

2019
SEP

NEWSLETTER

ISSN 0166-9645

01. MESSAGE FROM THE SECRETARY GENERAL



The 2019 ASEAN Iron and Steel Sustainability Forum, the year-end event of the Institute, will be held at The Ritz-Carlton Jakarta, Mega Kuningan in Indonesia from 25 to 27 November 2019. The Forum is co-hosted by the Indonesian Iron and Steel Industry Association (IISIA).

As the event is being held in Indonesia, there will be a Special Focus Session on "Indonesia's Economic Outlook and Construction Development". This session aims to look at Indonesia's economic performance and construction activities from the perspectives of the government, the steel industry as well as other stakeholders. Thus, the session will see the participation of various representatives from the Indonesian government sector, the steel industry and other interested parties who will present papers and/or participate in a Special Panel Discussion.

This year's Forum will have the usual session on Steel Market Developments to provide updates on various developments impacting the steel industry in ASEAN. Papers that have been confirmed are:

- Update on ASEAN Steel Development Scenario by SEASIS
- Looking into ASEAN Construction Sector by Iron and Steel Club, The Federation of Thai Industries
- Capacity and Trade: Southeast Asia at the Centre of Global Trend by Kallanish
- China's Steel Industry – Challenges and Opportunities by Mysteel

In line with one of the three strategic themes of the Institute under its new business plan, i.e. digital developments, there will be a session on "Higher Value Delivery Through Digitisation and Internet of Things". The following papers have been slotted in this session:

- Smart Steelmaking – A Step Towards a New Industrial Revolution
- Development of AI-based Predictive Model for Finishing Mill Exit Temperature
- Reducing Impact of Rolling Operations Applying Industrial IoT
- Driving the Digital Transformation in Metal Casting Operations

This year's event will also continue to provide special focus on the construction sector, which is another area of strategic focus of the Institute. Thus, there will be a number of dedicated sessions on this sector viz. Steel Construction – Material, Technology and Design for Natural Disaster; Development on Building Construction System; and Development of Materials and Steel Products for Construction Sector. Some of the interesting papers that will be presented in the above sessions include:

- The Application and Development of High Strength Seismic Steel in Taiwan
- Steel Structure Technologies Conducive to Securing Earthquake and Tsunami Safety
- Development and Application of Aseismic Steel for Building
- The Review of Thailand's Steel Structure Fire Resistance Regulations and Overseas
- Capacity Evaluation of Hybrid Steel Sections (Built-up Steel Sections with Variable Steel Strength)
- New Construction Technology (P-Box)
- High Strength Steel Reinforcement – A Singapore Journey
- Development of High-Strength Marine Structure Steel
- The Development of 520MPa-Class HSLA Steel for Steel Pipe Structure Applications

For plant tour on day three of the event, delegates will have the opportunity to visit the plant of PT Bukaka Teknik Utama Tbk (Bukaka), a leading Indonesian company in infrastructure and metal construction industry that produces high quality products for strategic sectors such as energy, transportation and communication. The company's products include steel tower, boarding bridges, steel bridges, oil and gas equipment, road construction equipment and special purpose vehicles. Included in the tour is also a visit to a subsidiary of Bukaka, PT Bukaka Forging Industries, which manufactures automotive parts and machinery components using quality forged steel as basic material.

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

TAN AH YONG

02. NEWS HIGHLIGHTS

Indonesia initiates anti-dumping probe into Al-Zn coated coil ... **Pg. 2**

Construction of 10mIn-tpy mill in Malaysia to start in 2020 ... **Pg. 4**

China's Panhua Group to start works on \$3.5 billion steel plant soon ... **Pg. 5**

MoIT investigates dumping of Chinese cold-rolled steel ... **Pg. 7**

The Ministry of Finance postpones plan of tax increase on hot rolled steel coil ... **Pg. 7**

The more China cuts steelmaking capacity, the more Asean will grow - SEASIS ... **Pg. 14**

Scrap demand in ASEAN countries in 2018 ... **Pg. 15**

Contents

Message from Secretary General	1
Australian authorities consider cartel charges against BlueScope ..	2
Indonesia initiates anti-dumping probe into Al-Zn coated coil	2
Japan's special steelmakers expect tough fiscal year	3
S. Korean exports drop faster than other countries' in Q2	3
Korean shipbuilders focus on eco-friendly and smart ships	3
Construction of 10mln-tpy mill in Malaysia to start in 2020	4
Kinsteel proposes share reduction and fundraising to regularise operations	4
Malaysia slaps preliminary anti-dumping duties on Turkish/Singaporean rebar	5
China's Panhua Group to start works on \$3.5 billion steel plant soon	5
Singaporean fabricator clinches sole dealership rights for rebar from Malaysian mill	6
Steel companies post low profits on rising iron ore prices	6
Taiwan to decline AD duties on Chinese steel	6
Taiwanese container scrap market tumbles further	7
MoIT investigates dumping of Chinese cold-rolled steel	7
The Ministry of Finance postpones plan of tax increase on hot rolled steel coil	7
Vietnamese plant to stay in the red this year: Tung Ho	8
Brazil's steel consumption down 7.5% in August - Aço Brasil	8
Commerce Ministry launches new steel import monitoring system ..	9
JSW Steel for 25% duty on steel imports	9
India's national 2030 steel target remains on course	9
Steel demand to improve in H2, but weak H1 expected: Crisil	10
Top economic planner approves investment projects worth 9.7 bln USD in August	10
China looks to billet imports again on open arb window with Middle East	11
Chinese output, consumption can only go down: MPI	11
EU countries back tighter controls on steel imports	11
U.S. domestic raw steel output dipped 3%	12
INTL STAINLESS STEEL CONF: Nickel market deficit to shrink in 2020, Nornickel says	12
CIS STEEL BILLET: Export market under pressure from poor demand, falling scrap costs	13
China, India, Taiwan dumped threaded steel rod, US Commerce Department says	13
The more China cuts steelmaking capacity, the more Asean will grow - SEASI	14
Scrap demand in ASEAN countries in 2018	15
2019 ASEAN Iron and Steel Sustainability Forum	16

AUSTRALIA

Australian authorities consider cartel charges against BlueScope

The Australian Competition and Consumer Commission (ACCC) is reportedly considering bringing charges against steelmaker BlueScope and a former executive following an investigation into an alleged attempt establish a cartel. The reports in The Sydney Morning Herald and The Age follow their victory in court to secure the release of court documents containing the allegations, Kallanish notes.

The allegations relate to actions taken in 2013-2014. The ACCC says BlueScope and then general manager of sales Jason Ellis attempted to push competitors to increase their prices and also boosting sales volumes domestically through special arrangements with distributors.

BlueScope has not given further comment, but when the ACCC began proceedings it noted that it would defend against the allegations. BlueScope chairman John Bevan said at that time, "... based on what we know today, we do not believe that BlueScope, or any current or former employees, have engaged in cartel conduct."

Specifically, the company is alleged to have met with eleven unnamed steel market participants in Taiwan, India and the state of Victoria. At these meetings it is alleged to have agreed to share its price information if the other mills increased their export prices. It is also said to have threatened to raise antidumping investigations if mills did not agree to raise prices.

Domestically, the company is alleged to have instituted a system with major distributors whereby it would give a discount in return for early orders. This created a two-tier pricing system in which end users were quoted prices on a basis separate to the actual transaction value from the mill. This is very similar to the standard operation of many Chinese mills domestically, Kallanish notes.

Kallanish, September 18, 2019

INDONESIA

Indonesia initiates anti-dumping probe into Al-Zn coated coil

Indonesia has launched an anti-dumping investigation into imports of aluminium-zinc coated steel from China and Vietnam, Kallanish notes.

The targeted products are categorised under HS codes 7210.61.11, 7212.50.23, 7212.50.24, 7212.50.29, 7225.99.90, 7226.99.19 and 7226.99.99. Indonesia's anti-dumping committee, Kadi, initiated the investigation on 26 August after receiving a complaint from domestic producer PT NS BlueScope Indonesia.

Indonesia removed its safeguard measures for these products effective 28 March 2019, according to the World Trade Organisation (WTO). The Ministry of Finance of Indonesia had previously applied safeguard measures on aluminium-zinc coated steel products with a width of 600mm or more. The measures on galvalume, which had excluded 120 countries, commenced in July 2014.

Taiwan and Vietnam began consultations with Indonesia in June 2015 to complain against the measures on the basis that they were inconsistent with WTO rules. The WTO found that the safeguard duty was "...inconsistent with Indonesia's most favoured nation (MFN) treatment obligation because it exempted galvalume originating in certain WTO Members from the scope of application of the specific duty while not exempting others."

Kallanish, August 28, 2019

JAPAN

Japan's special steelmakers expect tough fiscal year

Five special steelmakers in Japan have announced their April-June operating results recently. Although their combined net profits rose by 6% year-on-year to JPY 12.54 billion (\$116.5 million), most steelmakers however saw profits fall, Kallanish notes.

