SOUTH EAST ASIA IRON AND STEEL INSTITUTE

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01. MESSAGE FROM THE SECRETARY GENERAL

The Global Forum on Steel Excess Capacity

The excess steelmaking capacity situation was very acute in 2015. In 2016, G20 nations noted that, "it depresses prices, undermines profitability, generates damaging trade distortions, jeopardizes the very existence of companies and branches across the world, creates regional imbalances, undermines the fight against environmental challenges and dangerously destabilizes world trading relations. It especially undermines income opportunities of employees".

"Alleviating excess capacity becomes a necessary condition, which allows the industry to face a number of long-term challenges more effectively and to continue investing towards value creation by adjusting to fundamental changes in economic activity brought about by the 'next production revolution'. If the steel industry is to continue to invest towards value creation, it will require significant reductions in excess capacity and a return to sustainable profitability".

With that, the Global Forum on Steel Excess Capacity (GFSEC) was established on 16 December 2016 in Berlin, together with 33 member economies representing more than 90% of global steel production and capacity; The OECD will act as its facilitator, its Steering Group and the Chairmanship.

Interesting points to note at the 1st meeting:

- In 2016, global surplus in steelmaking capacity reached ~737 million MT based on a capacity of 2.37 million MT.
- China was the only country with a target to reduce 100 – 150 million MT of crude steel capacity in 5 years from 2016
- India and Indonesia were to increase crude steel capacity due to domestic growth
- Many countries have various policies with regards to the steel industry, such as:
  - Policies facilitating restructuring covering social & employment liabilities as well as to assist employees and re-employment, including upgrading skills.
  - Measures to promote consolidation, changes in ownership structure, improvement in regulations towards restructuring and bankruptcies
  - Initiatives for plant modernisation, policies and measures to encourage product specialisation and government support for R&D

<u>The 6 Principles – Policy Development Framework to Reduce Excess Steel Capacity</u>

1. Global challenge, collective policy solutions
2. Refraining from market-distorting subsidies & government measures
3. Fostering a level playing field
4. Ensuring market-based outcomes
5. Encouraging adjustment and thereby reducing excess capacity
6. Ensuring greater transparency as well as review, discussion and assessment of the implementation of the Global Forum policy solutions.

Thereafter, policy recommendations were made, to be implemented by the GFSEC members, on a voluntary basis.

In 2017, GFSEC recorded a decline in capacity by China, EU, Japan, US, South Africa (132 million MT) while increases were recorded in India, Brazil, Mexico, Indonesia and Turkey (34 million MT). China is the only country that set capacity reduction targets. GFSEC members concluded that they need to accelerate the effort to further reduce capacity as demand is only going to grow 1.1% in the long run.

In 2018, GFSEC found many economies building up their capacities significantly, with many being cross border investments, where domestic capacity decreases resulted inincreasing capacity abroad. Mid-term demand growth of 0.8% is expected until about 2040, much slower than capacity increases. GFSEC members reiterated their commitment to the 6 principles. They will host collaborative events with inputs from various steel sector representatives & international associations to deepen the exchange of information.

The duration of the GFSEC was to end after 3 years in 2019, but it was extended due to consensus by all members except China. Notwithstanding its departure from GFSEC, China maintains that "the relevant issues on steel industry and trade can be discussed through existing channels".

2020 e-Dialogue

SEAISI is organising an e-Dialogue, a special event in partnership with the GFSEC. It will cover global and ASEAN steel excess capacity issues. The event will include a dialogue session between the GFSEC Chairman and ASEAN Iron and Steel Council Members.

This is a close event limited to ASEAN Government Officials and Representatives from National Iron & Steel Associations from Indonesia, Malaysia, Myanmar, Philippines, Singapore, Thailand and Vietnam.

2020 e-Talk

We had a successful e-Talk with more than 140 registered delegates (18 countries); 27% of the delegates are in the top management level and 57% in mid-level.

I hope our delegates found it an informative and interesting event. Thank you all for joining us. Also, a special thanks to Mr Henry Chang from Ferrotrade and Mr Bimakarsa Wijaya from the Indonesian Iron and Steel Industries Association, for joining the lively panel discussion.

The headline news and a feature on China import market in this month's newsletter contains excerpts from the e-Talk.

Keep Your Distance. Wear A Mask. Stay Safe.

YEOH WEE JIN

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AUSTRALIA

Australia seeks Chinese confirmation of coal import ban

After receiving the news that Chinese Customs officials have banned the import of Australian coal, Australian officials are actively contacting Chinese authorities to obtain final confirmation. However, the restrictions were only issued orally, leaving the market and Australian authorities without an official policy to react to, Kallanish notes.

Market participants say that China has notified several state-owned steel producers and power plants that they should stop importing Australian thermal coal and coking coal. Many ships are stranded in Chinese ports, with about 7 million tonnes of coal on board in total, a trader observes.

He adds that buyers are being warned that it is best not to unload, because it is not yet certain how to clear Customs. There are also reports that some Chinese buyers have begun to cancel contracts, but the impact of this on long-term contracts is still uncertain.

Most market participants agree this is not only a trade control, but also a political sanction imposed by China on Australia. Since Canberra proposed an international investigation into Covid-19 in Wuhan in April, the relationship between China and Australia has again become more tense. When the spokesperson of the Chinese Ministry of Foreign Affairs was asked at a press event on Monday, he did not confirm the policy was political, but said Customs would strengthen import controls on such products.

Australia's coal exports to China were expected to slow down in the fourth quarter, due to the exhaustion of import quotas. Australian officials have also predicted that exports in the second half of this year will slow due to fewer available quotas.

Some analysts note this import restriction is not entirely political, but also takes into account the current situation of China's coal industry. China has been trying to support domestic prices by restricting imports, while also hoping to reduce pollution.

In August, China imported 7.17 million tonnes of coking coal, a year-on-year decrease of -20.9% and a month-on-month decrease of -2.71%. Of this, 3.02mt of coking coal was imported from Australia, down -32.8% year-on-year.

Kallanish, October 13, 2020

INDONESIA

Dumping inquiry into Indian and Indonesian steel products

The European Commission (EC) has launched an investigation into the alleged dumping of stainless steel cold-rolled flat products from India and Indonesia.

In August, the European Steel Association (Eurofer) lodged a complaint of behalf of producers representing more than 25% of the total EU production of such products.

The dumping allegation from India and Indonesia is based on a comparison of the domestic price with the export price (at ex-works level) of the product under investigation when sold for export to the Union. Eurofer's evidence included comparison of a normal value (manufacturing costs, selling, general and administrative costs and profit) with the export prices. On this basis, it is alleged, the margins are significant for both economies.

'Eurofer has provided evidence that imports of the product under investigation from the countries concerned have increased overall in absolute terms and in terms of market share. The evidence provided by the complainant shows that the volume and the prices of the imported product under investigation have had, among other consequences, a negative impact on the quantities sold and on the level of prices charged as well as on the market share held by the Union industry, resulting in adverse effects on the financial situation of the Union industry.'

The EC notice announcing the investigation goes on: 'The complainant has provided sufficient evidence that there are raw material distortions in India and Indonesia regarding the product under investigation. Those distortions appear to result in prices that are lower than those quoted on international markets of the same products.

The investigation covers the period from 1 July 2019 to 30 June 2020 although price and other trends back to January 2017 will be reviewed.

Products under investigation come under these CN codes: 7219 31 00, 7219 32 10, 7219 32 90, 7219 33 10, 7219 33 90, 7219 34 10, 7219 34 90, 7219 35 10, 7219 35 90, 7219 90 20, 7219 90 80, 7220 20 21, 7220 20 29, 7220 20 41, 7220 20 49, 7220 20 81, 7220 20 89, 7220 90 20 and 7220 90 80.

Recycling International, October 7, 2020

Indonesia's Krakatau Steel releases MCB US$204M

Indonesia' steel producer, PT Krakatau Steel Tbk (KRAS) plans to issue Mandatory Convertible Bond (MCB) with total amount Rp3 trillion (US$204.08 million), said the management on Thursday (10/15). The notes have seven years tenure.

These MCB will be converted into new shares of the company through private placement mechanism aims to improve the company' financial condition. The bond would be converted into company shares with a conversion price referring to 90 percent of the average closing price within 25 exchange days on the regular market, or one day before the conversion date.

The issuance is part of the government to injects capital to Krakatau Steel. Based on prospectus, the transaction will refer to the government investment scheme in the context of National Economic Recovery program, which was agreed on Oct. 6, 2020.

In this corporate action, acting as the publisher the manufacturer. While, the investor is the government, in this case finance minister through state financial firm, PT Sarana Multi Infrastruktur. The coupon value is the same as the reverse repo rate. If the interest coverage ratio is less than 1, the coupon value is zero percent.

The management of Krakatau Steel also emphasized that government funding support for the upstream industry will be very useful to maintain production and business activities in the downstream sector, which will have a large enough impact and will increase production demand and affect the use of supplies from the upstream sector.

Since last year, the company plans to finalize the debt restructuring of $2.2 billion. The issuer has to negotiate with four banks before accomplish the restructuring. The CEO, Silmy Karim,the company still has debt with four banks includes PT Bank CIMB Niaga Tbk (IDX: BNGA), Standard Chartered Indonesia, PT OCBC NISP Tbk (IDX: NISP) and PT Bank DBS Indonesia, which reached 22 percent of the total debt.

So far, the manufacturer and its units has signed the agreement of restructuring with six financial institutions consists of PT Bank Mandiri Tbk (IDX: BMRI), PT Bank Negara Indonesia Tbk (IDX: BBNI), PT Bank Rakyat Indonesia Tbk (IDX: BBRI), PT Bank ICBC Indonesia, Lembaga Pembiayaan Ekspor Indonesia (Indonesia Eximbank), dan PT Bank Central Asia Tbk (IDX: BBCA).

In the agreement, the producer has a payment relaxation to lower cost financing but should pay the debt by three schemes. Tranche A with the operational fund, tranche B with divestment fund, and tranche C1 with the rights issue proceed.

After the restructuring completed, Krakatau Steel rescheduled the payment date to the next 10 years, starting in 2019. The company will do several initiatives and sell non-productive assets to pay the debt, Karim added.

While, the company also pursue its performance by optimizing the production to 3.5 million ton. Karim is optimistic to achieve this target by looking at the October result that sold 200,000 tons HRC. Karim asserted the production could be supported by reducing steel imports which estimated to grab EBITDA of $250 million.

Therefore, Karim is approaching several ministries to decrease steel imports, so it is able to support the domestic steel industry. In addition, the issuer has realized the cooperation with PT Lotte Chemical Titan Tbk (IDX: FPNI) to build the petrochemical plant on 60 hectares of its land.

