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01. MESSAGE FROM
THE SECRETARY GENERAL

The 2019 SEAISI Conference and Exhibition was successfully held at The Athenee Hotel in Bangkok, Thailand from 17 to 20 June 2019. With the theme "Sustainable Development of ASEAN Steel Value Chain", the event attracted a large turnout of more than 530 delegates from some 30 countries across the globe while the exhibition saw a total of 32 companies taking up all the 47 exhibition booths and three corporate suites.

Mr. Ittichai Yotsi, Deputy Director General, The Office of Industrial Economics, Ministry of Industry, officiated the opening of the conference on behalf of the Minister of Industry of Thailand.

The highlight of the conference was the Keynote Session featuring two prominent speakers from China and Japan as well as the CEO Panel Discussion participated by several top steel executives in Asia.

The first keynote speaker was Mr. Nobusa Yoshiyuki, Senior Vice President of JFE Steel Corporation of Japan. In his presentation entitled "JFE's Approach to the Growing ASEAN Steel Market", Mr. Nobusa stated that Chinese steel use will decline but global steel demand is expected to remain flat, supported by rising demand in ASEAN, India and other emerging countries. He further pointed out that while ASEAN will still rely on imports, the region is moving towards self-sufficiency, with increasing domestic production volume. On JFE's ASEAN business strategy, Mr. Nobusa mentioned that the focus will be on the automotive and construction/infrastructure sectors.

The second keynote speaker, Mr. Lin Zhangguo, Chief Executive Officer, HBIS Industrial Technology Service Co., Ltd, China, talked about "Green Manu-

facturing and Globalisation of HBIS Group". In his address, Mr. Lin highlighted HBIS's effort in leading the green development of the steel industry through various initiatives that focus on energy conservation, emission reduction and pollution mitigation. On globalisation practice of HBIS Group, the emphasis is to leverage on the synergy of the Group's global resources and build global marketing platform to reach out to its globalised customers.

After the keynote presentations, Mr. Lin (Mr. Nobusa had to leave earlier for another business engagement) was joined by Dato' Lim Hong Thy, Group Managing Director of Malaysia's Ann Joo Group of Companies and Mr. Lin Yao-Kang, Vice President, Formosa Ha Tinh Steel Corporation of Vietnam, for a CEO Panel Discussion. The session, moderated by Mr. Win Viriyaprapaikit, Chairman of SEAISI, saw a lively exchange of views among the panel members and conference delegates on the theme of the conference as well as other topics of current interest. Among the key points raised were:

- Companies could take advantage of developments in steel value chain and globalisation by focusing on their core competencies and trying to be insightful in whatever they do.
- China is unlikely to become an exporter of ferrous scrap by 2025 and scrap consumption in BOF could go up to 25%.
- China's power supply is tight and government's priority is on other sectors. Thus, cost of energy for steel production is expected to go up.
- On environmental control, pressure will come from the government and there is a need to look at new sources of energy, e.g. hydrogen.
- Vietnam's consumption of HRC in 2018 was more than 11 million tonnes while import was 8 million tonnes. Thus, domestic production only supplied 30% of demand. With Vietnam's steel demand expected to reach 40 million tonnes by 2025, there is incentive for Formosa Ha Tinh to study on building its third blast furnace in the country.

In the session on "Regional Developments", delegates were updated on the developments of the iron and steel industry in ASEAN as well as in the region's two most important neighbours – China and India.

The papers presented for the session on "Market Perspectives & Challenges" were "The New Era in Steel – Post China Supply Side Reforms and the Outlook for Steelmaking in SE Asia" by CRU Group; "Managing Risk in a Competitive ASEAN Market" by Argus Media; and "Trade Tensions and Impact on ASEAN Steel Industry" by UOB Singapore. Some of the key takeaways from this session include:

- China's steel supply side reforms in recent years has been the main driver of improved industry profitability.
- Chinese steel demand is entering off-peak season with domestic market sliding and export looking more attractive.
- The high margins of 2017-18 are in decline.
- Potential for over-capacity in the ASEAN region exists and some countries could be net exporters of steel within 5-10 years.
- Steel protectionism rising with more AD measures.
- Post tariff – exporters of steel products into ASEAN has increased versus that of Japan and Korea.

For the first time, one plenary session each was organised on days two and three of the conference. The first was on "Challenges & Opportunities Before Steel Industry in a Rapidly Changing World". Moderated by Mr. Atul Gogna, CEO of INSTAC Consulting, the speakers were Dr. Vincent Chevrier of Midrex Technologies and Dr. Alexander Fleischanderl of Primetal Technologies, with Mr. Roberto Cola, SEAISI Director for the Philippines, joining them after their presentations in the panel discussion.

The second plenary session touched on "Value Creation in Steel Industry Through Circular Economy Mindset". The session was moderated by Mr. Wikrom Vajragupta, Chairman of Thailand Iron and Steel Industry Club, The Federation of Thai Industries. The speakers were Dr. Nae Hee Han of World Steel Association, Dr. Shiro Watakabe of The Japan Iron and Steel Federation and Mr. Yap Chin Seng of Certification Authority for Reinforcing Steels, United Kingdom. The three speakers were later on joined by Mr. Win Viriyaprapaikit, Chairman of SEAISI, for a panel discussion.

Continue on next page....

The two plenary sessions were well attended and participated by the conference delegates despite the fact that they took place at the very end of the programme in the respective two days.

As usual, the presentation of Country Reports by the member countries of SEAIISI was very well received by the delegates, with the new member country of SEAIISI, Myanmar, presenting its maiden country report in the conference. In addition, a total of 66 technical papers were delivered by various experts over 14 sessions on the second and third day of the conference.