Sanyo Steel saw net profits decrease by -55% y-o-y to JPY 1.79 billion. Mitsubishi Steel and Koshuha Company meanwhile saw profits turn to losses of JPY 200m and JPY 309m respectively. Several factors have impacted on the profit of these steelmakers. These include falling sales in the automotive, construction, and machinery sectors and rising prices of raw materials, fuels and graphite electrodes. Daido Steel saw an improvement in profits however. Although Daido posted lower sales volumes and net sales, its net profit increased by 68% y-o-y to JPY 9.5 billion, driven by higher asset valuations.

Meanwhile, Aichi Steel and Sanyo Steel both saw sales volumes increase despite a background of slower domestic and overseas demand. The sales volumes of Aichi Steel's special steel business increased by 3.3% y-o-y to 225,000 tonnes. Its sales volume of forged products however fell by -9.1% y-o-y to 67,000 tonnes. Because Sanyo integrated the sales volumes of its newly-acquired subsidiary Ovako, its operating revenue increased by JPY 33.3 billion y-o-y and its sales volume reached 479,000 tonnes.

The steelmakers have lowered sales volume estimates on the basis of weakening business prospects for the rest of the fiscal year.

Kallanish, September 24, 2019

KOREA

S. Korean exports drop faster than other countries' in Q2

South Korea's exports declined at one of the fastest rates among the Group of 20 countries amid the protracted trade row between the United States and China, data showed Monday.

In the April-June period, South Korea's outbound shipments dipped 8.6 percent from the same period last year, according to a monthly report from the World Trade Organization.

The rate of decline marks the second highest among G-20 countries after the 9.1-percent on-year drop posted by Indonesia.

Such a drop was apparently attributable to a slowdown in global trade, largely prompted by the prolonged trade dispute between

Washington and Beijing, the world's largest economies that are also the largest importers of goods from both South Korea and Indonesia.

South Korea's exports have dropped for nine consecutive months since December.

Exports of the US and China slipped only 3.1 percent and 1.0 percent on-year, respectively, in the April-June period, according to the report.

Among the G-20 countries, only five — Australia, Argentina, Mexico, Turkey and Canada — saw their exports grow over the cited period.

With a sharp decline in its exports, South Korea's ranking, in terms of export value, also moved down a notch from a year earlier to the world's sixth-largest in the second quarter, overtaken by France, whose exports remained nearly unchanged over the cited period. (Yonhap)

Korea Herald, September 23, 2019

Korean shipbuilders focus on eco-friendly and smart ships

The three major Korean shipbuilders are making all-out efforts to develop technology for eco-friendly and smart ships.

Demand for eco-friendly ships is forecast to balloon as the International Maritime Organization's strong greenhouse gas emissions regulations are to go into effect next year.

The three shipbuilders are intensively carrying out research and development on smart ships based on new technologies such as the internet of things (IoT).

Samsung Heavy Industries announced on Sept. 26, that it has obtained a basic approval for a fuel cell-powered Aframax crude oil carrier from Norwegian-German ship classification company DNV GL.

A basic approval is a procedure to verify the technical integrity of a ship's basic design. By receiving an official certificate for the vessel and technology, Samsung Heavy Industries has become able to start order-taking activities for fuel cell-powered tankers on a full scale.

Fuel cell-powered vessels are eco-friendly vessels that increase power generation efficiency and dramatically reduce greenhouse gas emissions by replacing current generator engines with solid oxide fuel cell (SOFC) engines running on liquefied natural gas (LNG).

Replacing a 3 MW generator engine of an Aframax crude oil carrier with a fuel cell engine can reduce greenhouse gas emissions by more than 45 percent. This can produce the same effect as removing greenhouse gas emissions from about 10,000 cars powered by internal combustion engines.

Samsung Heavy Industries has improved system stability through joint research with Bloom Energy that commercialized SOFCs for the first time and developed core processes such as a fuel supply system and a power control system for fuel cells. SOFCs make it

possible to use not only LNG but also hydrogen as fuel. Shipbuilding experts say that Samsung Heavy Industries secured foundational technology for building a hydrogen fuel cell-powered ship without any greenhouse gas emissions.

Hyundai Heavy Industries Group has begun to localize materials for a fuel tank for an LNG-powered ship in cooperation with POSCO. The shipbuilder announced on Sept. 26 that POSCO's 9 percent nickel steel was applied to a fuel tank for a 180,000-ton LNG-powered vessel, leading to the localization of core materials for cryogenic tanks and stabilizing the supply of cryogenic tanks. An LNG-fueled bulk carrier loaded with this kind of LNG fuel tank will be delivered to client H-Line Shipping in November 2020.

So far, Hyundai Heavy Industries Group has received 9 percent nickel steel from overseas steelmakers, but will gradually increase the localization rate of core materials starting with this contract with POSCO. Nine percent nickel steel is a material that can maintain excellent strength and impact toughness even in a cryogenic environment (-163 degrees Celsius).

Daewoo Shipbuilding and Marine Engineering (DSME) teamed up with Hyundai Merchant Marine, Korea's only oceangoing shipping company, to develop smart ship-related technology. On the same day, the two companies signed a joint smart ship research agreement. Under the agreement, they will push forward with cooperative activities by jointly zooming in on research on the internet of things (IoT)-based real-time service and land platforms for fleet operation, the development of a ship material warehouse automation system and economic operation solutions.

Meanwhile, in the first eight months of this year, global ship orders added up to 13.3 million standard cargo equivalent ton (CGTs), down 43 percent from last year's 22.31 million CGTs, Clarkson Research said. "The only way to survive the current global order drought is to develop and secure unrivaled technology," said an official of the shipbuilding industry.

Business Korea, September 27, 2019

MALAYSIA

Construction of 10mln-tpy mill in Malaysia to start in 2020

A 10-million-tonnes-per-year steel mill in Sarawak, Malaysia's largest state, is expected to begin construction in mid-2020, according to market sources.

Talks are progressing after investor Metallurgical Corp of China met with Sarawak state government officials in late August.

Location: Samalaju Industrial Park, Bintulu, Sarawak, Malaysia
Capacity: 10 million tpy of crude steel

Start-up date: Undisclosed

Investors: Hebei Xinwuan Steel Group, CCCC International Investment Holding, MCC Overseas (a subsidiary of Metallurgical Corp of China)

Metal Bulletin, September 5, 2019

Kinsteel proposes share reduction and fundraising to regularise operations

Practice Note 17 (PN17)-listed Kinsteel Bhd is seeking to regularise its operations as a going concern and has proposed a share reduction and fundraising.

Kinsteel had been classified as an affected issuer under PN17 in October 2016.

In a filing to Bursa Malaysia today, M&A Securities, on behalf of Kinsteel, said the company would carry out a capital reconstruction via a share capital reduction and consolidation of shares.

Kinsteel is also seeking to raise up to RM46.6 million via a special issue of new shares with free warrants to selected placees and rights issue of new shares with free warrants to existing shareholders of Kinsteel.

The company has also proposed the disposal, by its subsidiary Perfect Channel Sdn Bhd (PCSB), of five parcels of industrial land with buildings erected thereon and the beam section mill plant, equipment and machineries for RM140 million.

The corporate exercise also included the settlement of inter-company debt owing by PCSB to Kinsteel amounting to RM159.7 million as at June 30, 2019.

Kinsteel also proposed a scheme of arrangement and compromise with its creditors involving total liabilities of RM1.68 billion as at June 30, 2017.

Under the regularisation scheme, Kinsteel plans to reduce its issued share capital from RM83 million to RM24.9 million by cancelling 70% of its share capital.

It also plans to consolidate every three shares into one share.

Following the share capital reduction and consolidation, Kinsteel will have 349.79 million consolidated shares.

Its fundraising comprises the special issue of new shares with free detachable warrants to its managing director Tan Sri Pheng Yin Huah and Kin Kee Holdings Sdn Bhd (undertaking shareholders) and third party placees to be identified (proposed special issue).

Kinsteel proposes to raise up to RM35 million under the special issue.

It said the special issue will be undertaken based on a minimum subscription level to RM21 million.

On the rationale for the regularisation scheme, Kinsteel said it was to return the group to better financial standing and profitability.

"The proposed capital reduction will facilitate reduction of the company's accumulated losses to the extent possible, as part of the initiatives to rebuild the company's financial position.

"The resulting reduction of accumulated losses will enhance the company's statement of financial position and Kinsteel's

credibility with its customers, suppliers and investors, apart from paving a stronger financial platform for the group's future growth," it said.

On industry outlook, Kinsteel said the regularisation scheme will not alter its industry prospects as the group will still be involved in the steel industry.

Kinsteel said upon completion of the exercise, it would have two subsidiaries, namely PCSB and Perfect Wiremakers Sdn Bhd (PWSB).

Moving forward, Kinsteel said it is seeking to rebuild and re-establish itself with the remaining operating assets in PCSB and PWSB.

Kinsteel was last traded at 0.5 sen for a market capitalisation of RM5.25 million.

