slump of the property market. The segment reported a 10 percent decrease in sales last year.

Many construction steel factories have been operating at less than 60 percent of capacity or even were temporarily closed.

But five more mills are set to launch later this year to bring the total annual supply of construction steel to 11 million tons, twice as high as the local demand, according to VSA vice chairman Nguyen Tien Nghi.

Meanwhile, the supply of cold rolled steel coil has tripled the local demand, the Saigon Times website report, citing a VSA statement.

The authorities’ oversight and lack of proper assessment before granting approval to steel projects has caused the supply to surpass demand, it said.

The steel association expects sales of the industry to grow the same 2-3 percent last year as difficulties continue.

Thanhnie News, February 5, 2013

Steel inventories fall sharply

Inventories of finished steel products plunged by 16.6 per cent in January, compared to the same month a year ago, the Viat Nam Steel Association has announced.

The steel industry has set a modest growth target of 2-3 per cent this year in the face of uncertain economic situations domestically and internationally, said association chairman Pham Chi Cuong.

The oversupply of some products, including steel pipe, galvanised steel, construction steel, and cold-rolled steel, remained the leading challenge facing the industry, he added, noting that mounting inventories had forced many steelmakers to cut production.

As Viet Nam’s WTO commitments continued to take effect, the lowering of tariffs was also putting enormous pressure on domestic steelmakers who were now forced to compete with imported products, especially from China, Cuong said.

Domestic steelmakers were also facing greater difficulties penetrating foreign markets in which technical barriers and threats of anti-dumping actions have discouraged exports of Vietnamese steel products. Last year, cold-rolled steel from Viet Nam faced anti-dumping lawsuits in both Thailand and Indonesia, while welded steel pipe was challenged in the US.

Other markets have already issued warnings against galvanised steel and tinted steel from Viet Nam.

The nation’s steel production in January totalled 360,000 tonnes, a decline of 36,000 tonnes compared with December but an increased of 75,000 tonnes over January 2012, the association said. Domestic steel consumption remained stable from December but was 127,000 tonnes higher than last year.

The nation also imported 600,000 tonnes of steel in January, representing a month-on-month decrease of 1 per cent but a year-on-year rise of 19 per cent.


Brazil

Usimas to shrink slab exports 30-40% in 2013

Brazil’s Usimas plans to reduce its slab exports by 30-40% in 2013, Sergio Leite, the company’s commercial VP, told analysts during a conference call on Tuesday morning.

“We are going to use the slabs in our rolling lines and focus the activities on the domestic market,” explained the executive. In 2012, Usimas exported 709,000 mt of slabs.
For the full-year of 2012, slab exports showed growth of 190.5% versus the total volume exported in 2011, when the firm registered 244,000 mt sold to international markets.

According to domestic traders, Brazilian slab exports currently are in robust demand from re-rollers in key international markets, which has enabled most suppliers to close their Q1 order books. However, the traders have not achieved the desired higher prices in Asia nor in North America. A recent deal for 3,000 mt to Taiwan was closed at $515/mt FOB.

*Steel Business Briefing, February 20, 2013*

**RUSSIA**

**Severstal sees Russia’s steel consumption to rise in medium term**

Ekaterina Golovanova, the head of marketing & sales at steelmaker Severstal predicted that Russia’s steel consumption would stay on the upward trend in the medium term.

It’s expected that Russia’s steel consumption would grow by 34% by 2016 and surge by up to 65% by 2021.

In addition, Golovanova said that the rise will be seen in all steel products, including coated steel, flat and long products, pipes and profiles.

*Yieh, February 19, 2013*

**INDIA**

**India’s JSW Steel sees output drop on iron ore shortage**

India’s JSW Steel saw crude steel output fall 2% month-on-month to 716,000 metric tons in January, which was also an 11% dip year-on-year, the company announced to the Bombay stock exchange Wednesday.

Output fell owing to “poor quality and insufficient availability of iron ore” to its mills, the company said. JSW Steel operates a 10 million mt/year integrated steelworks in Vijayanagar, Karnataka, and a 1 million mt/y works in Salem the neighboring state of Tamil Nadu. Ore for the Karnataka works comes from the electronic auction sales being conducted in the state.

The Salem works was initially being fed with ore from the e-auction sales but as the quality (Fe content) of ore available started to deteriorate, JSW Steel turned to procuring high-grade ore from Odisha state in eastern India, a company official told Platts Thursday. A lack of beneficiation capabilities at Salem means the mill is unable to use the low-grade ore being auctioned in Karnataka.