The project has been stalled for around three years, due to land conflict. By the official cooperation, the South Korea company will invest $820 million to the project next year. While the total investment will reach $4.2 billion.

The company also has conducted its first production of hot-rolled coil (HRC) steel from the results of its newest steel smelting plant, Blast Furnace. HRC is produced at the Hot Strip Mill facility which is good or prime quality, so it meets commercial steel specifications. The total weight is 22.9 tons for each HRC.

With the production of steel slabs and HRC sourced from the blast furnace, it will encourage the company to produce high value-added products starting from production in the upstream areas. It hoped that the company' quality steel products can compete well, with a record that a healthy steel trading climate can be created in the domestic market.

The Insider Stories, October 16, 2020

JAPAN

Nippon Steel to restart Kimitsu blast furnace steel operations

Leading Japanese steelmaker Nippon Steel announced plans to restart operations at No.2 Kimitsu blast furnace by late November this year. The decision is mainly attributed to recovery in domestic as well as overseas steel demand, after the Covid-19 slowdown. It must be noted that the company had halted production at the furnace by mid-June this year.

According to Nippon Steel, there has been a gradual recovery in domestic production, especially in the production of automobiles. The Japanese auto production has climbed higher significantly since lifting of Covid-19 related emergency. The increased steel demand from Japanese automobile manufacturers has led to boosted crude steel output by the country in the month of August this year. The monthly crude steel production in August had surged higher by 7% from the prior month to total 6.4 million tonnes.

The company had halted operations at 6 out of the 15 blast furnaces, in response to slump in market demand. The Muroran blast furnace is scheduled to restart operations in November following maintenance. This leaves four of the company's blast furnaces still suspended. Nippon Steel's plans to bring No.2 Kimitsu blast furnace back online follows the decision by JFE Steel to restart one of its shut blast furnaces.

Scrap Monster, October 9, 2020

KOREA

South Korea's exports grow 7.7% on year in September

South Korea's exports rose 7.7 percent on year in September, rebounding for the first time in seven months. They rebounded 3.6 percent in February but fell for six straight months due to COVID-19. Whether the recovery in Korea's exports will continue in the fourth quarter remains to be seen as uncertainties still linger, such as a resurge in COVID-19 cases and the deepening trade dispute between the U.S. and China remain.

According to the data released by the Ministry of Trade, Industry and Energy on Oct. 1, Korea's exports totaled US$48.05 billion in September. Imports rose 1.1 percent to US$39.17 billion over the same period. The trade surplus reached US$8.88 billion, the largest in two years.

This was the first rebound in Korean exports since the beginning of the COVID-19 pandemic. Exports fell 1.7 percent in March, 25.6 percent in April, 23.8 percent in May, 10.9 percent in June, 7.1 percent in July and 10.2 percent in August.

The 7.7 percent export growth in September was the highest in 23 months since October 2018 (22.5 percent). The total exports (US$48.05 billion) and daily average exports (US$2.09 billion) in September were both the highest in 2020.

However, the average daily export growth rate slid by 4.0 percentage points compared to the previous year due to the base effect of 2019 (a daily average of US$2.18 billion, the highest in 2019).

Semiconductors (11.8 percent), general machinery (0.8 percent), and automobiles (23.2 percent) ranked first, second, and third among Korea's export items (35 percent in 2019). All of them recorded growth in 23 months. Semiconductors (US$9.54 billion) surpassed US$9 billion in exports for the first time in 2020. Compared to2019, they climbed 11.8 percent on year. Cars that decreased by more than 50 percent in May swelled by 23.2 percent (US$37.95 billion) in September and switched to a plus for the first time in six months. This was the first double-digit growth rate in 2020. Home appliances (30.2 percent) and secondary batteries (21.1 percent) posted the highest growth in 2020. Steel (1.8 percent) rebounded in nine months.

However, exports of five items such as ships, displays, and wireless communication devices fell. Exports in the petrochemical and petroleum product sectors fell 5.3 percent and 44.2 percent, respectively, as low oil prices continued.

Business Korea, October 8, 2020

MALAYSIA

Samalaju steel plant holds great job prospects

The construction of a steel manufacturing plant in Samalaju with a production capacity of 10 million tonnes per annum would not only provide high-quality steel and clean energy, but also create thousands of jobs in Sarawak, said Chinese Consul-General in Kuching Cheng Guangzhong.

He stated that during his two-and-a-half years in the state, he had witnessed deeper cooperation on trade, energy, agriculture, manufacturing, digital economy, tourism and culture, as well as closer personnel exchanges between China and Sarawak.

"My high appreciation goes to the Sarawak government for its tremendous efforts and remarkable achievement in promoting beneficial cooperation.

"Early this month, the Ministry of International Trade and Industry approved the construction of a 10-million-tonne steel complex in Samalaju, Sarawak and the general contractor of this project is Metallurgical Corporation of China.

"This project will provide high-quality steel, clean energy and create thousands of jobs in Sarawak," he said in his speech during the Sept 27 online celebration for the 71st anniversary of the founding of the People's Republic of China.

Cheng noted that this year, the Covid-19 pandemic had brought many changes to the patterns of cooperation between China and Sarawak.

"We will never forget the precious support given by the Sarawak government and Sarawak people to China in many ways, which has strengthened our confidence in defeating the epidemic.

"After the outbreak of Covid-19 in Sarawak, the Chinese Consulate General has been working hard to help Sarawak, including sharing China's diagnosis and treatment plan of Covid-19 together with our prevention and control experience," he said, adding that the consulate had coordinated with and donated several batches of anti-epidemic materials to Sarawak including 800,000 masks and over 10,000 protective suits.

Cheng revealed that China and Sarawak had also successfully held many video conferences to share experiences and knowledge during the pandemic, such as a webinar with a Fujian medical team which was first held on March 25, followed by three video conferences to date.

"In August, the Shandong Province, Sarawak government and the Chinese Consulate General in Kuching successfully held an online conference during which in-depth exchanges on joint efforts in fighting the epidemic, practical cooperation, and resumption of production were conducted," he added.

Cheng pointed out that the achievements of the People's Republic of China could not have been made without the valuable contributions of overseas Chinese, including in Malaysia, and that the progress of China-Malaysia relations could not have been possible without the dedication of the Chinese community in Sarawak.

"The China Consulate General in Kuching will, as always, support the Chinese communities in Sarawak and hope you would continue to support China-Malaysia cooperation. I believe that with our joint efforts, the mutual beneficial cooperation between China and Sarawak would rise to a new level."

He also said 2020 marked the 46th anniversary of the establishment of diplomatic ties between China and Malaysia.

Malaysia remained an important member of Asean and an important country along the 'Belt and Road' route, he said.

"China and Malaysia are good neighbours, good friends, and good partners. Since the establishment of our diplomatic ties 46 years ago, cooperative relations and deep friendship have been achieved. China has become Malaysia's largest exporter and importer," he said.

According to Cheng, the 127th China Import and Export Fair was successfully held online in June, which had Chinese and Malaysian companies signing several cooperation projects involving cross-border transaction volume exceeding US$1 billion; thus making tangible contributions to the economic development of the two countries.

"A friend in need is a friend indeed. With the epidemic raging this year and the downward pressure on the global economy mounting, China and Malaysia have worked together to climb mountains and cross trenches together, delivering benefits to the health and wellbeing of the two peoples," he said.

The online video conference was held together with China enterprises, overseas Chinese students and Chinese citizens in Sarawak.

In addition to the online celebration with China nationals in Sarawak, the Chinese Consulate General in Kuching sent festival souvenirs to Sarawak government dignitaries and others to share the festive joy and celebrate the friendship between China and Malaysia.

Borneo Post, September 30, 2020

MYANMAR

Myanmar imports steel mostly from China

Myanmar is importing finished steel largely from China. At the same, another emerging country in ASEAN, Cambodia, is getting most of its steel from neighbouring Vietnam, Kallanish notes.

Myanmar imported 2.4 million tonnes of finished steel in 2019, according to the South East Asia Iron & Steel Institute (SEAISI). Chinese steel accounted for 75.4% of Myanmar's total imports, followed by Malaysia and Thailand with 8.3% and 4.6% shares respectively. Of the total imports, 45.5% comprised long products and 34% comprised flats (see table below).

Chinese steel accounted for 19.3% of total imports into Cambodia in 2019. The country imported 1.7mt overall in 2019. These comprised bar – accounting for 6.6% of total bar imports – wire rod – 1.8% of total wire rod imports – hot rolled coil less than 3mm thickness – 5.35% – and pipe & tube – 2.7%.

A larger portion of Cambodia's imports is sourced from Vietnam. Vietnamese steel consisting of bar, wire rod and sections accounted for 69.6% of Cambodia's total steel imports. The majority – 87.9% – of Cambodia's steel imports in 2019 comprised mostly longs: bar at 52.1%, wire rod at 28.3% and sections at 7.5%.

Both Myanmar and Cambodia do not import semi-finished product as they do have sufficient rolling capacities, SEAISI notes. The SEAISI data are preliminary.

Products	Chinese share of total	Product share of total
All products	75.4%	100%
Bar	14.0%	22.5%
Section	11.1%	13.5%
Wire rod	5.5%	9.6%
Plate >=3mm thickness	5.4%	6.4%
Coated sheet/strip	21.4%	23.9%
Pipe & Tube	13.4%	14.7%
Cold finished & cold formed	2.5%	3.2%
Source: SEAISI		

Kallanish, October 6, 2020

PHILIPPINES

PISI steps up campaign vs substandard rebars

The Philippine Iron and Steel Institute (PISI) is stepping up its campaign against substandard and unmarked reinforced steel bars (rebars) after finding a new batch of these products being sold in the market.

In a statement, PISI president Ronald Magsajo said the institute is intensifying test-buy operations and working closely with the Department of Trade and Industry (DTI) to curb the sale of substandard steel products and promote consumer safety.

PISI vice president for technical affairs Joel Ronquillo said they have informed the DTI of the substandard rebars allegedly produced by Real Steel Corp and Metrodragon Steel found in hardware stores in Central Luzon.

PISI also found unmarked rebars and rebars embossed with non-registered logos.

These rebars are banned because their manufacturer cannot be identified, traced and sanctioned, Magsajo said.

Samples taken by the PISI from the hardware stores have been given to the DTI's Bureau of Philippine Standards which then sent them to the Metals Industry Research and Development Center (MIRDC) for testing.

Based on MIRDC's findings, the samples' lug heights and mass variation did not conform with DTI's requirements for rebars to be used in construction.

PISI said Real Steel and another firm, Philippine Koktai Meta, were also found selling undersized rebars in June.

The rebars did not meet the Philippine National Standard, which means these can cause failure in structures under stress.