The Edge, September 25, 2019

Malaysia slaps preliminary anti-dumping duties on Turkish/Singaporean rebar

Malaysia has imposed provisional anti-dumping duties on rebar products from Singapore and Turkey, Kallanish notes. The duties of up to 20.09% will be imposed for not more than 120 days from 23 September 2019, according to Malaysia's Ministry of International Trade & Industry (Miti).

The targeted imports are classified under 37 product lines starting with HS codes 7214 and 7228. Imports from Singapore will face duties of 5.99-17.65% and those from Turkey, 0-20.09%. A final determination will be made no later than 21 Jan 2020, Miti says in a notice.

Miti launched an antidumping investigation following a petition filed by Malaysia Steel Association on behalf of the domestic industry in April this year (see Kallanish, 27 April).

Malaysia preliminary anti-dumping duties on rebar - September 2019

Country	Exporter	Dumping margin
Singapore	NatSteel	5.99%
	Others	17.65%
Turkey	Colakoglu Metalurji A.S.	Nil
	Diler Iron & Steel	3.35%
	Others	20.09%

Source: MITI

Kallanish, September 26, 2019

PHILIPPINES

China's Panhua Group to start works on \$3.5 billion steel plant soon

Chinese firm Panhua Group Co. Ltd. plans to start works on the \$3.5 billion first phase of its integrated steel plant in Misamis Oriental before the end of the year following the signing of a

memorandum of agreement (MOA) with the Philippine Economic Zone Authority (PEZA) yesterday.

Apart from Panhua's MOA with PEZA, eight other agreements between Chinese and Philippine firms were signed yesterday.

Panhua Group chairman Xinghua Li told reporters on the sidelines of the Philippines – China (Chongqing) Trade and Investment Forum, the company intends to start construction of the first phase of the steel integrated plant as soon as it secures land in the PHIVIDEC Industrial Estate.

"We would like to start as soon as possible, probably by the end of this year," he said.

Panhua Group needs 300 hectares for the first phase of the steel plant, which should be operational after three years from start of construction.

The first phase of the project would employ between 20,000 to 30,000 workers, but total employment could go up to 50,000 when the three-phase project is completed.

Li said the plant would have the capacity to produce 10 million tons of products like steel slabs and galvanized steel annually, to be sold in the domestic market and exported to the European Union, US and Russia.

While the plant's output would serve both local and overseas markets, he said the company could provide more for the domestic market to meet requirements.

"As long as market needs, we can put local market into priority to supply more," he said citing the company would be providing for the Philippine government's Build Build Build program for infrastructure development.

PEZA director general Charito Plaza said the MOA with the Panhua Group is intended to facilitate the application for registration by the firm to set up operations.

While the requirement for PEZA-registered exporters is to ship 70 percent of their output to overseas markets, she said Panhua Group wants to be allowed to sell more to the local market and be given a higher domestic allowance of 60 to 70 percent.

She said a higher domestic allowance is allowed as long as there is an endorsement from the President and there is domestic need for the product.

Aside from building an integrated steel plant, Li said the Panhua Group is also planning to put up a China Chongqing Industrial Park in the country.

The group, which requires 300 hectares for the industrial park, is still looking for a possible site.

Apart from the MOA between the Panhua Group and PEZA, other agreements signed were trading contracts between PT Sokonindo Automobile and QSJ Motor Philippines; between Chongqing Loncin Import and Export Co. Ltd. and Yingang Motorcycle (Philippines) Ltd. Inc.; between Qingling Motors Co. Ltd. and Kingling Motors Philippines Inc.; between Chongqing Lifan

Industry (Group) Import and Export Co. Ltd. and Mitsukoshi Motors Phils. Inc.; as well as strategic cooperation agreements between Chongqing Hongjiu Fruit Co. Ltd. and Davao Eng Seng Food Products Co.; between China Council for the Promotion of International Trade Chongqing Sub-Council and Federation of Filipino Chinese Chambers of Commerce and Industry; between Develop Century International Logistics Co. Ltd. and Sincerity International Cargo Service Corp.; and a memorandum of understanding between Hyundai Motor Group and Beijing Hyundai Auto.

The Philstar, September 18, 2019

SINGAPORE

Singaporean fabricator clinches sole dealership rights for rebar from Malaysian mill

A major steel fabricator in Singapore has clinched a sole dealership contract with a major Malaysian rebar producer, market sources told Fastmarkets.

Steel reinforcing bar (rebar) domestic, ex-whs Eastern China, yuan/tonne

The mill will offer about 20,000-30,000 tonnes of rebar each month to buyers in Singapore through the fabricator.

The rebar will meet standards prescribed by the United Kingdom's British Standards Institution and Certification Authority for Reinforcing Steels (Cares) - such as the BS 4449:2005 - that will allow its use in Singapore's construction sector.

"This is an additional supply source for buyers in Singapore, and may limit imports in the future, but only if Malaysian prices are competitive," a rebar trader in Singapore said on Friday September 20.

There is no major impact to prices for now, due to competitive offers from international sources such as Turkey, Qatar and the United Arab Emirates, according to market sources.

"Prices for Malaysian rebar will have to be competitive internationally if the producer wants to sell into Singapore," a source with knowledge of the dealership contract said on Friday.

Turkish and Qatari rebar have been offered to Singapore on a back-to-back basis at around \$440 per tonne cfr in the past week.

"Offers from traders in Turkey may be as low as \$435 per tonne cfr Singapore," a rebar buyer in the island nation said on Friday.

While steelmakers in China - a major source of rebar for Singapore - are still profiting, the same cannot be said for their counterparts in Malaysia, industry sources said.

"A lot of the steel mills in Malaysia are seeing their margins being squeezed, so they will not just have to compete with other suppliers but possibly sell at a loss if they are really desperate to offload rebar into Singapore," the source with knowledge of the deal said.

No offers for Chinese rebar were heard in Singapore this week amid increasing domestic prices in China.

Fastmarkets' price assessment for steel reinforcing bar (rebar) domestic, ex-whs eastern China was 3,670-3,700 yuan (\$517-521) per tonne on Thursday, up 20 yuan from 3,650-3,680 yuan per tonne a week earlier. Prices had risen as high as 3,720-3,750 yuan per tonne in the first two days of this week.

A major Chinese steelmaker's kept its export offer for rebar unchanged over the past week, at \$460 per tonne fob China. This is equivalent to about \$480 per tonne cfr Singapore on a back-to-back theoretical weight basis, and is higher than offers for Turkish and Qatari rebar by \$40 per tonne.

Fastmarkets' steel reinforcing bar (rebar) index export, fob China main port has hovered at \$468.50-469.45 per tonne so far this week.

Metal Bulletin, September 20, 2019

TAIWAN

Taiwan to decline AD duties on Chinese steel

The International Trade Commission (ITC) of the Ministry of Economic Affairs of Taiwan has said it does not think imposing duties on steel from mainland China is justified. The commission found that there was damage to the domestic industry, but decided against imposing duties in five separate investigations, Kallanish notes.

China's huge steel capacity is facing shrinking export markets caused by protectionism in the EU, USA, Canada and Brazil, and mainland producers may seek to dump steel in Taiwan, the ITC warns. China is also facing a weaker domestic market.

Considering the overall economic benefit, including industries upstream, downstream, trading and the competitive environment, the ministry advises not to impose anti-dumping duties on several steel types. These comprise carbon cold rolled and galvanized steel, and hot and cold rolled stainless steel. The tariff review group will announce the final result in the next ten days.

In 2018, ITC initiated five investigations into Chinese steel. One was on cold rolled carbon steel with HS codes 720915, 720916, 720917, 720918, 720925, 720926, 720927, 720928, 720990, 721070, 721090, 721123, 721129, 721190, 721240, 721250, 721260, 722519, 722550, 722599, 722619, 722619, 722692, 722699. Another was for hot rolled stainless steel with HS code 721911, 721912, 721913, 721914, 721921, 721922, 721923, 721924, 722011, and 722012.

It also investigated cold rolled stainless steel with HS codes 721932, 721933, 721934, 721935, 722020, and carbon steel sheets with HS code 720851, 720852, 720890, 721114, 722540, 722691. Galvanized steel with HS code 721030, 721041, 721049, 721061, 721090, 721220, 721230, 721250, 722591, 722592, 722599, 722699 was also subjected to investigation.

In total, China exported 410,827 tonnes of these products to Taiwan in the first seven months of 2019, down -25.5% year-on-

year. These products accounted for 67.9% of China's total steel exports to Taiwan over January-July.

Kallanish, September 11, 2019

Taiwanese container scrap market tumbles further

The Taiwanese market for containerised scrap continues to fall as global scrap prices lower, Kallanish notes.

Major Taiwanese EAF mill Feng Hsin Iron & Steel cut its scrap procurement prices by TWD 200/tonne (\$6.45/t) last Friday and rebar prices by TWD 200/t on Monday. Its purchase price for HMS 1 was TWD 7,900/t and the ex-works list price for #5 (5/8 inches or 15.875mm nominal diameter base) rebar was TWD 15,900/t.