But with Odisha clamping down on supply of locally-mined ore to mills situated outside the state, supplies to the Salem works have been affected, the official added. Capacity utilization at the Salem plant presently averages 80%, the official said, at which its ore requirement totals about 1.3 million mt/year.

The official however expected ore availability to increase in Karnataka in coming weeks. Although some mines in the state have been permitted by the Indian Supreme Court to resume operations, about 1 million mt of ore produced at these mines are yet to be auctioned. The delay was because of lack of clarity on who would determine the ore price for these stocks – the miners themselves or the Supreme Court’s monitoring committee that is overseeing the auction sales – the official said.

*Steel Business Briefing, February 15, 2013*

**Budget 2013: Increase basic customs duty on steel melting scrap to 10 per cent, asks SIMA**

The Sponge Iron Manufacturers Association (SIMA) has asked for an increase of basic customs duty on steel melting scrap from 0 to 10 per cent in Budget 2013.

In its pre-Budget memorandum, SIMA said import of steel melting scrap in current financial year from April 2012 to January 2013 has broken all the records.

“India’s import of scrap may touch around 8 million tonnes in the current financial year leading to valuable foreign exchange outgo of the order of about $3.5 - 4 billion and will therefore contribute significantly in the much talked current account deficit (CAD),” it said.

The reasons for this substantial increase in the import of steel melting scrap may be attributed to steel production is not matching to demand, no green field steel plants coming up in the country and zero customs duty on steel melting scrap.

“Such huge import of scrap is killing Indian sponge iron industry which is already burdened with the rising cost and restricted availability of inputs like iron ore, non coking coal and natural gas,” SIMA said.

In the light of the above, there are enough justifications for the GOI to increase basic customs duty on steel melting scrap from 0% to 10%, it added.

Regarding iron ore, it said that due to various reasons iron ore production is continuously reducing resulting restricted availability and wild fluctuation in its prices. It is imperative that import duty & inverted structure of duty (excessive duty on import of raw material rather than on FG) is corrected to improve the availability of iron ore to the iron and steel producers.

*The Economic Times, February 18, 2013*
China's crude steel output expected at 750mt in 2013

China’s crude steel output is expected to rise to 750mt this year from last year’s 7.17mt, says the country’s Ministry of Industry and Information Technology (MIIT). The ministry had previously forecast annual crude steel demand would reach its peak during 2015 to 2020, at between 770mt and 820mt (CRU Steel News 11 July 2011).

As the latest estimate is close to that forecast, the indications are that growth in crude steel demand is stabilising, said MIIT in a review of the steel sector. Looking ahead, the ministry said that it expects iron ore prices to be on a downtrend this year with China’s appetite for the material staying steady and global iron ore market becoming oversupplied. High raw material prices dampened Chinese steel makers’ profits last year. Combined net earnings of member mills of sector association Cisa slumped by 98% to Yuan 1.58bn ($254).

CRU News, February 18, 2013

Chinese mills oppose EU dumping probe on seamless pipes

China’s seamless pipe mills have reacted negatively to the European Union’s decision last Saturday to initiate an anti-dumping investigation of large-diameter seamless pipe imports from China.

The EU is a market mainly dominated by large producers such as Vallourec & Mannesmann, and therefore China’s exports to the region are not remarkable, a source with a major northern pipe mill told Platts.

Moreover, the trade has declined to low levels after the EU imposed prohibitive AD duties on Chinese seamless pipes [with outside diameter up to 406.4mm] in 2009, he said.

Currently, Chinese seamless mills mainly export to markets without AD duties in Southeast Asia, the Middle East and South America, he added. The mill source said the legal department of the company was looking at the investigation, but it was too early to decide how to respond to the EU’s questions.

The commerce department of central China’s Hunan province said it had asked the province’s Hengyang Valin Steel Tube (Henggang) to fight for a lower duty, local media cited a senior government official as saying. Henggang is a major seamless pipe producer with average exports of about 500,000 metric tons/year.

Henggang is very likely to respond to the case, a source with the company’s legal department told Platts. However, Hegang’s export business will not be greatly affected by the case, the source said. The exact volume exported to the EU has not been disclosed.

Steel Business Briefing, February 20, 2013

China to impose limits on six industries to tackle air pollution

China will impose emission limits on six polluting industries including coal-fired power plants and steel and petrochemical factories as soon as March 1 to improve air quality in major cities.

China “must strictly impose” the limits to improve air quality, according to a statement posted on the Ministry of Environmental Protection website today that cited a meeting headed by Minister Zhou Shengxian. Existing plants and new thermal power, steel, oil, cement, metal and chemical projects in 47 cities will have to adhere to the new emission standards, according to the statement.