As the market for construction has shrunk amid the ongoing pandemic, PISI said many substandard steelmakers are taking advantage of the situation.

"Some manufacturers and traders are taking advantage of quarantine restrictions and taking shortcuts that ultimately will harm the end-user," Magsajo said.

Philstar, October 5, 2020

DBP extends P5.7-b loan for construction of Cebu steel mill

State-run Development Bank of the Philippines said Thursday it signed a P5.7-billion long-term loan agreement with Compostela Steel Inc. for the construction of its biggest steel-making facility located in Compostela, Cebu, a bank official said Thursday.

DBP president and chief executive Emmanuel Herbosa said the bank's credit support to CSI, a subsidiary of Steel Asia Manufacturing Corp., the country's biggest steel manufacturer, would be a boon to the local construction industry and would help boost local steel production.

"As the premier infrastructure bank of the country, financing projects that enable the local construction industry to be self-reliant in steel is a developmental priority, as it further improves the country's infrastructure landscape," Herbosa said.

DBP is the eighth largest bank in the country in terms of assets and provides credit support to four strategic sectors of the economy including infrastructure and logistics; micro, small and medium enterprises; environment; social services and community development.

Under the agreement, the loan proceeds will be used to partially finance the Compostela Works Rolling Mill, with parent company, Steel Asia, investing the balance of the required total capital amounting to P8.3 billion.

The mill is the seventh of SteelAsia in the country, in addition to its other facilities in Batangas, Carcar, Davao, Cagayan de Oro and Bulacan.

Herbosa said the mill, which started construction in 2019, is expected to meet the growing demands of the Visayas region, where there is limited supply of locally-manufactured products, while generating up to 3,000 direct and indirect jobs.

He said the mill boasts of Italian engineering and technology and is more cost-efficient compared to foreign mills that export steel rebars to the country.

"If we can boost the local production of construction supply materials, the country can lessen its dependence on imports, while stimulating the local economy amidst this national public health emergency," Herbosa said.

DBP executive vice president for development lending Jose Gabino Dimayuga said the second phase of the project would expand the facility's capability to produce wire-rod, a steel product that can support downstream small-scale manufacturing businesses and act as a viable import-substitute.

He said the Philippines has zero wire-rod manufacturing capability and relies solely on imports from Malaysia, Indonesia, Vietnam and China, which reach $350 million worth of wire-rods annually.

"We hope that through this long-term financing deal, DBP will do its share in enhancing the competitiveness of strategic local industries such as steel manufacturing," Dimayuga said.

Manila Standard, October 9, 2020

SINGAPORE

Carmaking returns to Singapore with Hyundai's new smart plant in Jurong

Electric cars will be built at a highly automated factory in Singapore, marking the return of automobile manufacturing here and incorporating first-of-its-kind features.

At a virtual groundbreaking ceremony of the Hyundai Motor Group Innovation Centre in Jurong yesterday, Prime Minister Lee Hsien Loong noted that the investment by the South Korean carmaker was a nod to Singapore's strengths.

"I am happy that Hyundai has chosen Singapore to locate your newest facility. It is an investment of almost $400 million, and may produce up to 30,000 vehicles per year by 2025, five years from now," said PM Lee.

The centre, to be completed by end-2022, will serve as an open innovation lab for research and development into mobility concepts, which observers reckon will include autonomous vehicles and new forms of ride-sharing.

Sitting on a 44,000 sq m plot - larger than five football fields - in the Jurong Innovation District, and with a built-up area of some 90,000 sq m, the facility will be futuristic.

It will have a landing pad for passenger drones - which Hyundai is also developing - and employ renewable energy sources such as solar and hydrogen.

When ready, the facility will have a small-scale electric car assembly line which is expected to produce up to 30,000 vehicles a year.

Customers will be able to purchase and customise their vehicles on their phones. Once an order is confirmed, production will begin.

Customers can then watch their cars being assembled at the centre.

The facility will be a “vivid demonstration” that Singapore has what it takes to dream big and reinvent itself, said PM Lee. “We did not think that Singapore would one day be manufacturing cars again. But Singapore is where we have made the impossible, possible.”

He said Singapore had a car assembly industry from as early as the 1940s, but abandoned it in 1980 when commercial competitiveness began to favour high-volume plants.

But 40 years on, with the revival of electric vehicles, the game has changed again with growing interest in cleaner, smarter vehicles and cities facing pressure to move people around in an environmentally sustainable manner.

Automotive activities are becoming viable in Singapore again, he said. “Electric vehicles have a different supply chain, fewer mechanical parts and more electronics, which plays to Singapore’s strengths.”

That is why global companies producing automotive electronics like Delphi and Infineon have been in Singapore for some time, he added.

This will hopefully open up new growth areas for the economy, he said, and create exciting jobs such as Industrial Internet of Things engineers, data scientists and digital supply chain strategists.

Joined virtually by South Korean Trade, Industry and Energy Minister Sung Yun-mo and Hyundai Motor Group executive vice-chairman Chung Eui-sun at the event, Mr Lee added that the facility could pave the way for more South Korean companies to invest here, partner with local businesses and collaborate with universities and research institutions.

Hyundai said the facility will employ various advanced manufacturing and logistical systems, including artificial intelligence, Internet of Things and robotics.

Hyundai will also trial battery-as-a-service, where consumers buy an electric car without its battery - which can account for half its cost - and then lease the cells from Hyundai. This could reduce the cost of an electric vehicle dramatically.

The company would not reveal the number of people the facility will employ, saying it “will be determined later... as the project evolves”. Earlier, a spokesman said it would create “hundreds of jobs”.

Hyundai’s move comes after a bid by British home appliance maker Dyson to make electric cars in Singapore. Dyson, however, pulled the plug on the venture.

The Straits Times, October 14, 2020

T A I W A N

Taiwanese scrap prices fall on demand

Taiwanese scrap transaction prices have slightly declined, with weaker rebar sales undermining scrap prices.

HMS 1&2 80:20 container scrap from the US West Coast is offered at $270-275/tonne cfr Taiwan, almost unchanged from last week. Deals were however concluded late last week at $265-268/t cfr. Offers have rebounded because US supply is limited, so some sellers lifted prices to steady the market.

Meanwhile, Japanese-origin scrap prices are supportive. Even though prices in the Kanto auction decreased, the price was still as high as $300/t cfr Taiwan equivalent. Japanese scrap prices in Taiwan reached around $290/t cfr Taiwan, and sellers were not willing to cut prices further because of the rise in Japanese demand.

Kallanish has lowered its weekly HMS 1&2 80:20 container scrap assessment to $268/t cfr Taiwan, down $2/t on-week.

According to Customs statistics, Taiwan’s scrap imports totalled around 229,000 tonnes in September, plummeting by -36.15% compared to the previous month. They also dropped by -9.36% from the same month a year ago. Among them, imports from the US were roughly 108,000t, a month-on-month decrease of -27.15% and a year-on-year reduction of -26.08%.

Meanwhile, imports from Japan were approximately 50,300t, a month-on-month decrease of -50.45% but up 123.01% on-year. In the first nine months of this year, Taiwan’s scrap imports amounted to roughly 2.7 million tonnes, hiking by 18.91% from the same period a year earlier.

Major Taiwanese electric arc furnace mill Feng Hsin Iron & Steel has this week kept its scrap purchasing prices and rebar sales prices stable respectively. Its purchase price for HMS 1 is now at TWD 7,200/t and the list price for #5 (5/8 inches or 15.875mm nominal diameter base) rebar is at TWD 15,300/t ex-works.

Kallanish, October 14, 2020

T H A I L A N D

Thailand imports more billet

Thailand’s imports of billet rose during June-August, Kallanish notes. They rose to compensate for the earlier dip in imports at the onset of the Covid-19 pandemic in the country.

Billet imports in Thailand ranged between 117,000-130,000 tonnes/month during January-April, according to data from the Iron & Steel Institute of Thailand. Thereafter, imports fell sharply in May (see table below).

Oman was the top billet exporter to Thailand in August at 94,098t. Trading sources believe most billet imports from Oman are actually from Iran. Thailand is known in the region to regularly import Iranian billet.

Meanwhile, billet prices have been on an uptrend in recent months. Iranian billet for July/August shipment was offered in May at $405-407/tonne cif Thailand. Current offers are prevailing at $440/t cfr. Due to the recent weakness in market sentiment, there are also traders heard inviting bids at $435/t cif Thailand. Iranian billet deals were heard concluded at $438/t cif Thailand two weeks ago.

Thailand's billet imports

	May	Jun	Jul	August	Jan-Aug 2020
Tonnes	62,127	50,119	184,623	185,787	974,976
Price ($/t)	373	359	376	391	395.5
			Top Exporters		
	Oman	India	Germany	Russia	UAE
Aug 2020 (tonnes)	94,098	21,953	19,995	19,823	15,076
Aug price ($/t)	394	397	385	385	389

Source: ISIT

Kallanish, October 1, 2020

VIETNAM

Vietnam's iron and steel imports down in first nine months

Vietnam spent roughly 6.1 billion U.S. dollars importing nearly 10.5 million tons of iron and steel in the first nine months of this year, down 15.5 percent in value and 3.2 percent in volume against the same period of last year.

For the period, the major providers included China, India, Japan and South Korea, according to the Vietnam Steel Association on Wednesday.

In September, Vietnam imported 1.1 million tons of iron and steel, which were worth 660 million U.S. dollars, marking a decline of 4.4 percent in volume and 11.7 percent in value year on year, according to the association.

In 2019, Vietnam spent some 9.5 billion U.S. dollars importing roughly 14.6 million tons of iron and steel, up 7.6 percent in volume and down 4.2 percent in value against 2018, showed the official data.

Meanwhile, Vietnam reaped some 4.2 billion U.S. dollars from exporting nearly 6.6 million tons of iron and steel last year, recording an increase of 5.4 percent in volume and a drop of 8.5 percent in value year on year.

Xinhua, October 8, 2020

INDIA

India's crude steel output falls over 4% to 8.48 MT in August: worldsteel

India's crude steel production fell over 4% to 8.478 million tonnes (MT) in August 2020, according to the World Steel Association (worldsteel).

The country had produced 8.869 MT of crude steel during the same month last year, the global industry body said in its latest report.

However, global steel output has started showing a positive trend, the data showed.

"World crude steel production for 64 countries reporting to the worldsteel was 156.244 MT in August 2020, registering a rise of 0.6% compared to August 2019," the worldsteel said.

"Due to the ongoing difficulties presented by the COVID-19 pandemic, many of this month's figures are estimates that may be revised with next month's production update," it added.

Global steel production was at 155.374 MT in August 2019.