A Taiwanese trader this week reports that HMS 1&2 80:20 from the US West coast are offered around \$230/t cfr. Meanwhile, another trader said some offers are even lower than \$230/t cfr. This is dragging Taiwanese scrap prices to another new low for recent years. In terms of demand, the traders said the market is still weak and there is no sign that it will pick up soon.

Kallanish cut its weekly HMS 1&2 80:20 container scrap assessment to \$227/t cfr Taiwan on Wednesday, down by \$11/t week-on-week.

Kallanish, September 26, 2019

VIETNAM

MoIT investigates dumping of Chinese cold-rolled steel

The Ministry of Industry and Trade will investigate alleged dumping of steel products imported from China.

The investigation was initiated after requests by domestic producers including Phú My Flat Steel Company Limited (VNSTEEL), POSCO Vietnam Co., Ltd. and China Steel Sumikin Viet Nam Joint Stock Company.

These companies claimed cold-rolled steel products imported from China have been dumped in the Vietnamese market at low prices.

This dumping is the main cause of significant damage to Viet Nam's rolled steel manufacturing industry, the enterprises said.

According to the law, after initiating the investigation, MoIT will send questionnaires to related parties to collect information to evaluate the alleged contents including: dumping behaviour of Chinese exporting enterprises; losses of Viet Nam's rolled steel industry and the causal relationship between dumping and losses of cold rolled steel industry.

Based on preliminary investigation results, the MoIT may apply provisional anti-dumping measures to prevent acts that continue to cause considerable damage to the domestic manufacturing industry.

The ministry will check information provided by the parties before revealing its conclusions. Public consultations will also be held

for stakeholders to exchange, provide information and express their views on the case before a final decision.

The MoIT recommends all organisations and individuals that are exporting, importing, distributing, trading, using the investigated goods to register as related parties and provide necessary information to the MoIT to ensure their rights and interests.

The agency may also apply retroactive anti-dumping duty on goods subject to taxation within 90 days before the imposition of provisional anti-dumping duty.

Vietnam News, September 10, 2019

The Ministry of Finance postpones plan of tax increase on hot rolled steel coil

The Ministry of Finance has postponed its plan of increasing the most-favoured nation (MFN) tariff on imported hot rolled steel coil (HRC) from zero per cent to 5 per cent after collecting opinions from businesses and experts.

In its latest proposal for revision of Decree No 125/2017/NĐ-CP on export duty schedule, preferential import duty schedule and list of commodities and their flat tax rates, compound tax rates and outside tariff quota rates, the ministry has suggested not increasing the MFN tariff on HRC products.

According to the ministry, the previous plan was derived from the concern that the worsening of US-China trade tensions could lead to a massive influx of cheap Chinese steel to the Vietnamese market, negatively affecting local steel manufacturers.

Every year, Viet Nam imports more than eight million tonnes of hot rolled steel coil for domestic production, of which Chinese products account for 40 per cent.

The ministry also estimated the increase in MFN tax rate from zero per cent to 5 per cent would bring an additional VNĐ3.15 trillion (US\$135.3 million) to the State budget. But the actual number could be lower since businesses would seek imports from other countries with preferential tax rates of zero per cent such as South Korea and ASEAN countries.

In its response to the ministry's previous plan, the Viet Nam Steel Association (VSA) suggested not increasing the tax as it would not limit Chinese steel import as China is part of the free trade agreement with ASEAN countries. Under this agreement, China enjoys a zero per cent preferential import duty on HRC into Viet Nam.

Meanwhile, the tax hike would limit supply from other markets which do not have agreements with Viet Nam such as Taiwan, Australia and India.

Hot rolled steel coil is a raw material used to produce cold rolled steel and other pre-painted galvanized steel sheets, and the increase in tax would make Vietnamese steel products more expensive, diminishing the competitiveness of local manufacturers.

"If tax is raised by 5 per cent, the average price of raw materials in Viet Nam will be 8-9 per cent higher than the world price, pushing up the price of finished products," VSA said in its document.

The Ministry of Industry and Trade has also proposed not to hike the MFN tax rate as the HRC production of domestic manufacturers has not met demand and export.

VSA's statistics showed that demand for hot rolled steel in Viet Nam is currently about 10-11 million tonnes per year but local production capacity is only four million per year, meeting 30-40 per cent of the consumption.

The figure is expected to increase to 60-70 per cent when the Hòa Phát Dung Quat iron and steel production complex and Formosa Hà Tĩnh Corp's additional mills start operation next year.

VSA President Nghiêm Xuân Đa welcomed the ministry's latest decision of delaying its tax increase proposal.

"All members [of the association] are excited with the ministry's decision, especially in the context of rising international trade tensions. We hope that the Government will continue supporting domestic manufacturers and the common interests of consumers, ensuring the sustainable development of the steel industry," he told *Nguoi Lao Dong* newspaper.

Vietnam News, September 20, 2019

Vietnamese plant to stay in the red this year: Tung Ho

Tung Ho Steel Enterprise Corp yesterday said its Vietnamese plant would remain in the red next quarter due to lower gross margin, but there was a chance for the plant to break even within one to two years.

The plant in Vung Tau City, Ba Ria-Vung Tau Province, reported combined losses of about NT\$400 million (US\$12.89 million) in the first half of this year, due to increases in manufacturing costs and weak steel pricing, the company said.

"Steel prices and customer demand did not improve this quarter, as customers remained conservative [about market outlook] amid the ongoing US-China trade dispute," chairman and president Henry Ho told an investors' conference in Taipei.

The plant, which has a capacity of 50,000 tonnes per month, has produced about 20,000 tonnes of steel a month since it started operations early this year, he said.

Formosa Ha Tinh Steel Corp earlier this year began selling billets earlier, adding to the already slumping steel market in Vietnam, Tung Ho said.

Ho said that he expected competition from Formosa Ha Tinh Steel would ease after the plant shifted its products to coils and wire rods in the next few years.

The company remains bullish about its Vietnamese facility, which accounted for 10 percent of its overall sales of NT\$30.37 billion in the first eight months, as the Vietnam Steel Association forecast

the market is to grow at a compound annual growth rate of 11.7 percent between 2013 and this year, the company said.

It expects rebar output in Taiwan would grow 10.48 percent year-on-year to 1.02 million tonnes this year, from 920,660 tonnes, as a growing number of local firms are to relocate their production lines from China and rollouts of public infrastructure projects, such as the MRT Wanda Line, would boost demand, the company said.

In the first half of the year, net income climbed 25.23 percent to NT\$711.63 million from NT\$568.4 million a year earlier. Earnings per share increased to NT\$0.71 from NT\$0.57, the company's financial statement showed.

Gross margin dipped from 8.88 percent to 8.34 percent.

Taipei Times, September 27, 2019

B R A Z I L

Brazil's steel consumption down 7.5% in August - Aço Brasil

A 7.5% year-on-year fall in apparent steel consumption in Brazil in August was largely due to declining domestic sales, particularly in the long-steel sector.

Consumption totaled 1.81 million tonnes in August, down from 1.95 million tonnes in the same month of 2018, national steel association Instituto Aço Brasil said on Thursday September 19.

Demand for flat-rolled products of 1.06 million tonnes was down 8.6% from 1.16 million tonnes in August 2018 while long steel consumption fell by 5.9% to 747,000 tonnes from 794,000 tonnes.

Local producers accounted for total steel sales of 1.63 million tonnes, a 7.2% year-on-year fall from 1.76 million tonnes in August 2018, Aço Brasil added.

Flat-steel domestic sales volumes dropped by 5.6% to 948,000 tonnes from 1 million tonnes in August 2018 while long steel sales by local producers fell 6.9% to 663,000 tonnes from 712,000 tonnes.

Imports, meanwhile, grew by 1.6% to 250,000 tonnes in August from 246,000 tonnes in the same month last year.

Flat-steel import volumes totaled 107,000 tonnes, down by 13% from 123,000 tonnes in August 2018, while long-steel imports increased by 50% to 42,000 tonnes from 28,000 tonnes.

Steel consumption fell in Brazil in six of the first eight months of 2019 - the total for January-August of 13.86 million tonnes was down by 2.3% from 14.19 million tonnes a year earlier, Aço Brasil added.

The weak economy in Brazil has resulted in faltering steel consumption; producers have also been unable to implement planned price increases despite several attempts to do so.

Fastmarkets' price assessment for steel hot-rolled coil domestic monthly, exw Brazil, was at a yearly nadir of 2,250-2,470 Reais (\$545-598) per tonne on September 6, down from 2,470-2,517 Reais per tonne on August 2.

Fastmarkets' price assessment for steel reinforcing bar (rebar) domestic monthly, delivered Brazil, was 2,125-2,300 Reais per tonne, also its lowest in 2019.

Sluggish demand and decreasing prices could cut the industry's earnings by more than 1 billion Reais in 2019 from a year earlier, major flat steelmaker Usiminas said on September 18.

External shipments from Brazilian mills of 1.05 million tonnes in August were down by 6.5% from 1.12 million tonnes a year earlier, data from Aço Brasil also showed. Most of the decline was due to a fall in slab exports, which were down 18.4% at 604,000 tonnes after shipments of 740,000 tonnes in August 2018.