China, which the World Bank estimates has 16 of the world’s 20 most-polluted cities, is the largest emitter of greenhouse gases. The burning of coal is the main source of pollution, accounting for 19 percent, while vehicle emissions contribute 6 percent, according to a study by Greenpeace and Peking University’s School of Public Health published Dec. 18.

Pollution in Beijing rose to a record on Jan. 12 sparking criticism of the government’s handling of the environment. Li Keqiang, set to become China’s next premier, called for patience as authorities work to reduce emissions.

Beijing has proposed rules that would scrap old vehicles, ban new cement and steel factories and impose fines on roadside vendors barbecuing food on smoggy days.

Steelmaker Shougang Corp., identified by the government as Beijing’s largest industrial polluter, closed its main facility in Beijing for the Olympic Games in 2008 and built a 67.7 billion yuan ($10.8 billion) plant in the bordering Hebei province.

Coke production is a major source of pollution from steel production, releasing coke oven gas, naphthalene and ammonium compounds into the air, according to the University of Illinois website.

Shanghai, the world’s busiest container port and home to the larger of China’s two stock exchanges, twice issued a haze warning this year after pollution levels climbed. The air quality index rose to “heavily polluted” in four of the 10 days through Feb. 1, according to the Shanghai Environmental Monitoring Center.

Bloomberg, February 20, 2013

Myanmar clears $1bn in overdue debt

Myanmar cleared about US$1 billion in overdue debt with the Asian Development Bank (ADB) and World Bank using a bridge loan from Japan, opening the door for increased lending as the country seeks to overhaul its infrastructure.

The ADB announced a $512 million loan, its first to Myanmar in more than 30 years, while the World Bank separately said it would lend $440 million to the Southeast Asian country. The funds will be used to pay back the Japan Bank for International Cooperation, which this month provided financing to Myanmar to clear arrears with the government-backed lenders.

“We need capital investment to do development and business,” Maung Maung Thein, Myanmar’s deputy finance minister, said by phone on Monday. “This will help for financing development work.”
Myanmar is aiming to resolve $11 billion in overdue debt from decades of military rule that left the country among Asia’s poorest. President Thein Sein’s moves to modernize the country’s financial and physical infrastructure after years of neglect have lured private equity funds and companies such as General Electric Co and Norway’s Telenor ASA (TEL).

Japan, Myanmar’s largest creditor, agreed last year to settle $6.6 billion in arrears. Myanmar’s finance ministry said on Monday that Norway canceled $534 million in debt after a meeting with the 19-member Paris Club group of creditor nations, which includes the United States, Australia, Canada, Japan, Russia and 14 European countries.

Debt Cancellation

“More debt cancellation is coming on the way in the next six months,” the ministry said in a statement. Myanmar had about $3.5 billion in arrears with Paris Club members other than Japan, according to the International Monetary Fund.

“The authorities recognise that a successful arrears resolution is essential for Myanmar to re-engage with the international community and ensure debt sustainability,” the IMF said in a report this month. The IMF called on Myanmar to limit non-concessional external borrowing to financing energy and infrastructure projects, and cap it at $2 billion for 2013.

Thein Sein’s moves to dismantle a fixed exchange rate and modernise the banking system are starting to boost the economy, the IMF said. Gross domestic product may grow 6.3% in the fiscal year ending March 31, up from 5.5% a year earlier, and reach about 7% over the next five years if reforms continue, the IMF report said.

Positive Momentum

“We have on the part of the government a set of very serious reform-minded politicians and technocrats, and we also have on the positive side a momentum behind these reforms that will be extremely difficult to reverse,” Stephen Groff, an ADB vice president, said in an interview with Bloomberg Television on Monday. “The challenges are intense and great and there are a lot of things the country is going to have to overcome.”

The ADB last year returned to the country for the first time since 1988, when military leaders suppressed demonstrators pushing for democracy. The World Bank opened an office for the first time.

ADB assessments of seven Myanmar sectors released last year found that a quarter of the population lives in poverty, agriculture accounts for 70% of employment and about three in four people don’t have access to electricity. Myanmar has about 18 vehicles for every 1,000 people, compared with 250 in Indonesia and 370 in Thailand, it said.

‘Responsible Nation’

“As Myanmar could clear the debt, it would be recognised as a responsible nation,” the finance ministry said in a statement. Funds saved through debt relief would be invested in schools, hospitals and poverty reduction programs, it said.

Myanmar last week attracted at least four expressions of interest for telecommunications licenses, including from Telenor and Singapore Telecommunications Ltd (ST), Southeast Asia’s biggest phone company. The government aims to boost telecom coverage to as much as 80% of the country by 2016 to improve upon a 9% penetration rate, one of the lowest in Asia.