China registered a 8.4% year-on-year growth in steel output at 94.845 MT during August 2020 as compared to 87.499 MT in August 2019.

The US produced 5.588 MT of crude steel in August 2020, registering a fall of 24.4% as compared to 7.396 MT output in August 2019.

Japan produced 6.446 MT of crude steel in August 2020, down 20.6% from 8.120 MT a year ago. South Korea's steel production for the month stood at 5.800 MT, down 1.8% as compared to 5.905 MT in August 2019, the data showed.

Germany produced 2.830 MT of crude steel in August 2020, down 13.4% from August 2019, while Italy produced 0.939 MT of crude steel in the month, up 9.7% from a year ago.

France produced 0.722 MT of crude steel in August 2020, down 31.2% over August 2019. Spain's steel production for August 2020 stood at 0.696 MT, down 32.5% year-on-year.

"Brazil produced 2.7 MT of crude steel in August 2020, up by 6.5% from August 2019. Turkey's crude steel production for August 2020 was at 3.2 MT, up 22.9% from August 2019," worldsteel said.

PTI, September 28, 2020

Tata Group courts investors for new digital platform

India's Tata Group is in talks with potential investors about taking stakes in a new digital platform, people familiar with the matter said, seeking to modernize its consumer businesses as retail giants like Amazon.com Inc. and billionaire Mukesh Ambani pile into the country's fledgling e-commerce market.

Tata Sons Pvt., the holding company of the US$113 billion coffee-to-cars conglomerate, is working with advisers to explore bringing in financial or strategic investors, including global technology companies, the people said, asking not to be identified as they aren't authorized to speak to the media. The group plans to bring together digital assets across various Tata businesses to create the new entity, according to the people.

A Tata Sons representative declined to comment on the stake sale discussions.

Tata's platform — an e-commerce gateway for its consumer products and services ranging from beverages to jewelry and resorts — may seek to compete with the ambitious plans of Ambani, Amazon.com and Walmart Inc.'s Indian venture Flipkart to tap the nascent market of more than 1 billion consumers. Ambani, chairman of Reliance Industries Ltd., is looking to forge a digital empire, raising more than US$20 billion from big-name partners including Facebook Inc. and Google for his newly formed technology venture, Jio Platforms Ltd.

Discussions with potential investors are at a very early stage and there's no certainty they will result in a deal, the people said.

While bringing in outside investors would lend credence to Tata's digital ambitions, it may also help the group pare debt after the coronavirus pandemic hammered its flagship businesses. Tata Steel Ltd.'s group net debt was at US$14 billion as of June 30, while the net automotive debt of Tata Motors Ltd., which owns Jaguar Land Rover, was around 480 billion rupees (US$6.5 billion).

Tata Group already has a bunch of entrenched consumer businesses, many of which also have an online presence. These include Tanishq's jewelry stores, Titan watch showrooms, Star Bazaar supermarkets, chain of Taj hotels and a joint venture with Starbucks in India. The intention is to consolidate these currently fragmented web operations.

As part of that drive, the conglomerate is building an all-in-one e-commerce app for its swathe of consumer products and services, Bloomberg News reported last month. It is expected to be launched by end-2020 or early next year.

Walmart is in talks with Tata about a possible investment in the planned app, Mint newspaper reported Tuesday, citing people it didn't identify.

Natarajan Chandrasekaran, Tata Sons' chairman and a long time chief executive officer of Tata Consultancy Services Ltd. before that, is championing the group's digitization drive and Tata Digital's head Pratik Pal is in charge of building the all-in-one app, a person told Bloomberg News last month.

Pal has three decades of experience at TCS, where he was global head of retail, and helped with the digital transformation of some of the world's largest retail chains including Walmart, Tesco Plc, Aldi Inc., Target Corp., Best Buy Co. and Marks & Spencer Group Plc.

The Edge, September 29, 2020

Govt suggests anti-dumping duty on some stainless steel flat products for 5 yrs

Director General of Trade Remedies (DGTR) has recommended extension of anti-dumping duty on some categories of stainless steel products imported from China, Malaysia and South Korea, for a period of five years.

The quantum of duty depends on the category of product—hot rolled stainless steel–as well well as the country and ranges from $155 per tonne to $255 per tonne. The finance ministry will take the final call on the imposition of the duty.

"Having concluded that there is likelihood of continuation/ recurrence of dumping and injury if the existing anti-dumping duties are allowed to cease, the authority is of the view that continuation of duty is required on the imports…definitive anti-dumping duty…is recommended to be imposed for five years," an official statement said.

In 2015, the government has imposed anti-dumping to these products for five years, based on an application on behalf of Jindal Stainless Ltd and Jinal Stainless (Hisar) Ltd. However, the quantum of duty was higher. The latest order comes in the backdrop of the company requesting extension of the duty.

Anti-dumping duty is measure taken by nations to stop the distortive impact of dumping of goods on international trade. The extension of the trade remedy is likely to provide support to domestic steel manufacturers reeling under pressure of cheap imports and has the potential of making them less competitive, thereby impacting their profitability.

Live Mint, October 2, 2020

CHINA

China's 2020 stainless use to maintain 5% growth

China's apparent consumption of stainless steel will maintain positive growth of around 5-6% on year in 2020, as the country's stainless consumption is still on an upward track, thanks to the wider application of the high-end steel in areas such as marine engineering, modern rail transportation and aerospace, according to Liu Yanping, secretary general of Stainless Steel Council of China Special Steel Enterprises Association (CSSC).

Liu shared her forecast in an online industrial meeting on September 25. However, she pointed out that stainless consumption in other major stainless using countries or regions such as Europe and the United States could fall by 15-20% this year, having suffered from the long and sustained negative impact of COVID-19.

During 2019, China's apparent stainless consumption increased 9.2% on year to 24.1 million tonnes, with the growth rate being much higher than the 2.4% on-year growth in stainless consumption globally, according to Liu.

China's stainless consumption per capita also has great room for growth, as last year, it stood at only around 17.2kgs/person after rising 8.8% on year, while that in Japan and Germany was over 20kgs/person, and in Italy and South Korea, even above 30kgs, Liu pointed out.

"Domestically-produced stainless was mainly for home market consumption, and for concurrently satisfying the need in the international market," Liu stated. However, this year, global stainless demand has been weak due to the spread of the pandemic.

Over January-July, China's stainless exports reached 1.87 million tonnes, down 7.7% on year. Over the period, however, stainless imports increased 19.6% on year to 826,400 tonnes, according to CSSC's data.

The increase in imports was mainly because of the surge in stainless steel billets, which more than doubled to 364,000 tonnes, after China's customs made it clear that the billets were not in the scope for its antidumping duties on stainless semis and hot-rolled coils from Indonesia, the European Union, Japan and South Korea at the end of last year, according to Liu. In July alone, the stainless billet imports reached 122,800 tonnes, she noted.

Mysteel Global, September 30, 2020

Tata Steel UK Business to be purchased by Chinese Jingye Group

In the midst of reports of Tata Steel's ongoing efforts to rescue the UK steel business, the Chinese steelmaker Jingye Group is said to have expressed an interest in acquiring the steelmaking assets.

The Chinese firm has expressed 'tentative' interest to Tata Grouo as well as the UK government. However, there has been slow progress in negotiations. It must be noted that the Jingye Group had purchased the assets of British Steel, earlier during this year, thus saving around 3,000 jobs. Meantime, reports indicate that a formal offer for takeover has not been made yet.

Tata Steel had sought financial assistance of £500 million loan against the Coronavirus crisis from the UK government. However, this plea was rejected. Later, it put forward the request for £900 million of government cash, by offering up to 50 per cent equity stake in its UK business in return. No further proposals were made by the company. As per reports, the company is in carrying out talks with the government on potential assistance to save nearly 8,000 jobs.

Jingye Group aims to reunite Port Talbot and Scunthorpe steelworks under common ownership. The Group is believed to have strengthened its interest in Port Talbot. The acquisition of two major steelworks is feared to attract political scrutiny.

Scrap Monster, October 7, 2020

China mills' steel stocks reaches 5-month high

Stocks of the five major finished steel products at the 184 Chinese steel mills reversed up over October 1-8 to a five-month high of 7.1 million tonnes after having declined for five weeks, as the domestic steel market was quiet when the country celebrated the National Day holiday during the period, according to Mysteel's latest weekly survey.

The five key finished steel products comprising rebar, wire rod, hot-rolled coil, cold-rolled coil and medium plate, saw their total inventories at these mills' yards up 10.4% from that over September 24-30, and among the total, wire rod stocks rose the sharpest by 18.3% on week over October 1-8, the latest survey showed.

"It's rather normal for the steel stocks to rebound over the long holiday (over October 1-8), due to the slowdown in demand from the domestic end-users while the consistent output from the domestic steel mills," said a market source from East China's Zhejiang province.

Over October 1-7, total production of these five steel products among the surveyed steel producers came in at 10.7 million tonnes, down 1.8% from that over September 24-30, but it was still 5.8% higher on year, according to Mysteel's other survey.

Inventories of these five steel products at the traders in 132 Chinese cities also reversed up to 22.9 million tonnes over October 1-8, up 6.6% from that over September 25-30 or in contrast to the on-week fall of 4.9% before the holiday, as reported.

In the near term, some market participants are optimistic, reasoning that October is a traditional peak season for steel consumption in China, and many end-users are expected to return to the market soon to refill their stocks after the long holiday.

It is noteworthy, though, that finished steel stocks at both the Chinese steel mills and traders have been persisting high so far this year, still 37% higher on year as of early October, which have and may still impose pressure on China's domestic steel prices, and any decrease in demand may soon be factored in, Mysteel Global notes.

Table 1 Five major steel products inventories at mills (Oct 1-8)

Product	Volume (million t)	WoW (%)	MoM (%)	YoY (%)
Rebar	11.8	4.60%	-5.80%	-
Wire rod	3.15	10.10%	-4.80%	-
HR sheet	4.08	9.80%	14.30%	-
CR sheet	1.74	2.40%	5.20%	-
Medium plate	2.13	10.50%	9.00%	-
Total	22.9	6.60%	-0.50%	-

Table 2 Five major steel products inventories at traders (Oct 1-8)

Product	Volume (million t)	WoW (%)	MoM (%)	YoY (%)
Rebar	11.8	4.60%	-5.80%	-
Wire rod	3.15	10.10%	-4.80%	-
HR sheet	4.08	9.80%	14.30%	-
CR sheet	1.74	2.40%	5.20%	-
Medium plate	2.13	10.50%	9.00%	-
Total	22.9	6.60%	-0.50%	-

Note: Mysteel has started publishing the new set of data regarding traders' steel inventories since March 19 to better represent the market with bigger sample sizes, and the on-year comparisons will be filled up when feasible.