Total steel production dropped by 13.4% to 2.52 million tonnes during the month from 2.91 million tonnes a year previously. Slab output fell sharply in the same comparison, dropping by 35% to 522,000 tonnes from 803,000 tonnes in August 2018.

Brazilian slab production has been slowing down because of reduced shipments to the United States, the country's biggest customer. The annual US quota for Brazil-origin semi-finished steel under president Donald Trump's section 232 regime is 3.5 million tonnes; volumes cannot surpass 30% of this limit in any given quarter.

Producers are currently negotiating November shipments to the United States.

Fastmarkets' weekly price assessment for steel slab export, fob main port Brazil, was unchanged at \$420-435 per tonne on September 20. It is down from its 2019 peak of \$540-550 per tonne on May 3, when shipments to the US were still highly active.

Metal Bulletin, September 20, 2019

INDIA

Commerce Ministry launches new steel import monitoring system

The Steel Ministry will monitor the information on steel imports provided by the importers.

The Indian government has announced launch of new Steel Import Monitoring System (SIMS). The system launched by the Commerce Ministry will help in providing advance information about steel imports to various stakeholders. The system was developed in consultation with the Ministry of Steel.

According to Piyush Goyal, Commerce and Industry Minister, the importers of specified steel products will have to make advance registration in the SIMS web portal, by providing necessary information. The entire registration process will be online, implying that no human intervention will be required.

The Minister stated that the importer could register with the portal not earlier than 60th day and not later than 15th day before the expected date of arrival of import consignment. Once the registration is successful, the importer will be granted an automatic registration number, which will remain valid for a period of 75 days. The importers will have to pay a prescribed registration fee as well.

The online registration system will be applicable for 284 steel tariff lines.

The Steel Ministry will monitor the information on steel imports provided by the importers.

In addition, the Commerce Ministry has also launched a new platform for issuance of electronic Certificates of Origins.

The Scrap Monster, September 17, 2019

JSW Steel for 25% duty on steel imports

JSW Steel on Monday demanded a 25 per cent safeguard duty on imports of steel to protect domestic players.

JSW Steel Joint Managing Director and Group Chief Financial Officer Seshagiri Rao said this while speaking to reporters on the sidelines of an industry event here.

On domestic steel sector being impacted due to the ongoing trade war between the US and China, he said it is a matter of concern. Lot of diversion of steel products is happening into India, affecting domestic industry.

In August, import went up and a major part of it was from FTA countries. Most of the countries have taken protectionist measures and domestic steel industry has also been seeking safeguard duty, he said.

"A 25 per cent duty we are looking at on steel imports. It is very much essential..there are FTAs signed and majority of imports are coming from FTAs. Imposing safeguard duties is very much essential. All other countries have taken measures," Rao said.

According to official data, In 2018-19, finished steel exports stood at 6.36 MT, a decline of 33.87 per cent compared to the previous year. Imports stood at 7.83 MT, a growth of 4.7 per cent from last year. Thus, India was a net importer of total finished steel.

In August 2019, share of imports of finished steel from FTA countries such as Korea, Japan and Indonesia aggregated around 70 per cent of total imports to India.

He also said JSW Steel will take part in auctions of mines next year.

A number of mining leases for coal and iron ore is slated to expire in March next year.

Speaking to reporters at the same event, JSPL Chairman Naveen Jindal said his company, which at present buys iron ore from miners, will also participate in auctions in order to reduce dependence on open market for raw material.

Economic Times, September 23, 2019

India's national 2030 steel target remains on course

India is on course to reach or even exceed its target crude steelmaking capacity of 300 million tonnes by 2030, provided its per capita domestic steel consumption touches 200kg. This is according to Bhaskar Chatterjee, secretary general and executive

head of the Indian Steel Association, speaking to delegates at the Kallanish-supported First Saudi International Iron and Steel conference in Riyadh last week. He was referring to the target in the context of the country's National Steel Policy (NSP) 2017.

Slated to cross 100mt in 2019, India's steel consumption will need to double in the next decade, translating to a compound annual growth rate of about 7%, in order to justify the increase. Although it may take slightly longer than forecasted to achieve this, the country is on track to become a \$5 trillion economy in the next five years. Its low base of 70kg per capita of steel consumption implies ample growth opportunities, Chaterjee says.

Having grown by 9.1% on-year in 2018, India's steel consumption is potentially set to increase across all major segments to 160kg per person by 2030. 300mt of installed crude steel capacity working at 85% utilisation translates into 255mt of crude steel and 230mt of finished products, with 24mt exported and 206mt consumed domestically. The NSP envisages to eliminate imports completely, according to this scenario.

India has oscillated between being a net importer and a net exporter of finished steel in the last 10-12 years. Assuming this trend continues and India remains a net exporter of around 2-3mt of steel annually, then output of 230mt of crude steel and 270mt steelmaking capacity is justifiable, he says.

The Indian government has allocated around \$18.3 billion in the next five years for infrastructure investment. This includes both vertical and horizontal construction, using more steel in bridge building, and moving to producing new types of steel for its strategic industries. With its ample iron ore supply, it opens up a vista of opportunities for quality steel producers, but "... ultimately, the market will determine what it considers adequate in terms of steelmaking capacity and the export-import numbers," Chaterjee concludes.

Kallanish, September 24, 2019

Steel demand to improve in H2, but weak H1 expected: Crisil

Domestic steel demand and global market sentiment is likely to improve in the second half, but a weak first half is expected to lead to a 5-6 per cent contraction in realisations for steel makers this fiscal, ratings agency CrisilNSE 1.61 % has said in its latest research report on the sector.

Falling spreads on earnings before interest taxes depreciation and amortization (Ebitda) will weigh on steel sector capex, the report said, adding that the industry is yet to see a recovery in prices despite a run-up in raw material costs.

"Global steel prices dropped 13 per cent in the first eight months of 2019 due to weak demand, unseasonal jump in global inventory levels of upto nearly 35 per cent through August and trade tensions," the report said. This was despite a whopping 56 per cent run-up in global iron ore prices during the same period.

"Steel prices in India mirrored the trend, falling 10 per cent from Rs 42,000 per tonne in January to Rs 38,000 per ton in August 2019," the report added.

Not surprisingly, Indian steel manufacturers' earnings before interest, tax, depreciation and amortisation (Ebitda) spreads contracted 420 basis points (bps) on-year in the first quarter of fiscal 2020. The contraction was more for large non-integrated players, at 470 bps.

To add to it, "subdued domestic demand and weak export markets cloud the industry's prospects in the rest of this fiscal as well," the Crisil report said. After a robust 7.5-8 per cent growth in the previous two fiscals, the domestic steel industry is expected to witness a mid-cycle slowdown at 4-5 per cent this fiscal, given muted construction investments and weak automotive market, the report predicted.

Prasad Koparkar, senior director, CRISIL Research said: "Steel prices have not been able to recover despite a cost push. We therefore believe weak realisations will shear 350-370 bps off the sector's Ebitda margins for the first half and 200-250 bps for the fiscal as a whole, reversing a three-year climb."

"Large non-integrated players will see their margins shrink more, by 300-350 bps this fiscal, given weak flat steel market and a 3-5 per cent rise in iron ore prices amidst weak realizations," he added. All this will be a drag on the sector's aggregate operating profit, which is expected to fall 12-13 per cent in fiscal 2020.

What's more, large brownfield expansion plans, capacity acquisitions under the National Company Law Tribunal (NCLT) process, and high leverage of global assets will weigh on return ratio in the near to medium term.

"The industry plans to add 28-30 million tonne (MT) steel capacity in the next 5 years, entailing a capital expenditure of Rs 1.4-1.5 lakh crore. Of this, nearly three-fourth of capacity will be added by large players, apart from assets being acquired under NCLT by these companies. Falling spreads amidst high leverage will potentially slow down the investment plans in the near term," Hetal Gandhi, Director, CRISIL Research said.

While in the near term the sector shall witness rising leverage, however, support in the form of prevailing anti-dumping duty across steel products (for period of five years) will help avoid the freefall of prices and profit as seen back in fiscal 2016.

Recovery in global market, domestic demand growth, and upcoming iron ore auctions will be key determinants of the sector's performance in the near term, the report added.

Economic Times, September 25, 2019

CHINA

Top economic planner approves investment projects worth 9.7 bln USD in August

China's top economic planner approved 9 fixed-asset investment (FAI) projects with combined investment totaling 68.9 billion yuan (about 9.7 billion U.S. dollars) in August, official data showed Wednesday.

The projects were mainly in water conservation and energy industries, according to Meng Wei, spokeswoman with the National Development and Reform Commission.

China's fixed-asset investment growth remained basically stable in the first eight months of the year, expanding 5.5 percent year on year thanks to robust high-tech investment, earlier data showed.

Investment in high-tech manufacturing surged 12 percent, while investment in high-tech services grew 14.9 percent, 7.6 percentage points faster than the average growth in the service industry.

Fixed-asset investment includes spending in infrastructure, property, machinery and other physical assets.