The World Bank approved $80 million in aid for Myanmar last year and pledged to lend $165 million when overdue debts are cleared. The $80 million grant will go to local communities for roads, bridges, irrigation systems, schools, health clinics or rural markets, according to the bank.

“Myanmar has come a long way in its economic transformation, undertaking unprecedented reforms to improve people’s lives, especially the poor and vulnerable,” Annette Dixon, the World Bank’s Myanmar country director, said in a statement. “Much work remains to be done.”

Bangkok Post, January 28, 2013

Tata Steel investing in high-strength steel for automobiles

Tata Steel Europe said it is investing 2.3 million euros at its Umudien facility in the Netherlands to develop next-generation steels for the auto industry that are lighter, stronger and better able to withstand crashes.

The Indian company’s European branch, Tata Steel UK Ltd, is Europe’s second largest steel producer.

European steelmakers have been struggling to make profits in the last couple of years, in a fast shrinking market.

“The R&D investment follows close collaboration between Tata Steel and three major European car manufacturers to understand their requirements for future car models,” Tata said in a statement.

The automotive sector, a major market for the steel industry, has come under pressure to produce lighter and more environmentally friendly cars and this has pushed steelmakers to invest in developing new, lighter materials.

Tata and other producers are speeding up a switch to products that add more value and help them withstand aggressive imports of basic grades of steel.

Reuters, February 7, 2013

EU's real steel consumption may drop by 2% in 2013

The Economic Committee of the European Steel Association (EUROFER) forecasted that the real steel consumption in the EU might decreased by around 2% in 2013.

It’s known that the EU’s real steel consumption dropped by 5.5% year on year in the third quarter of 2012. Also, it’s predicted that the real consumption would decrease by around 5% in the full 2012, according to the forecast of EUROFER.

Yieh, February 8, 2013
Jordan to put dumping duty on rebar imports

Jordan is expected to introduce a $100/metric ton surcharge on rebar imports in the next two weeks, following a state-backed investigation concluded last November which found these imports were causing injury to the domestic industry, according to attorney Mohammed Taqatqa, who represents the local steelmakers which lobbied the government for anti-dumping action.

The investigation revealed rebar imports increased from 16,000 metric tons in 2007 to 130,000 mt in 2011, with the majority of product coming from Ukraine, United Arab Emirates (UAE), Turkey, Romania and Italy, Taqatqa told Platts on Tuesday. The World Trade Organization (WTO), of which Jordan is a member, monitored the investigation, and acted foreign parties were consulted throughout.

The new surcharge will be implemented for a three-year period and added on top of existing import duties, which differ depending on origin. Rebar import duty is currently 25%, but many Arab League nations (including UAE) are exempt. The European Union and Turkey have preferential trade agreements with Jordan.

“This will give local producers a chance to rehabilitate and prepare themselves for a return to free market trade at the end of the three-year period. They will have to show they are competitive and profitable. The surcharge will be reviewed annually,” Taqatqa told Platts.

Jordanian traders have criticised the move, claiming local producers already enjoy a degree of protection from international price trends, as well as plentiful supply of cheap domestic scrap (whose export is heavily taxed), therefore allowing them to dictate prices.

“This is good for local producers, but if you are a consumer it means you get less choice as competition is reduced,” a trader said. “Producers are always complaining that imports are hurting their profit margins, but the truth is tonnages coming in are very small,” another trader said. Producers argue higher energy prices in Jordan than in UAE, Ukraine and Turkey weigh heavily on production cost.

Rebar prices in Jordan’s local market are notably higher than in international markets at JD 570-580/mt ($805-819) ex-works, including 8% sales tax, despite consumption being hampered by weak economic activity and concerns over regional instability caused by the civil war in neighbouring Syria.

Steel Business Briefing, February 20, 2013

ASEAN Steel Industry in 2012

Apparent steel consumption in ASEAN is estimated to have surged significantly by 7.6% y-o-y to 56.4 million tonnes in 2012. Thailand registered the highest growth rate of 13.9% y-o-y, followed by Vietnam, at 9.9% and Indonesia, 8.8%. Malaysia and Philippines both registered marginal increases in steel demand of 1.7% and 2.2% respectively while steel demand in Singapore declined by 4.9% y-o-y.

Production in the region is estimated to have declined slightly, by 2% y-o-y to 25.5 million tonnes in 2012 as a result of a decline in steel output in most of the countries in the region, except Philippines. Import surged significantly, by 8% y-o-y to 36.9 million tonnes in 2012.