Rebar and wire rod: Sample size is increased to 429 warehouses in 132 Chinese cities from the previous 215 warehouses in 35 cities.

Hot-rolled coil (HRC): Sample size is increased to 194 warehouses in 55 cities from the previous 138 warehouses in 33 cities.

Cold-rolled coil (CRC): Sample size is increased to 182 warehouses in 29 cities from the previous 134 warehouses in 26 cities.

Medium plate: Sample size is increased to 217 warehouses in 65 cities from the previous 132 warehouses in 31 cities.

The old set of data is still available in the separate databank service until March 112021.

Mysteel Global, October 9, 2020

China's steel inventory decline slows

Rebar and HR inventory levels are currently high in China. While imported iron ore inventory levels remain flat y-y, increasing supply from Vale in Brazil should be noted. If expectations for China's liquidity policy fade, it could lead to a drop in steel prices at yearend.

China's steel distribution inventory up 28% y-y; iron ore inventory flay y-y

As of Oct 1, China's steel inventory stood at 14.65mn tons (based on 35 cities), up 28.2% y-y. By item, rebar inventory (7.97mn tons) was up 59.4% y-y and HR inventory was up 11.7% y-y, while CR and heavy plate inventory levels were flat y-y. We note that when the survey area is expanded to 132 cities, rebar still leads the increase in distribution inventory, marking a 60.7% y-y jump.

In 2020, China's steel inventory peaked at 26mn tons on Mar 13, before falling 43.7% through Oct 1. For comparison, the decline from annual peaks to early October in previous years stood at 36.5% in 2017, 44.8% in 2018, and 38.9% in 2019. Usually, Chinese steel inventory peaks around mid-February/mid-March, and a lowest point tends to come in early/mid-December. As such, distribution inventory is expected to slide for another two months.

Imported iron ore inventory in major Chinese ports amounted to 119.07mn tons on Sep 30, the lowest level since 106.5mn tons in 2016 (2017: 133.57mn; 2018: 145.17mn tons; 2019: 120.34mn tons). While imported iron ore inventory displays no distinct seasonal trends, excluding 2016 and 2018, it reached annual lows over July~November and then increased through yearend.

China's steel inventory decline slows; iron ore inventory set to rise

China's steel inventory has hovered around 15mn tons since Jun 16. Considering seasonal trends, distribution inventory is expected to fall until early December, but the decline should slow. Meanwhile, imported iron inventory in major Chinese ports is forecast to climb towards yearend. Along with a drop in temperature, a decline in crude steel production in China, a fall in iron ore demand, and an increase in supply from Brazil's Vale will likely impact iron ore inventory. Vale has hinted that its iron ore production will total 310mn~320mn tons in 2020, which suggests that its production in 2H20 will increase 52% h-h.

China's liquidity policy is also a major variable for the steel industry. In order to boost its economy, China lowered its Midterm Loan Facility (MLF) and Loan Prime Rate (LPR) from 3.25% and 4.15%, respectively, in January, to 2.95% and 3.85% in April. If expectations for further liquidity expansion decline, it could negatively impact financial conditions at steel companies and distributors.

Business Korea, October 9, 2020

China's Jan-Sept steel output grow faster at 4.5%

China's crude steel output over January-September grew at a faster pace of 4.5% on year to about 782 million tonnes against 3.7% on-year growth for the first eight months, according to the latest release from the country's National Bureau of Statistics (NBS) on October 19, and its September daily crude steel output hit a new record high, Mysteel Global noted.

For September alone, China produced 92.6 million tonnes of crude steel, up 10.9% on year or down 2.4% on month because of the one-day difference, and its daily steel output averaging about 3.09 million tonnes/day, up another 0.8% on month or having stayed above the 3 million t/d for the fourth consecutive month, Mysteel Global calculated basing on the NBS data.

NBS data was in line with the survey of the China Iron & Steel Association (CISA) among its member mills with most being large and medium-sized steel producers, which showed that their daily crude steel output gained 0.4% on month or 8.6% on year, according to the association's release on October 10.

As for finished steel, the output was in pace with crude steel in growth in September, up 12.3% on year to 118 million tonnes, taking the country's total for the first three quarters to 964 million tonnes, up 5.6% on year, or 0.8 percentage point higher than the on-year growth over January-August, according to the NBS data.

The fast growths were understandable, as most of the Chinese steel mills of all scales had maintained high production last month whenever possible and September is usually robust steel consumption month in China, even though the steel sales failed to meet market expectation in September 2020.

Mysteel's survey among the 237 traders across China showed that their daily trading volume of construction steel comprising rebar, wire rod and bar-in-coil registered 225,351 t/d on average for September, up another 5,296 t/d or 2.4% on month.

Besides, the domestic steel mills remained overall confident on the Chinese market in general for 2020 with the government support in place for the whole year, which was not wavered much even when their steel margins thinned or even fell to the negative zone in September on higher raw material costs, lower domestic steel prices, and persistently high steel inventories, Mysteel Global noted.

China's national price of HRB 400 20mm dia rebar, however, had been on a downtrend after having hit its eight-month high on September 3, with the monthly average down Yuan 35/tonne ($5.2/t) on month to Yuan 3,807/t for September, according to Mysteel's data.

Mysteel Global, October 20, 2020

WORLD

EU to cease BF steelmaking by 2050: Schneider

Blast furnaces have no long-term future in Europe, with very few, if any, likely to remain in operation by 2050 when the EU aims to achieve carbon neutrality, according to Andreas Schneider of Stahlmarkt Consult.

Various ways of moving towards carbon neutrality are being considered by EU steelmakers. The closure or reduction of capacity, such as that touted by ArcelorMittal Italia, entails high decommissioning costs and social unrest. EAF-based production potentially with captive direct reduced iron poses questions over whether the steel quality produced is sufficient for high-end applications like automotive.

The Hisarna ironmaking process in combination with carbon capture and storage (CCS) requires CO2 infrastructure. And the capturing and recycling of carbon from steel mill gas, as in the "Carbon2Chem" and "Steelanol" processes, has a high energy requirement.

Hydrogen-based DRI and steelmaking is seen leading the way in Germany because it is innovative and politically attractive, and can potentially zero carbon emissions completely. However, its energy requirement is ten times higher than for conventional primary steelmaking. This would generate an additional 130 TWh of energy demand, around 50% of German energy production in 2019. DRI production based initially on natural gas is a possibility from 2025, with increasing volumes of hydrogen added to the feedstock mix thereafter.

According to a study from German think tank Agora Energiewende, the hydrogen route would result in a €532-630/tonne crude steelmaking cost by 2050 compared to €391/t in 2019. "Steel will be costlier," Schneider said at this week's MBI Stahl Tag conference in Frankfurt attended by Kallanish. "And the question again is who will bear this?"

"Green" steelmaking requires a huge investment – estimated at up to €1,000/t – that not many companies can afford. The pace of technological development required is meanwhile unlikely to keep up with demand, leading potentially to steel shortages that will drive up prices. The question is, "...will green steel be produced in sufficient amounts for market demand and will the market pay for it?" Schneider asked.

Among other things, a new wave of certification and bureaucracy is on the horizon, which will include the requirement of labelling all steel with CO2 content. Moreover, a border adjustment tax and "Carbon Contracts for Difference" are being touted, but it remains unclear who will bear the costs of these.

"All of this will make steel costlier and more complicated," Schneider observed. It could lead to loss of international competitiveness and growing protectionism against German steelmakers who are export orientated, and declining margins if additional costs cannot be passed on.

Kallanish, September 24, 2020

Steel overcapacity to resume growth in 2020: OECD

The gap between global production and capacity is expected to reach 700 million tonnes in 2020, increasing for the first time since 2016, the OECD steel committee said during its latest session held virtually.

The association noted the latest available data from the OECD show that global steelmaking capacity could increase to 2,455.8m t/year. This new growth would widen the gap between production and installed capacity following a series of declines in the 2016-2019 period, Kallanish notes.

This year, global excess capacity could rise by 41.8mt, mainly supported by new capacities becoming available in the Middle East and Asia. "The Committee noted with concerns that a number of planned capacity increases are premised on expectations of an increase in future demand, including demand in export markets," the OECD commented.

The growth of capacities together with the difficulties created by the outbreak of the coronavirus are expected to fuel uncertainties this year. There are concerns, moreover, over the continued growth of Chinese production despite the fall of demand for steel globally. "The Steel Committee noted with concern the divergence from the global trend in China, where steel production reached record volumes in the first semester of 2020, and where inventories have reached historically high levels," it observed.

"These developments pose a risk of oversupply in China exacerbating global imbalances resulting from the Covid-19 demand shock," OECD said. "In this context, the Steel Committee recognized that the work of the Global Forum on Steel Excess Capacity (GFSEC) has become more important than ever."

Kallanish, September 30, 2020

Commerce finds PC strand from 8 countries dumped in US

Imports of pre-stressed concrete steel wire strand (PC strand) from eight countries were dumped in the US, the Department of Commerce said in a preliminary determination Sept. 24.

As a result, preliminary dumping margins on PC strand imports were set at 64.4% for Argentina, 86.09% for Colombia, 29.72% for Egypt, 30.86% for the Netherlands, 194.4% for Saudi Arabia, 23.89% for Taiwan, 53.65% for Turkey and 170.65% for the UAE, Commerce said.

Commerce will instruct US Customs and Border Protection to collect cash deposits from importers of PC strand from these eight countries based on the preliminary rates, it said.

Commerce in May initiated antidumping duty investigations concerning PC strand imports from 15 countries and a countervailing duty investigation concerning these imports from Turkey.

Domestic PC strand producers Insteel Wire Products, Sumiden Wire Products and Wire Mesh Corp. petitioned Commerce for an investigation into these imports in April.

Commerce is scheduled to announce its final determinations in these eight cases on or before Dec. 8, with the US International Trade Commission scheduled to make its final injury determination in the cases by Jan. 21, 2021.

Platts, September 28, 2020

Consolidation, new capacity boosting US steel sustainability: mill executives

Recent consolidation and new capacity in the US steel industry is spurring a faster move toward green steelmaking technologies, US steel industry executives said in a town hall discussion Sept. 30.

The transition to more electric-arc-furnace-based (EAF) steelmaking in the US has been accelerated as a result of the coronavirus, Mark Millet, CEO of Steel Dynamics Inc. said at the event hosted by the Association for Iron and Steel Technology.

"It's a new era for American steel and you could actually see if coming to fruition prior to [COVID-19], I just think COVID is catalyzing it," he said. "…We're rationalizing and consolidating our industry."