In the first eight months, China's infrastructure investment went up 4.2 percent year on year, quickening 0.4 percentage points from the growth seen in the January-July period.

Xinhua, September 18, 2019

China looks to billet imports again on open arb window with Middle East

Chinese steelmakers are turning to billet imports again due to the open arbitrage window between the Middle East and domestic Chinese markets.

A producer in Qatar recently sold at least two October-shipment billet cargoes of 40,000-45,000 tonnes each at \$400-408 cfr to China. There were also other transactions involving Turkish and Iranian billet heard in the past two weeks, traders told Fastmarkets.

The most likely users of imported billet are Chinese re-rolling mills in the east of the country, sources in China said.

"Chinese re-rollers will benefit from buying imported cargoes because domestic offers are already at 3,340-3,360 yuan (\$472-475) per tonne exw for November-delivery cargoes," a trader in northern China said.

Fastmarkets' daily price assessment for steel billet in northern China, exw Tangshan, was 3,380 yuan (\$478) per tonne on September 18, down 10 yuan per tonne week on week.

"Chinese buyers should be able to accept prices below \$410 per tonne cfr after accounting for 13% value-added tax and 2% import duty," a trader in Shanghai said. The Chinese yuan was 7.07 yuan per \$1 on September 19, according to China's State Administration of Foreign Exchange.

In the key import markets in Southeast Asia, buyers in the Philippines have purchased Russian billet at \$410 per tonne cfr, while Indonesian buyers purchased similar materials at \$405-410 per tonne cfr.

Fastmarkets' price assessment for steel billet import, cfr Southeast Asia, was \$410-415 per tonne on September 18.

Reduced billet supply in China

Domestic billet supply in China has decreased because of restrictions imposed on sintering, pelletizing and blast furnace production rates ahead of the week-long celebrations to mark the country's National Day holiday starting on October 1.

Steel mills in Tangshan have been required to cut their sintering, pelletizing and blast furnace production rates by up to 30% from September 1 until September 25.

The restrictions will become more stringent from September 26 until October 4, with sintering and pelletizing production rates to be reduced by up to 50% and blast furnace production rates by up to 30%.

This is not the first time this year that China has turned to imported semi-finished steel to make up for the shortfall in blast furnace and basic oxygen furnace output caused by production restrictions to control pollution. It imported slab in June and steel billet in July when domestic prices in China were high.

Metal Bulletin, September 19, 2019

Chinese output, consumption can only go down: MPI

China's steel production and consumption can only go down from now on, as overcapacity threatens the profitability and sustainability of the industry. So said China Metallurgical Industry Planning and Research Institute (MPI) president Li Xinchuang at the First Saudi International Iron and Steel conference in Riyadh last week.

Having produced 928 million tonnes of crude steel in 2018, China is on track to produce 996mt this year, which would be an all-time record. Output in January-August reached 664mt.

"An open, fair, competitive market where everyone works from the same level," is the key to China's billowing steel industry regulation, but it is not easy, Xinchuang said repeatedly at the conference supported by Kallanish.

China needs to continue to eliminate capacity in order to control output; however, this is a difficult task, Li Xinchuang observed. Pressed hard by environmental concerns, the government will continue to limit production in the most densely steel-producing regions, such as Hebei. This alone produces more steel than India, the world's second-largest steel producer.

The province has significantly increased output this year, but the government is planning to restrict its capacity to around 200 million tonnes/year.

Kallanish, September 25, 2019

WORLD

EU countries back tighter controls on steel imports

EU governments approved limits to steel quotas on Wednesday designed to protect European manufacturers from the threat of surging imports following the effective closure of the U.S. market.

A large majority of EU countries voted to back changes proposed by the European Commission, EU diplomats said.

The bloc has had in place for a year as system of "safeguard" measures to control the incoming steel following Washington's imposition of 25% steel import tariffs.

Quotas for 26 grades of steel, including stainless, were set at the average level of imports in 2015-2017 plus 5%, with further 5% hikes due in July and in July 2020. Imports of steel beyond these quotas are subject to a 25% duty.

The Commission has proposed that this year's hike should be 3% effective from Oct. 1, responding to industry complaints that a weak market cannot absorb increasing imports.

EU steel association Eurofer estimates apparent steel consumption, which includes inventory changes, will fall by 0.6% this year and rise by 1.4% in 2020.

Last year, Eurofer said, imports of finished steel products rose by 12% in a market that grew by 3.3%.

The revised measures also involve limiting any one country to a 30% share of imports of hot-rolled flat steel during a quarter.

It has also extended the measures to more products from developing countries, some of which had been exempt.

Analysts say the revisions could have an impact on imports from Turkey and of stainless steel from Indonesia.

Reuters, September 4, 2019

U.S. Domestic Raw Steel Output Dipped 3%

The year-to-date production totaled 68.959 million net tons. This compares with the production of 66.455 million net tons during the same period last year.

The domestic weekly raw steel output totaled 1.811 million net tons in the U.S. during the week ending September 14, 2019. The steel mills reported a capacity utilization rate of 77.8% during the week.

The weekly production is down by 2.9% from the corresponding week a year before. The U.S. Domestic raw steel production had totaled 1.866 million net tons at a capability utilization rate of 79.6% during the week ended September 14, 2018. Upon comparison with the prior week, the production reported marginal decline by 1.3%. The production for the week ending September 7, 2019 had totaled 1.835 million net tons.

The year-to-date production totaled 68.959 million net tons. This compares with the production of 66.455 million net tons during the same period last year. Year-on-year, the production surged higher by 3.8%.

The Great Lakes region recorded a weekly output of 692,000 net tons, closely followed by Southern region with 668,000 net tons.

Scrap Monster, September 17, 2019

INTL STAINLESS STEEL CONF: Nickel market deficit to shrink in 2020, Nornickel says

The global nickel supply deficit will shrink in 2020 despite the implementation of the latest Indonesian ore export ban, according to Denis Sharypin, head of commodity market research for Russian multi-metal miner Nornickel.

Sharypin was speaking at the 18th International Stainless and Special Steel Summit in Seville, Spain, on Wednesday September 18.

While Nornickel, the world's largest producer of nickel, estimated that the nickel market would show a deficit of 60,000-70,000 tonnes in 2019, it predicted that the deficit will shrink to 28,000 tonnes in 2020 even despite the Asian supply uncertainties.

About 270,000-300,000 tonnes of refined nickel supply is due to come offline when Indonesia's ore ban comes into effect at the beginning of next year, but Nornickel suggested that this would have a negligible effect on the global supply picture.

"Additional supply hitting the market will negate the effect of ore coming offline from Indonesia," Sharypin said.

A project pipeline ramp-up, coupled with forecast lower economic growth in China and Indonesia, which are major nickel-consuming and -producing countries, will help to temper the market in 2020.

About 204,000 tonnes of ore is forecast by Nornickel to come online in the fourth quarter of 2019 alone. This comprises a reduced forecast of 56,000 tonnes of nickel pig iron (NPI) from Indonesia, 48,000 tonnes of Philippines ore, a modest 10,000 tonnes from New Caledonia and Guatemala combined, and taking into account existing Chinese ore stocks of 90,000 tonnes for the year.

This would leave a 66,000-tonne deficit going into 2020 if Nornickel is correct in its base case projection of 270,000 tonnes per year to come offline from Indonesia in January 2020.

Indeed, Nornickel is of the opinion that probable restarts across a number of projects in 2020 will contribute 35,000 tonnes collectively to global supply, and assist in plugging any supply gap left by Indonesia.

The suggested restarts would include First Quantum Minerals' Ravensthorpe site and Poseidon's development of its brownfield site, both in Western Australia, the Avebury nickel project in Tasmania, and Vale's previously closed Onca Puma mine in Brazil.

Nornickel also asserted that lower global demand in 2020, with a forecast reduction of 30,000 tonnes, will help to shrink the supply gap.

Safeguarding and secret stocks?

While much has been of the possible consequences that Indonesia's latest ore ban will have on nickel supply, according to Sharypin, this did not constitute enough of a supply headwind to significantly imbalance the market in the short term.

The market was intently focused on how much ore Indonesia can ship to China, which accounted for the majority of global nickel consumption, and whether or not the region can accumulate enough stocks to satisfy increasing stainless steel consumption, at a time when consumption appetites in the region's stainless steel industry were rising.

China's output of 300-series stainless steel was expected to rise by 11.7% year-on-year through 2019, enhancing nickel

consumption at a time when China's nickel ore stockpiles were decreasing.

Refined nickel ore inventories totaled 11.46 million tonnes on July 26 this year, down by 90,000 tonnes in just seven days. Low- and middle-grade ore stocks totaled 2.15 million tonnes and 9.31 million tonnes respectively.

But Nornickel did not believe that these exacerbating factors were enough to tip the balance, even if the outlook was bleak at first glance.

There were reported to be 30 million tonnes of nickel ore at Chinese ports, but only 7-11 million tonnes of this supply was ready to use, with 2-4 million tonnes constituting low-grade, non-preferable supply.