Half of the semi-finished import in the region was from Russia, the volume of which surged by a million tonnes in 2012, followed by the import from Ukraine. Import of long steel from China registered a significant increase by at least two folds in 2012. Import of section from China, the largest source of import, increased significantly by 70% y-o-y. Import of bar and wire rod from China surged by more than two folds to above a million tonnes in 2012.

Major source of hot rolled plate import in the region was also China. However, the volume surged moderately by 3% to maintain at a million tonnes level. Import from Japan surged by 10% to reach 800,000 tonnes. Japan was the largest source of Import for hot rolled coil, 40% of total import of the product in the region. This is followed by import from South Korea and China. Import from Japan and South Korea surged by 15% y-o-y and 8% y-o-y, respectively, while import from China increased by 45% y-o-y.

Import of cold rolled coil from Japan, the largest source of import in the region, showed a moderate decline of 7% y-o-y. Import from China soared by 20%. As for coated steel import, Japan again is the largest source of import. The volume, however, remained virtually unchanged year-on-year. On the other hand, import from China rose significantly, by 40% y-o-y, making the volume almost on level as that from Japan.

Export from the region is estimated to have declined by 22% y-o-y to 6 million tonnes in 2012. All the countries except Singapore registered declines in the volume of steel export. Malaysia’s steel export is estimated to drop by half to around 700,000 tonnes in 2012. Vietnam’s export also decreased by 32% y-o-y to less than a million tonnes in 2012, while Indonesia registered a moderate decline in steel export of 7% y-o-y. Meanwhile, Thailand’s steel export stagnated at 1.2 million tonnes.

Remark: The above report is based on preliminary data gathered by SEAISI

SEAISI, February 2013
Course Title: Metallurgy in Design of Steels and Cast Irons
5th Floor, Room 6
10:00 a.m. to 4:00 p.m.

Course Structure

This training is organised in conjunction with the 2013 SEAISI Conference & Exhibition in Pattaya, Thailand. It is designed for engineers and metallurgists working in steel plants who would like to better understand the characteristic metallurgical features of steel and cast iron products, and how to design the compositions and processing routes of such products. The training will include:

- Basic metallurgy of steels and cast iron
- Overview of design of alloy steels and selected alloy cast irons for special purposes such as corrosion and heat resistance, wear resistance, tooling applications, etc

The training will take six hours (including breaks). Lecture notes and certificate will be provided for attendees.

The Lecturer
Dr. John Thomas Harry Pearce. B.Sc.Ph.D.C.Eng.
Currently working as a Metals Specialist at MTEC - National Metals & Materials Technology Centre National Science & Technology Development Agency with a focus on Industrial Alloys, Cast Metals Technology, Quality Assurance, etc. via research, seminars and training, technical service, and consultancy projects for the metals and foundry industry in Thailand.

Visiting lecturer and research post-graduate project mentor at KMUTT, Chiang Mai, Chulalongkorn and other Thai Universities. Adviser on M.Eng. and M.Sc. course development at Chiang Mai University and Mae Fah Luang (Chiang Rai) University.

Dr. John Pearce is author/co-author a number of technical publications and international conference presentations on materials and foundry subjects, including at least 30 reviewed papers.

Payment Details

Registration Fee USD 150
(Including Coffee breaks & Lunch)

- Credit Card
  - AMEX
  - VISA
  - MASTERCARD

Card Number Expiry Date

Name on Card:

Signature:

- US Dollar bank draft or cheque:
  Payee: South East Asia Iron and Steel Institute

- Telegraphic Transfer
  OCBC Bank
  65 Chulia Street
  OCBC Centre, Singapore 049573
  USD A/C No: 501-164321-301
  Bank Swift Code: OCBCSGSG

Cancellation and refund: Only written cancellation will be accepted. Replacement will be allowed. For cancellation made on or before 2 May 2013, total payment received less 20% for administration charges, may be refunded. No refund will be made for cancellation after 2 May 2013. Delegate may substitute the seat with his/her colleague from the same company at no extra cost.

Hotel Accommodation

Favorable accommodation rates have been negotiated with Dusit Thani Pattaya, Thailand.

Deluxe Room (Run of house) THB 3,800 net/room/night

The above room rate is inclusive of 10% service charge & 7% applicable VAT, breakfast for 1 or 2 persons and in-room Internet access.

Note: The registration fee does not include hotel accommodation. A hotel reservation form will be forwarded to you by the Secretariat upon receiving your registration form. Only limited number of rooms will be available. Please refer to the terms and conditions on the hotel reservation form regarding room cancellation.

**There are other hotels within the vicinity which cater for different budget requirements. For details please contact Mr. Eric Lee at +603 5519 1102 or email at ericlee@seaasi.org