Millet sees Cleveland-Cliffs' Sept. 28 agreement to acquire the bulk of ArcelorMittal's US integrated steel operations as a positive for the industry.

With Cliffs' acquisition of ArcelorMittal's US assets expected to close in the fourth quarter, the landscape of the industry will change, said David Stickler, CEO of Big River Steel.

"We're likely to end up with four 10 million to 15 million st/year flat-rolled steel producers," he said.

Cleveland-Cliffs – with its March purchase of AK Steel and announced ArcelorMittal buy – has embraced the more traditional form of integrated steelmaking, while Nucor and SDI have pioneered and embraced the EAF model. The partnership between US Steel and Big River Steel, formed in late 2019, has embraces a hybrid of EAF and integrated steelmaking, Stickler said.

"That's a healthy marketplace for customers, suppliers and investors," he added.

New mill projects coming online in the US and Cliffs' hot-briquetted iron facility under construction in Ohio will provide additional environmental benefits as older less-efficient capacity is replaced, panelists said. Currently roughly 70% of US steelmaking is greener EAF-based production.

Moving forward, Big River Steel is looking "very seriously" at renewable investments, Stickler said.

"We are being pushed by a number of our customers, including the European automakers," he said. "They recognize that our carbon footprint is world-class leading, but want us to get better."

Dan Needham, VP and GM of Nucor Steel Indiana, said a supplier is building a wind energy facility at Nucor's new micro-mill in Sedalia, Missouri, to help serve some of the energy requirements of that mill. Nucor also uses some hydro power at its mill in Seattle, he said.

"We look at emerging technologies all of the time," Needham said. "Were certainly looking at hydrogen, but it's a little bit early to say that's going to be successful in what they want to achieve in Europe."

Stickler said he expects the move to more renewable energy and the use of hydrogen in steelmaking to accelerate in the coming years as sustainability remains a focus for industries globally.

"Waiting 30 years to make an environmental impact is a joke," Stickler said. "If I said I was going to do something in 30 years, that means I'm not really going to do it. How about three years? How about five years? That's the timeframe we're looking at for Big River Steel."

Platts, October 5, 2020

EU imposes import duties on China, Indonesia, Taiwan stainless steel

The European Union will impose tariffs on imports of hot-rolled stainless steel coils and sheets from China, Indonesia and Taiwan after an investigation found they were being sold at artificially low prices.

The European Commission, which conducted the investigation, has set duties of up to 19% for imports from China, of 17.3% for product from Indonesia and up to 7.5% for stainless steel from Taiwan, the EU's official journal said on Wednesday.

The Commission said that the anti-dumping duties, to take effect from Thursday, aim to remedy the damage caused to EU producers located mainly in Belgium, Italy and Finland.

Reuters, October 9, 2020

EUROFER welcomes definitive EC anti-dumping duties

The European Steel Association (EUROFER) has welcomed the European Commission's publication of definitive anti-dumping duties on imports of certain hot rolled stainless steel sheets and coils (SSHR) originating in Indonesia, China and Taiwan.

The European Steel Association (EUROFER) welcomes the measure as a first step towards restoring a level playing field and securing a sustainable future for the European stainless industry,

However, EUROFER says that the Commission must apply trade enforcement rules in full, given the spirit and intention of the revised EU trade defence instruments adopted by the European Parliament and the Council in 2018.

The European Commission Implementing Regulation largely confirms existing provisional measures and imposes definitive anti-dumping duty rates of 17.3% on SSHR (stainless steel hot rolled) imports from Indonesia, up to 19% on imports from China, and up to 7.5% on imports from Taiwan. The investigation leading up to these measures was initiated in August 2019 following a complaint submitted by EUROFER.

Axel Eggert, director general of EUROFER commented, “Indonesia, China and Taiwan have a structural overcapacity problem. Their dumping has seriously harmed European stainless steel producers and these measures are necessary. However, by not disapplying the Lesser Duty Rule the European Commission has failed to fully apply the revised Trade Defence Instruments (TDI) rules. They must do so without inhibition if they want to effectively tackle third country trade distortions and save EU industry and the jobs it supports”.

The EU’s trade rules were only revised two years ago after a half-decade long process. Robust TDIs ensure that the EU can defend industry and citizens against dumping and harmful trade-distorting practices.

“Although the Commission’s investigation clearly established that significant raw material distortions exist in China and Indonesia, the Commission has failed to lift the Lesser Duty Rule, and imposed final anti-dumping duties at the lower level of the injury margins”, said Eggert. “However, the dumping margins range from 17.7% to 106.5% for Chinese and Indonesian producers, so the effect of massive distortions has been ignored”.

According to EUROFER, the recently opened investigation into imports of stainless steel cold rolled flat products originating in Indonesia and India will be another opportunity to enforce trade rules properly and send the right signal to third-country producers and their governments that deliberately ignore WTO rules and continue to build up excess capacity.

Now that definitive measures have been imposed, EUROFER is calling on the Commission to remain vigilant with regard to any attempts by Indonesian, Chinese and Taiwanese exporters to engage in circumvention or absorption.

Steel Times International, October 16, 2020

Steelmaker Liberty makes bid to buy Thyssenkrupp Steel Europe

Liberty Steel Group made a non-binding offer Oct. 16 to buy Thyssenkrupp Steel Europe, Liberty confirmed in a statement sent to S&P Global Platts.

Liberty’s proposal is a non-binding indicative offer subject to certain assumptions about the business and backed by “a number of financial institutions,” according to Liberty. No financial details were disclosed.

Liberty said it would like to start negotiations to make a binding offer should the two steelmakers reach agreement.

“From an economic perspective, there is potential for a compelling industrial concept given that the businesses are complementary with respect to assets, product lines, customers, and geographic footprint,” Liberty said.

“We will now carefully look at this offer. At the same time, we will continue the discussions with other potential partners in the same way as before. Our goal is to make the steel business sustainably fit for the future. It is important for us to find the best solution,” a Thyssenkrupp spokesperson told Platts.

Thyssenkrupp’s share values surged in early trading when the news broke.

Analyst Marc Gabriel at Bankhaus Lampe told Platts that the sale of the Elevator unit late July has improved Thyssenkrupp’s overall position, which means that there would be less pressure at Thyssenkrupp to sell the steel unit, but on the other hand the company is also in the position to make concessions.

The powerful union and worker representatives at Thyssenkrupp are likely to need some convincing for a takeover by Liberty, according to sources and the head of union IG Metall, Knut Giesler opposed the news early Oct. 16 in a Reuters interview.

Thyssenkrupp has been openly saying they would be searching for a potential buyer for the steel unit following the collapse of merger talks with Tata Steel in 2019. There have been previous reports that Swedish steelmaker SSAB would be a suitable partner for a tie-up while German steelmaker Salzgitter denied any current talks, while a revival with Tata has also been under discussion, if a solution with the troubled UK Port Talbot plant could be found.

While Thyssenkrupp has repeatedly said it will not disclose who it is in discussions with, sources close to the company have said that the companies mentioned in the press reports are still not out of the question.

Platts, October 19, 2020

AISI declared latest raw steel output data

The most recent weekly production statistics suggests notable decline in raw steel production by the country during the week ended on October 17, 2020. The data published by the American Iron and Steel Institute (AISI) points to significant year-on-year decline in output during the week.

The domestic raw steel production during the week totalled 1.535 million net tons. The capability utilization rate during the week was 69.40%. This compares with the production and capability utilization rate of 1.805 million net tons and 78.0% respectively during the corresponding week a year before. Upon comparison with the week ended October 10th, 2019, the production was down by almost 15%.

The production for the week was up marginally by 2.2% from the prior week, when it had totalled 1.502 million net tons. The capability utilization rate was 67.9% in the week ended October 10, 2020.

The topmost producer was the Southern region, whose output totalled 601,000 net tons. The production by the other regions is as follows: Great Lakes (557,000 net tons), Midwest (164,000 net tons), North East (143,000 net tons) and Western (70,000 net tons).

The adjusted year-to-date production through October 17th, 2020 totalled 62.481 million net tons at an average capability utilization rate of 66.3%. This is down by almost 19.40%, upon comparison with the production of 77.545 million net tons during the same period a year before, when the capability utilization rate had averaged at 80.1%.

Scrap Monster, October 21, 2020

Special Feature – SEAISI e-Talk notes on China

As the region adjusts to a new norm amidst the COVID-19 pandemic, the ASEAN steel industry too is earnestly exploring new business opportunities according to market trends. ASEAN countries' domestic activities has just restarted and the revival of demand is still slow as the outbreak is just beginning to ease.

So what have ASEAN producers been doing? As shown in our data, exports of steel for ASEAN 6 countries has increased about 34% from 7.7M mt (Jan – May 2019) to 10.4million MT (Jan – May 2020). ASEAN steel producers have shifted its attention from supplying domestic demand to the export of steel products.

During the SEAISI e-Talk that was held earlier this month, it is undeniable that China has been the top export destination for ASEAN, accounting for 35.3% of total ASEAN export of steel (8.9 million MT) in Jan – May 2020. That is the reason for our focus on the China market in this article.

China imported a total of 18 million MT of steel from Jan – July 2020 and a huge 45.3% of it was semi-finished products. Imports of HRC and CRS were for the automotive industry whereas imports of Bars and Wire Rods were for the construction sector (Table 1). China has managed to control the COVID-19 pandemic early due to its fast response. With its solid infrastructure plan and policy, China has started to reopen its economy with infrastructure projects, which provides opportunities for immediate supply of steel. Some of the ASEAN steel producers were able to grab these opportunities in the China market during this period of time.

During the e-Talk panel discussion, our guest panelist, Mr Henry Chang from Ferrotrade highlighted that China has stopped buying steel products in mid-September. Is this because the China market opportunity is closing? Or is it because businesses and the people were preparing for a shutdown during the golden week holiday? It will be interesting to observe what will happen after everybody is back from the long holiday.

From the polls done during the e-Talk, a majority 70% felt that China will continue to import steel in the next 6 months because of attractive prices and a pickup in demand of steel due to continuing construction and infrastructure activities that has not reached its full scale yet. More results from the polls are in the next page.

Moving forward, the ASEAN steel community is still figuring out ways to grab a share in the China market. As the first major economy to recover from the pandemic, China will still be market of interest as it continues to be prospect for export of steel products with the right kind of price.