To this can be added a depletion of Indonesian monthly exports, down to 5 million tonnes per month in 2019 from about 6-8 million tpm in 2013, before the most recent ore ban, compared with a somewhat depleted monthly shipment average of 5 million tonnes per month of ore in 2019.

But while the 2013 ban took the market by surprise, in Sharypin's view, the latest Indonesian ban has not come as such a shock.

Nonetheless, he believed that there were offsetting factors.

The global nickel stock picture does not tell the full story when it comes to plugging a potential supply gap, Sharypin believed, and China may have a bigger stock buffer and better safeguarding measures than the market is aware.

"[Chinese stainless steel producer] Tsingshan's plant in Indonesia's Morowali is ramping up, and protective measures have been taken to make sure that it reaches full production," he said.

"And while stocks on the Wuxi Stainless Steel Exchange and the Fushan Exchange [in China] have reached historical highs, already close to 700,000 tonnes of stainless steel, there are still other stocks which are not shown," he added. "This estimate needs to be multiplied four or five times to get the actual number."

Metal Bulletin, September 18, 2019

CIS STEEL BILLET: Export market under pressure from poor demand, falling scrap costs

Export prices for steel billet from the CIS region have been under pressure from weak demand and falling scrap prices internationally, market sources told Fastmarkets on Thursday September 19.

Steel billet index export, fob Black Sea, CIS, \$/tonne

Fastmarkets' daily steel billet index, export, fob Black Sea, CIS, was \$356 per tonne on September 19, unchanged day-on-day but down by \$7 per tonne since the beginning of the week.

A deal for Russia-origin billet was reported to be done to Egypt at \$355-360 per tonne fob Black Sea. Offers for CIS-origin material to the country were heard at the same level.

Egyptian buyers were reluctant to make new deals due to uncertainties related to the possible introduction of safeguard duties.

The Supreme Administrative Court of Egypt has once again postponed its decision on the possible re-imposition of safeguard duties on billet and rebar imports, and will now not discuss the matter until October 5.

The duty will be at a rate of 15% for the first year, 5% for the second year, and 3% for the third year. But a final decision on this will be announced only after the court hearing on October 5.

Offers of CIS billet to Turkey were reported at \$350-360 per tonne fob Black Sea, but buyers have not shown any interest. Bids for material were heard at \$340-345 per tonne fob Black Sea.

Market sources believed that export prices for CIS-origin billet will slide further due to poor buying activity in the outlet markets and the declining scrap prices.

"There are offers in the market, but bids are few because there is no demand for billet," a trader said.

Two sources said that a lot of Ukrainian billet was sold to Southeast Asia at \$400-410 per tonne cfr, equivalent to \$360-365 per tonne fob Black Sea, taking into account the average freight rate of \$40-45 per tonne.

The reported deal was not included in the calculation of the index because it was not confirmed by a majority of market participants Fastmarkets spoke to, and because the exact tonnage and destination of the material remained unclear.

The reported price was comparable to current prices in the region, however. Fastmarkets' weekly price assessment for steel billet import, cfr Southeast Asia, was \$410 per tonne on September 19.

Fastmarkets' daily index for steel scrap, HMS 1&2 (80:20 mix), North Europe origin, cfr Turkey, was \$226.42 per tonne on September 19, stable day-on-day but down by \$9.84 per tonne since the beginning of the week.

And the daily index for steel scrap, HMS 1&2 (80:20 mix), US origin, cfr Turkey, was unchanged day-on-day \$233.32 per tonne on Thursday, but down by \$9.84 per tonne day since Monday.

Metal Bulletin, September 19, 2019

China, India, Taiwan dumped threaded steel rod, US Commerce Department says

The US Commerce Department has issued affirmative preliminary determinations in its anti-dumping duty investigations into carbon and alloy steel threaded rod imports from China, Taiwan and India.

For China and Taiwan, Commerce found exporters dumped carbon and alloy steel threaded rod to the tune of 4.81-59.45% and 32.26%, respectively, according to a Friday September 20 announcement.

In the case of India, Commerce found material was dumped at a rate of 2.04%.

Imports of carbon and alloy steel threaded rod from China, Taiwan, and India in 2018 were valued at an estimated \$325 million, \$156 million, and \$111 million respectively, a Commerce Department fact sheet noted.

Commerce initiated the investigations on March 15 following a petition from Vulcan Threaded Products of Pelham, Alabama.

As part of the same probe, Commerce set preliminary anti-dumping duties of 20.83% for Thailand on August 5, and preliminary countervailing duties ranging from 23.41-24.89% and 6.07-155.03% respectively for China and India on July 25.

Products covered by the investigation include carbon and alloy steel threaded rod, defined by Commerce as “certain threaded rod, bar or studs of carbon or alloy steel having a solid, circular cross section of any diameter, in any straight length.”

Excluded from the investigation are threaded rod, bar or studs that are threaded on one or both ends, with the threading covering 25% or less of the total actual length; and stainless steel threaded rod, defined as steel threaded rod containing, by weight, 1.2% or less of carbon and 10.5% or more of chromium, with or without other elements, according to the fact sheet.

Commerce is scheduled to announce its final anti-dumping duty determinations on or around December 4 with respect to Taiwan, and on or about February 11 in the cases of China and India.

If affirmative final determinations are made, the US International Trade Commission will make final injury determinations on or about January 17 for Taiwan and March 26 for China and India.
Metal Bulletin, September 24, 2019

The more China cuts steelmaking capacity, the more Asean will grow - SEAIS!

The Association of South East Asian Nations (Asean) is expecting a large number of steelmaking projects dedicated to both flat and long steel production in the next decade, covering not only regional demand but also excess volumes that may be exported, according the South East Asia Iron and Steel institute (SE AISI). The Asean regional intergovernmental organization comprises the Philippines, Indonesia, Thailand, Singapore, Vietnam, Malaysia, Myanmar, Brunei, Cambodia and Laos and promotes cooperation on matters including economy, politics and security.

Out of the total 56 million tonnes of upcoming steelmaking capacities in the next decade, almost 80% draw investments from Chinese steel mills, which started to curb domestic production in 2016 amid environment protection restrictions, Yeoh Wee Jin, secretary general designate of SE AISI, said at the 81th meeting of the International Rebar Exporters & Producers Association (Irepas) in Dusseldorf on September 22-24.

“The more capacities are reduced in China, the more capacities appear in Asean,” he said.

Capacity cuts in China
China set a target to cut around 150 million tonnes of steelmaking capacity by 2020, and this was achieved by the end of 2018.

ASEAN STEELMAKING CAPACITY EXPANSIONS (million tonnes)					
Country	Company	Product	Capacity	Year of commissioning	Investor
Malaysia	Eastern Steel	flat products	1.3	-	China
Malaysia	Alliance Steel	long products	3.5	2020	China
Malaysia	WenAn Steel	flat, long products	10.0	2021-2022	China
Indonesia	Krakatau Steel	flat products	1.2	2019	Asean
Indonesia	Gunning Group	flat products	1.5	2019	Asean
Indonesia	Heibei Bishi Group	-	3.0	2019-2020	China
Indonesia	PT Dexin Steel	long products	3.5	2020	China
Cambodia	Baowu Steel Group	-	3.1	-	China
Philippines	Panwa Group	-	10.0	-	China
Philippines	HBIS SteelAsia JV	-	4.5	2023	China
Philippines	HBIS SteelAsia JV	-	3.5	2026	China
Vietnam	Hoa Phat Group	long products	4.0	-	Asean
Vietnam	Formosa Ha Tinh	flat, long products	7.5-15	-	Taiwan/ Japan
Total			56.6-64.1		

Source: SE AISI with reference to various public sources

Steelmaking restrictions planned for China’s northern region - where the concentration of mills are the highest in the country - during the autumn-winter period appear to be looser this year compared with the corresponding period of last year.

No official guidelines for capacity cuts have been issued; instead a draft of measures to control air pollution in 28 cities in the region during the October-March period has been circulating in the market since mid-September this year.

In contrast with the specific measures prescribed for the steel industry during the last heating season - when centralized heating systems, many of which are coal-powered, are switched on over the last few months of the year - the current draft puts emphasis on individual approaches tailored to respective mills and cities.

Threats, opportunities in Asean market
The countries represented by Asean are located in one of the fastest growing regions in the world, with gross domestic product (GDP) growth its five largest countries (Philippines, Vietnam, Indonesia, Malaysia and Thailand) expected to maintain an average of 5.1% in 2019 and 5.2% in 2020. This compares with global growth forecast of 3.3% and 3.9% in 2019 and 2020 respectively, according to the International Monetary Fund (IMF).

Asean’s apparent finished steel consumption was 80 million tonnes in 2018, according to SE AISI, up by 4.9 % year on year with only half of the volume being produced inside the region.

For 2019, SE AISI forecasts the region’s consumption to grow by 4.6 % and by further 6% in 2020.

Steel production in Asean countries totaled 42.8 million tonnes in 2018, up by 15.3% year on year, according to Yeoh. Growth came mainly from Indonesia and Vietnam, due to new flat steel products capacities ramping up - namely Formosa Ha Ting in Vietnam, and Krakatau Posco and Tsingshan Steel in Indonesia.