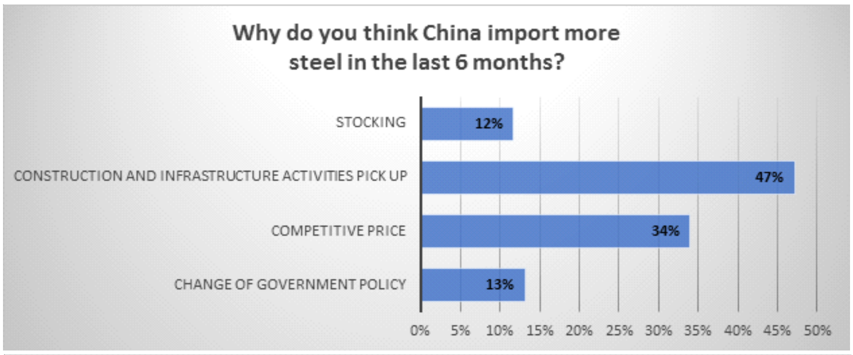
2020 China Import (Jan – July 2020) (Total Import = 18 million MT)

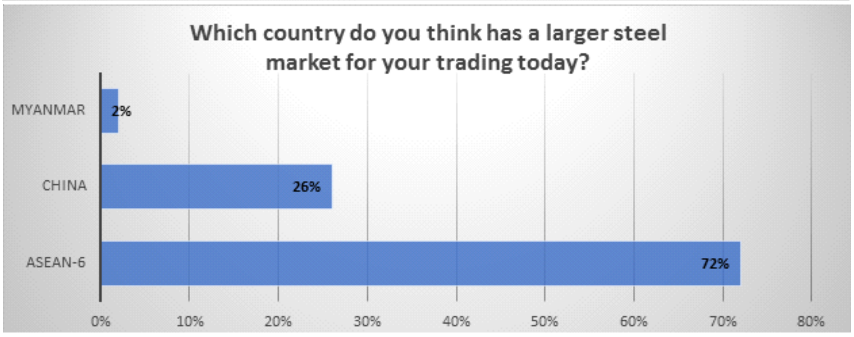
Sum of Quantity_Tonnes	Destination											
Products	Europe	India	Indonesia	Japan	Malaysia	Others	Russia	South Korea	Taiwan	Thailand	USA	Vietnam
300 Crude Steel Products	0.2%	9.0%	4.5%	1.7%	2.7%	10.5%	8.7%	1.1%		0.1%		6.9%
400 Hot-Rolled Steel Products	1.5%	5.0%	1.3%	9.7%	4.7%	2.0%	0.8%	7.2%	2.1%		0.1%	0.2%
410 Rails & Accessories	0.1%											
420 Steel Sheet Piles				0.3%				0.1%				
430 Sections	0.1%			0.3%								
440 Bars	0.5%			0.5%	2.9%	0.1%		0.2%	0.1%			
450 Wire Rods	0.1%		0.1%	0.6%	1.9%			0.7%	0.2%			0.1%
470 Plates (>=3 mm.)	0.4%		1.0%	3.3%				2.4%	0.0%		0.1%	
480 HR Coils/Sheets(<3 mm.)	0.3%	5.0%	0.2%	4.7%		1.8%	0.7%	3.9%	1.8%			0.2%
500 Cold-Rolled Products	0.6%		0.7%	2.0%	0.1%	0.3%	0.1%	4.6%	1.8%			
600 Coated Sheets&Strips	0.9%			2.3%				3.8%	0.8%			
700 Pipes&Tubes	0.3%	0.1%		0.4%		0.1%		0.2%				
800 ColdFinished&ColdFormed	0.2%			0.2%				0.2%	0.1%			
900 Iron & Steel Scrap												
Grand Total	3.6%	14.2%	6.5%	16.3%	7.5%	12.9%	9.6%	17.1%	4.8%	0.1%	0.2%	7.2%

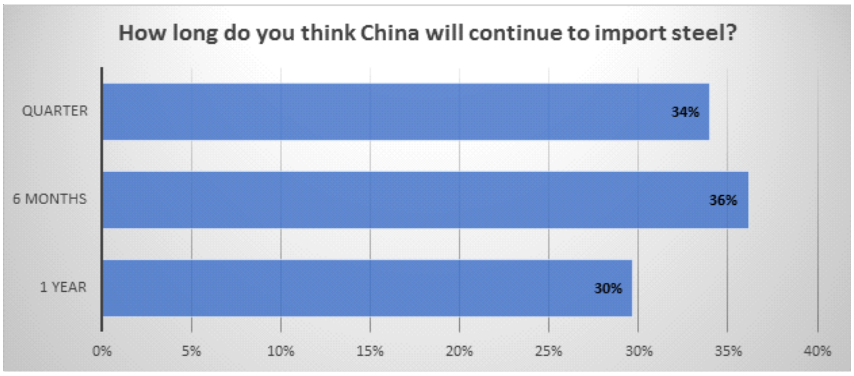
SEAISI, October 2020

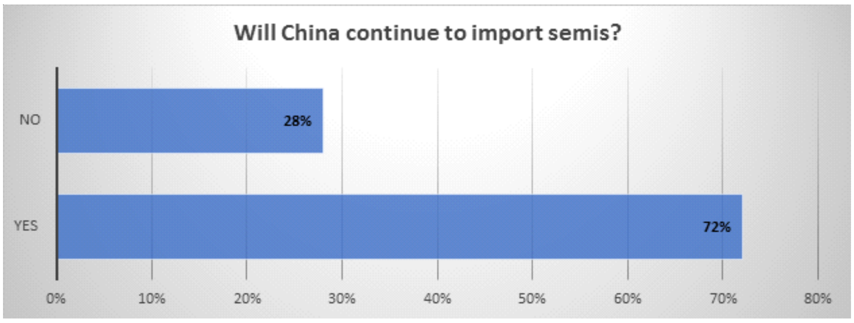
e-Talk Poll Results

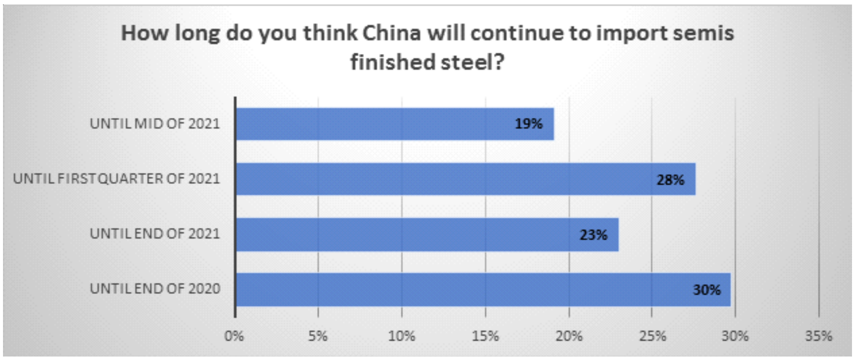
27%: Top Management, 57%: Middle Management, 16%: Others



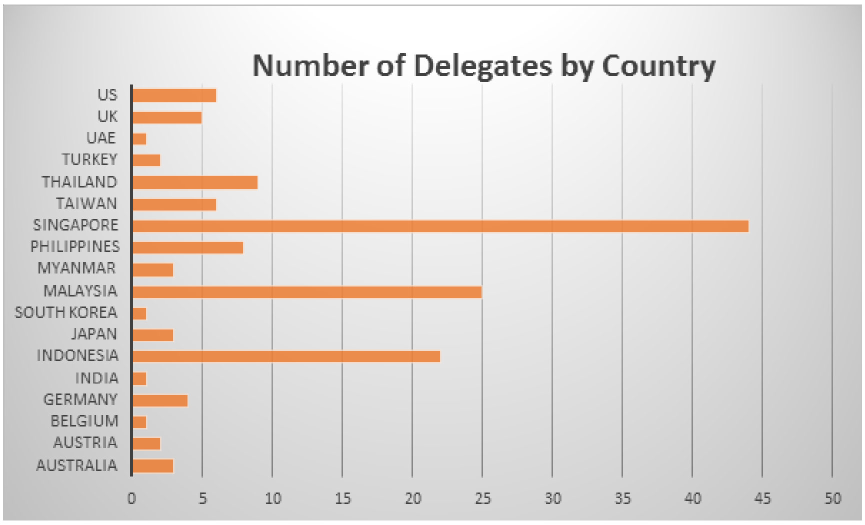






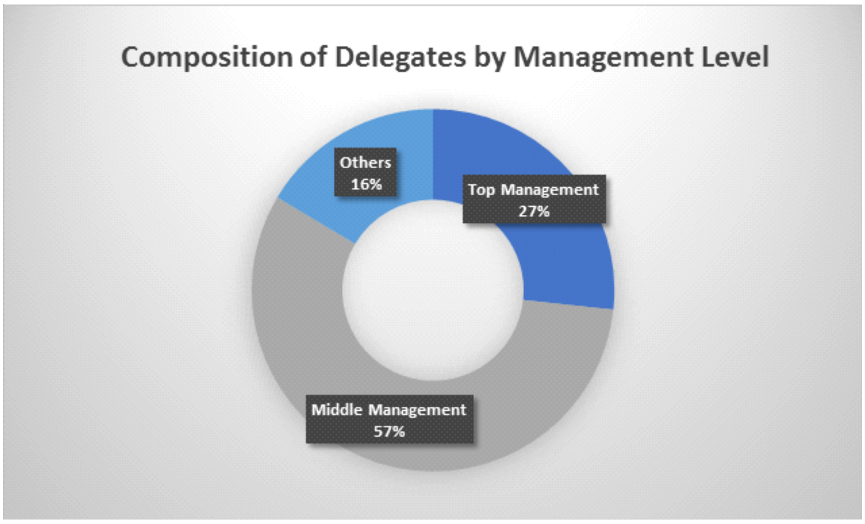


e-Talk Statistics



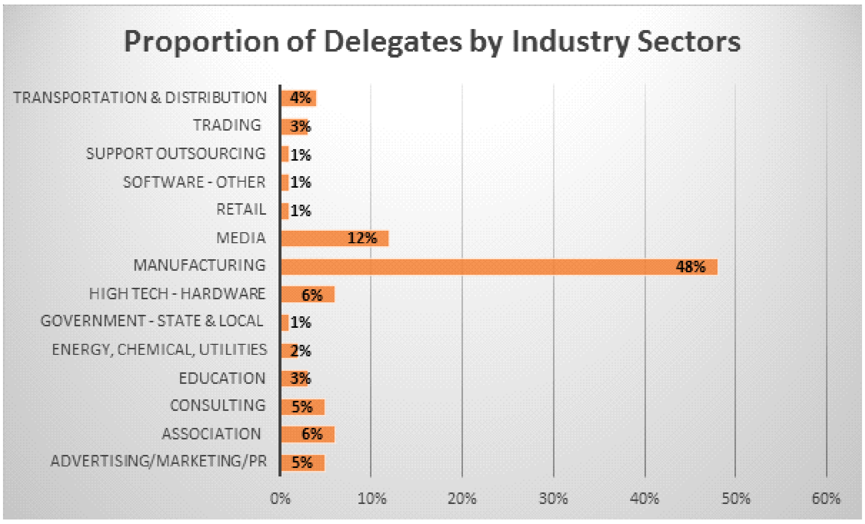
e-Talk Attendance

- Number of delegates: > 140
- Number of countries: 18
- ASEAN delegates: 117



Attendance by Management Level: 84%

- Top Management: 27%
- Middle Management: 57%



Attendance by Industry Sectors

- Manufacturing: 48%
- Media: 12%
- High-tech hardware: 6%
- Association: 6%
- Consulting: 5%
- Advertising / Marketing / PR: 5%

HEADLINES

ASEAN-6: The Major Market for Steel Import or the Growing Steel Exporter

Introduction

ASEAN has been importing the bulk of finished steel, registering around 50 million tonnes a year while export was as low as 7-8 million tonnes a year. However, in recent years, the region's finished steel export surged double in volume to 15 million tonnes in 2019.

Generally, most of the export from the region were bar and wire rod and the major market for the products are ASEAN-4 (mainly Brunei, Cambodia, Laos and Myanmar). Amidst the shortage of semi-finished products, export of the products from the region appeared to increase significantly in 2019 and 2020. Apart from ASEAN-4 countries, China has become a major market for both semi-finished steel and long steel for ASEAN-6.

Vietnam

Vietnam's market for steel is 24 million tonnes in 2019. The country's long steel demand is covered by local producers. Long steel import registered around 2 million tonnes a year and exports were as low as 300,000 -400,000 tonnes a year.

Vietnam is the largest steel exporter among the 6 countries. Vietnam's steel export volume gradually increased to 1 million tonnes in 2017 and 2 million tonnes in 2019. Nearly half of the export is wire rod, followed by bar and sections. Vietnam exported wire rod and bars to various countries, mainly within ASEAN-10 countries. Cambodia seems to be the largest market for Vietnam's long steel export, at 400,000 tonnes for wire rod and 600,000 tonnes for bars in 2019, followed by the export to Thailand and Afghanistan. Export volume to Cambodia continued to increase significant to 286,000 tonnes in the first seven months of 2020 for wire rod and 377,000 tonnes for bar during the same period.

As for flat steel export in Vietnam, half of the volume of the export is coated sheet, around 2 million tonnes in 2019, followed by welded pipes (852,000 tonnes), cold rolled coil (843,000 tonnes) and hot rolled coil (767, 000 tonnes). The main market for these product are within ASEAN-6 countries. USA, Canada and Pakistan are also the major destinations for Vietnam's flat steel. Within the ASEAN-6 destinations, Indonesia, Malaysia and Thailand are the main market for Vietnam's flat steel. Export volume for flat steel declined slightly in the first seven months of 2020.

Indonesia

Indonesia's steel market is 16 million tonnes in 2019. Indonesia steel demand for both long and flat are largely covered by local producers. However, import of flat steel are still significant, at around 5-6 million tonnes a year.

Indonesia is the second largest exporters among the group. As for export, Indonesia's export of long steel is as low as 200,000-300,000 tonnes a year. However, export of bar increased significantly in 2020, more than half of the export was to Myanmar. Export of seamless pipes appeared to be significant. Major markets are Kuwait UAE and Singapore, which are the main markets for oil & gas industry. The big market for wire rod export in Indonesia is Bangladesh and Australia.

Export of flat steel continued to increase from the low base of 600,000 tonnes to 2 million tonnes in 2018 and 3 million tonnes in 2019. A bulk of the export is hot rolled coil (1.8 million tonnes in 2019), followed by hot rolled plate (778,000 tonnes) and cold rolled coil (390,000 tonnes).

80-90% of hot rolled coil and cold roiled coil export are stainless steel products. Taiwan, Malaysia and China are target market for the product. The export of stainless steel emerged in Indonesia in recent years after the start-up of Tsingshan Steel in Sulawesi Indonesia.

Export of stainless HRC in Indonesia declined from 914,000 tonnes in the first seven months of 2019 to 717,000 tonnes in the same period of 2020. Major market destinations are Taiwan, Vietnam, south Korea and Malaysia.

Indonesia's export of stainless cold rolled coil increased 9% y-o-y to 275,000 tonnes in the first seven months of 2020. China remained the largest market (nearly half of the total volume), followed by south Korea and Italy.

Malaysia

Total steel market in Malaysia registered 9.2 million tonnes in 2019. Similar to other countries in ASEAN-6, long steel demand is largely covered by local producers. However, import of long steel still registered a significant volume of around 2-3 million tonnes a year.

Malaysia was not a major exporter for both long and flat steel until in 2019. Malaysia's long steel export registered a low base at 300,000-400,000 tonnes a year. However, the volume jumped to 1.9 million tonnes in 2019, 70% of which is the export of wire rod.

Major market of wire rod export in Malaysia are China and ASEAN-6 countries, in a total of 1.3 million tonnes in 2019 and nearly 2 million tonnes in first seven months of 2020. Wire rod export from Malaysia to China was half of the total export volume, followed by export to Philippines and other ASEAN-6 countries. Bar export registered 324,000 tonnes in 2019 and the volume jumped to a million tonnes in the first seven months of 2020. Export to China was more than 80% of total bar export, followed by the export to Myanmar.

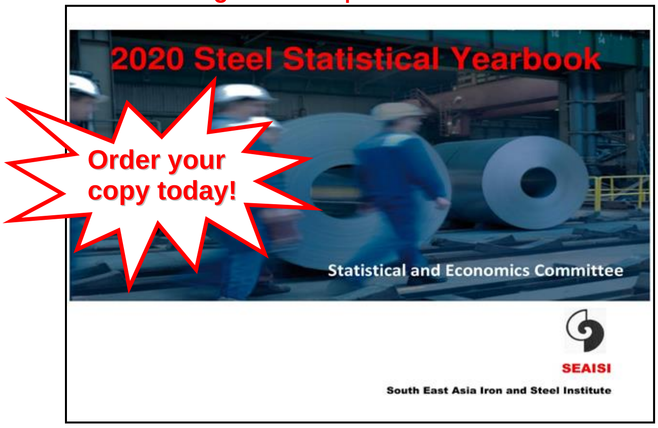
Conclusion

All in all, Vietnam, Indonesia and Malaysia are emerging exporters for finished steel. Vietnam and Indonesia focus more on export of flat steel while Malaysia is emerging export of long steel, especially wire rod and bar. Major markets for flat steel export are the ASEAN-6 countries, China, Taiwan. Emerging markets for the flat export also include Pakistan, Myanmar and India.

Cambodia and Myanmar are the largest market for bar and wire rod, especially the export from Vietnam and Malaysia. Apart from ASEAN-6 itself, Bangladesh and Kuwait appear to be major markets for long steel export from the region.

SEAISI, October 2020

** The long waited publication



2020 STEEL STATISTICAL YEARBOOK

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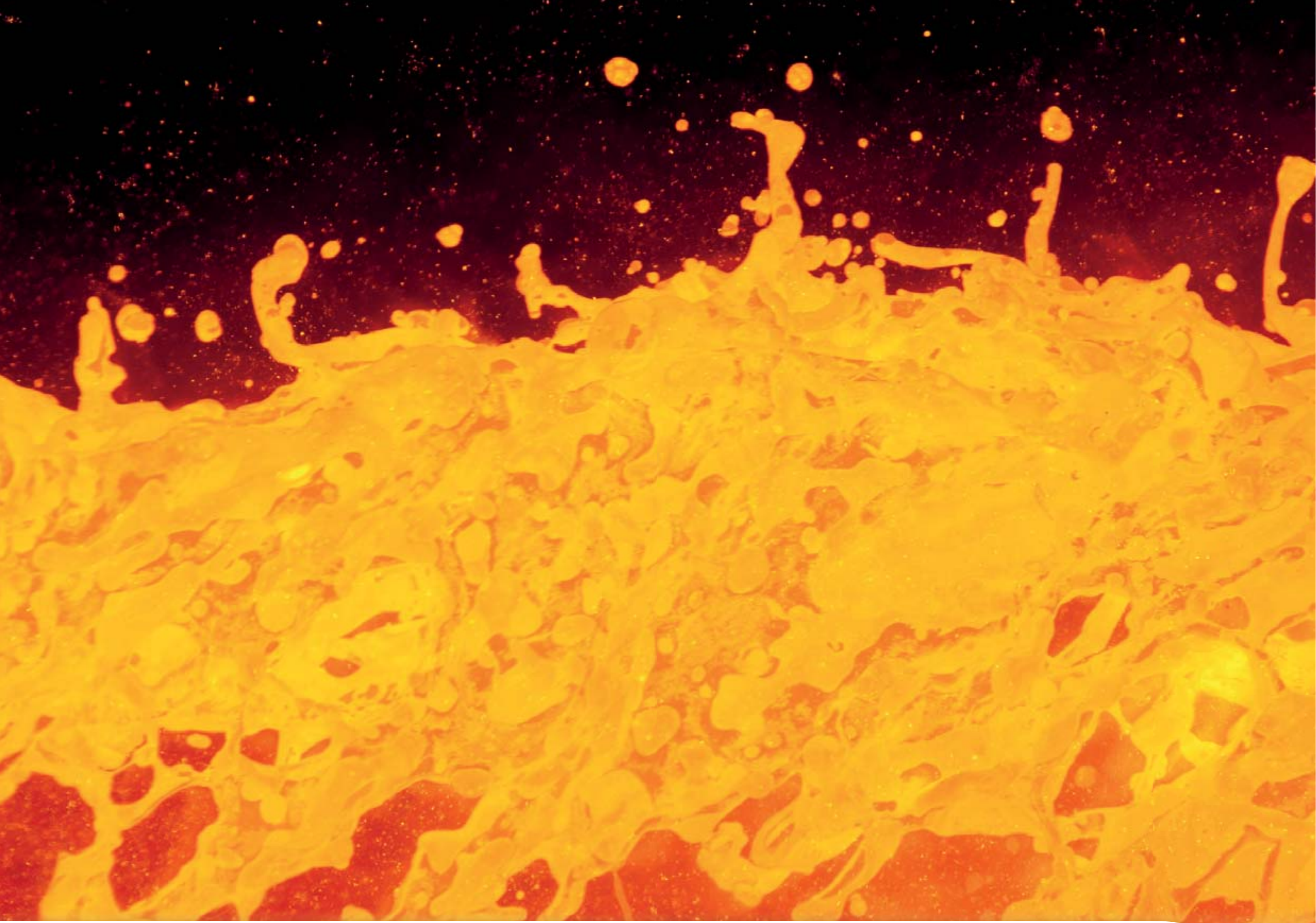

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