Scrap Demand in ASEAN Countries in 2018

Nevertheless, long steel products still represent the major share of the region's production.

Out of total Asean long steel consumption of 39.5 million tonnes in 2019, only 9 million tonnes were imported from China, Japan, Korea, Turkey and Taiwan, while the remaining 30 million tonnes were produced domestically.

Fastmarkets' weekly price assessment for steel reinforcing bar (rebar) import, cfr Singapore was \$435-440 per tonne on Monday, down by \$5-10 per tonne from the previous assessment. The price is down by 17.5% from \$530 per tonne a year ago.

Asean flat products consumption was 40.5 million tonnes in 2018 of which only 12.2 million tonnes were produced inside the region. Almost 30 million tonnes of flat steel products were imported mainly from Japan, China and Korea.

Fastmarkets' weekly price assessment for steel HRC import, cfr Vietnam \$451-452 per tonne cfr for the week ended September 23, down by \$6-13 per tonne from a week earlier and compared with \$570-580 per tonne a year ago.

Both Asian finished steel prices have been on a general downtrend due to a slump in ferrous scrap prices and expectations of more price drops that have kept buyers on the sidelines.

Meanwhile, local steelmaking capacities in Asean remain underutilized, according to SEAISI.

Flat steel production capacity in the region totals 28.2 million tonnes per year, of which only 43.8% is utilized. Meanwhile, long steel capacity of 61.2 million tpy is operating at below 50%.

"Utilization rates of flat steel rolling capacities are low because new flat product mills are still ramping up, while in the case of long steel there is lack of support from the consumption side," Yeoh said.

"In such conditions, well targeted investments are beneficial. Long products industry is at an overcapacity in the Asean. Over-investment will create severe competition leading to a fall in prices and profitability. There are still opportunities in the flat steel segment, but over-investment appears to be on the horizon.

"There is a potential for exports, but they could cause trade actions against 'circumvention'," he added.

So far the biggest portion of export trade in the Asean is intra-regional.

Of the 4.2 million tonnes of long steel products exported by Asean member countries, 48% were sold within the region, another 30% were sold to other countries in the Asia Pacific region such as India, Korea, Australia and Taiwan, and the remaining volume was exported to the rest of the world.

For flat steel, Asean member countries exported 9.2 million tonnes with 44% sold to other Asean countries, 23% in the wider Asian region and 12% to the United States. The remaining volume was exported to the rest of the world.

Metal Bulletin, September 24, 2019

- ASEAN-6's scrap demand increased moderately, by 7% y-o-y to 28.6 million tonnes in 2018. The volume was somewhat lower than the semi-finished steel production in the region, at 34.3 million tonnes. This was because there was more use of iron products in the steelmaking process in 2018. Iron product demand increased significantly, almost doubled in volume of the demand in 2017.
- Among the six countries in ASEAN, Vietnam's scrap demand registered the highest volume of 9.4 million tonnes, an increase of 6.5% y-o-y in 2018. Domestic supply of scrap dropped 4.5% y-o-y to 4.4 million tonnes while import rose significantly, by 15% y-o-y to 5.07 million tonnes in 2018. Export volume dropped by more than half to 86,400 tonnes in 2018.
- The second largest scrap demand ASEAN-6 countries was Indonesia, with total volume of 6.3 million tonnes, a double digit increase of 19% y-o-y. This is to serve growing production of semi-finished steel. Domestic supply for scrap in Indonesia rose 10.6% y-o-y to 3.87 million tonnes while import rose significantly, by 33.8% y-o-y to 2.5 million tonnes in 2018. Export, on the other hand, declined 4% y-o-y to 67,063 tonnes in the same year.
- Thailand's scrap demand was 7 million tonnes in 2018, a decline of 5.6% y-o-y. Both domestic supply and import declined 5.7% and 0.5%, respectively. Export, on the other hand, surged 16.6% y-o-y to 410,137 tonnes in the same year.
- Malaysia's demand for scrap picked up significantly, by 18.6% y-o-y to 3.5 million tonnes in 2018. Domestic supply increased more than 500,000 tonnes to 2.96 million tonnes in 2018. Import rose 17.7% y-o-y to 993,017 tonnes in the same year. Export nearly doubled in volume to 434,699 tonnes in 2018.
- Philippines' steel-making capacity was not big, with annual production capacity of 1.5 million tonnes. Total scrap demand increased 9.1% y-o-y to 1.65 million tonnes in 2018. Philippines is a net exporter of scrap and major destinations were ASEAN countries. Total export volume registered 500,000 tonnes in 2018. Domestic scrap supply increased 19.5% y-o-y to 2.15 million tonnes in the same year.
- Singapore's steel-making capacity was 750,000 tonnes and semi-finished steel production was only 618,185 tonnes in 2018. Scrap demand in the country, therefore, registered only 686,872 tonnes, an increase of 4.2% y-o-y. However, Singapore is also a net exporter for scrap, at 726,153 tonnes, a decline of 8% y-o-y in 2018. Total domestic scrap supply in the country registered 1.29 million tonnes, an increase of 5.2% y-o-y in 2018. Import dropped by nearly half to 126,306 tonnes in the same period.

SEAISI, September 2019

2019 ASEAN Iron & Steel Sustainability Forum

25 - 27 November 2019 • The Ritz-Carlton Jakarta, Mega Kuningan, Indonesia

Registration Fees (select the currency that you prefer)

Presenter (Member)	<input type="checkbox"/> SG\$660	<input type="checkbox"/> US\$480
(Non-Member)	<input type="checkbox"/> SG\$860	<input type="checkbox"/> US\$620
Delegate (Member)	<input type="checkbox"/> SG\$660	<input type="checkbox"/> US\$480
(Non-Member)	<input type="checkbox"/> SG\$860	<input type="checkbox"/> US\$620
Press/Journalist	<input type="checkbox"/> SG\$340	<input type="checkbox"/> US\$245

Plant Tour on 27 November 2019 at US\$100/ SG\$140

PT Bukaka Teknik Utama & PT Bukaka Forging Industries

Note: Plant tour registration is open for Forum delegates only.

Methods of Payment

- To make a payment by credit card, please call **+603 55191102** or visit **www.seaisi.net** to register and pay online.
- US / SG Dollar bank draft or cheque:
Payee: South East Asia Iron and Steel Institute
- To pay by bank transfer.
Visit **www.seaisi.net** to register and opt for Bank Transfer
Note: Invoice and full bank details will be emailed to you with your booking confirmation. Please make sure you put the full company name as **South East Asia Iron and Steel Institute** in the telegraphic transfer form. Please provide a copy of the transfer document to SE AISI Secretariat.

Cancellation and refund: Only written cancellation will be accepted. Replacement will be allowed. For cancellation made **on or before 25 October 2019**, total payment received less 20% for administration charges, may be refunded. No refund will be made for cancellation **after 25 October 2019**. Delegate may substitute the seat with his/her colleague from the same company at no extra cost.

Contact

For further information please contact the SE AISI team
Tel : +603 5519 1102 Fax: +603 5519 1159
Website: www.seaisi.org

Paper Presentation: **Ms. Pichsini Tapa-Apirak**
Email: pichsini@seaisi.org

Advertising & Sponsorship: **Mr. Eric Lee**
Email: ericlee@seaisi.org

Forum Registration: **Ms. Josephine Fong**
Email: yfong@seaisi.org

Who should attend?

- Steel Producers and Manufacturers
- Contractors
- Architects
- Engineers
- Developers
- Iron and steel traders
- Technology Firms
- Marketers
- Bank and financial institutions
- Industry consultants
- Universities and Researchers

Hotel Accommodation

Favourable accommodation rates have been negotiated with The Ritz-Carlton Jakarta, Mega Kuningan & JW Marriott Hotel Jakarta. The hotel room reservation has to be booked online. The online hotel room reservation weblink will be forwarded to you upon receiving your completed online registration form. Only limited number of rooms will be available. Please refer to the terms & conditions on the online room reservations regarding room cancellation.



The Ritz-Carlton Jakarta, Mega Kuningan (Official hotel)

Jalan DR. Ide Anak Agung Gde Agung Kav. E.1.1
No.1, Mega Kuningan, Jakarta 12950, Indonesia
Tel: +62 21 2551 8888



JW Marriott Hotel Jakarta

Jalan DR. Ide Anak Agung Gde Agung Kav. E.1.2
No.1&2 Kawasan Mega Kuningan, Jakarta 12950, Indonesia
Tel: +62 21 5798 8888

Hotel	Room Type	Room Rate (per room per night)
The Ritz-Carlton Jakarta, Mega Kuningan	Grand	Single: IDR 2,200,000 nett
	Grand	Double: IDR 2,300,000 nett
JW Marriott Hotel Jakarta	Deluxe	Single: IDR 2,000,000 nett
	Deluxe	Double: IDR 2,100,000 nett

The above room rates are inclusive of 21% government tax & service charge, buffet breakfast and in-room internet access.