The plant tour after the conference attracted a total of 98 delegates who were divided into two groups to visit several leading steel and steel related establishments in Rayong and Ayutthaya.

The success of the 2019 SEAIISI Conference & Exhibition in Bangkok, Thailand was the result of the efforts and contributions of many organisations and individuals. The Institute would like to convey its deepest appreciation to the co-host of the event, The Iron and Steel Institute of Thailand (ISIT), all the speakers and chairpersons, all the exhibitors, sponsors and advertisers, all the companies that hosted the plant tour and all the delegates for your tremendous support and participation.

The 2020 SEAIISI Conference & Exhibition will be held in Malaysia. The theme will be “Steel in ASEAN – New Possibilities, New Challenges and New Approches”. We look forward to seeing you all again at our next year’s event.

TAN AH YONG

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AUSTRALIA

Australia drops anti-dumping investigation

Australia's Galintel has written to the Anti-Dumping Commission withdrawing its application for dumping duties on solid base angles. The commission meanwhile has also notified the market that duties on Taiwanese bar in coil and Chinese silicon metal will expire in 2020, Kallanish notes.

The commission initiated an inquiry into Chinese solid base angles at the request of Galintel in February 2019. It had said dumping of these products was causing material injury to the domestic industry. It did not say in its withdrawal form why it was dropping the request. Over the first four months of the year, Chinese exports of goods to Australia under the relevant HS codes were down -28% to 111,754 tonnes.

The commission has also issued two expiry notices. Anti-dumping measures on bar-in-coil from Taiwan were first imposed on 17 June 2015 and are due to expire on the same day in 2020. Anti-dumping measures on silicon metal from mainland China meanwhile were imposed on 3 June 2015 and are set to expire on 3 June 2020. Relevant parties can now submit their opinions on whether duties should be dropped or extended.

Kallanish, June 19, 2019

INDONESIA

Europe needs safeguard measures against Indonesian imports: Tajani

European Parliament president Antonio Tajani has confirmed that Europe needs to adopt measures against the import of Indonesian steel. The Southeast Asian country has significantly increased its importance, specifically within the stainless steel sector within Europe, Kallanish notes.

Speaking at an event in Terni, invited by workers of Acciai Speciali Terni, Tajani stressed that a review to include Indonesia in the safeguard system is a priority.

"Chinese companies have acquired companies in Indonesia to use the country as a platform to sell into Europe. We need to intervene immediately," Tajani said. He added that the first step to review the measures has been initiated last week, but he stressed that he has requested formally that a swift decision be made

All steelmakers during recent months have confirmed that they expect Europe to include Indonesia in the list of countries subject to the safeguard measures. Recently this view was supported by major Luxembourg-based stainless producer Aperam.

As a new European parliament is set to be elected during the coming days, Tajani also noted that he believes there is a need to update the rules for competition and anti-trust in Europe. This is necessary to avoid further problems similar to the ones that had occurred with the Outokumpu merger involving Terni and the Tata Steel/thyssenkrupp proposal.

"The existing rules are old and can limit the creation of European industrial champions," Tajani noted.

Kallanish, May 23, 2019

JAPAN

Nippon Steel's reinvention of its namesake metal could make car bodies 30% lighter

Imagine the weight of 24 elephants bearing down on a tiny spot the size of a postage stamp.

That's how much pressure Nippon Steel Corp.'s strongest metal can withstand. The firm is pushing the envelope in order to stay relevant as the auto industry, its most important customer, goes through major changes.

Steel has been the main material in cars since Henry Ford started mass producing them a century ago. But the heavy metal is falling out of favor because automakers can't meet new fuel efficiency standards or build long-range battery-powered cars without shedding precious pounds. Several years ago, Ford Motor Co. decided to build its best-selling F-150 pickup truck mostly out of aluminum — and steel-makers have been panicking ever since.

That's why Nippon Steel opened a research department last April to come up with tricks for making car parts lighter, using advanced grades of the material it's been smelting for 118 years. In January, the firm unveiled the results of the new approach; an all-steel car body, built in-house, which it says cuts weight by 30 percent, putting it on par with aluminum.

"There's this idea out there that steel is an old-fashioned material, but it's not true," Nippon Steel's laboratory research head, Nobuhiro Fujita, said last week at a briefing in Yokohama.

For years, cars have actually been gaining weight, not losing it, adding about 880 pounds (400 kg) in the last two decades alone, according to automotive consultancy A2Mac1. Beefier beams and pillars for added crash protection and more amenities like power seats have been the main culprits, along with popularity of behemoth pickup trucks and SUVs.

But now tighter emissions rules are forcing manufacturers to consider dieting. Even in North America, where fuel efficiency targets are less ambitious than in Europe and China, the curb weight of new vehicles will drop about 7 percent, or 270 pounds (122 kg), between 2015 and 2025, according to market researcher Ducker Worldwide.

The pressure will only increase as automakers produce more electric cars because batteries aren't powerful enough to carry extra weight and still propel cars for long distances.

Over time, this will mean more aluminum, more exotic materials like carbon fiber and magnesium — and less steel. By 2025, steel will account for only 62 percent of the weight of the average new vehicle, down from 70 percent in 2015, according to Akihito Fujita, a New York-based consultant at Nomura Research Institute America Inc. "The move away from steel is inevitable," he says.

No one will feel the pain of those changes harder than Nippon Steel. Competition with lower-cost rivals in China has made it more difficult to make money selling construction materials and the firm now relies on the auto industry to buy about 30 percent of its output, according to Takeshi Irisawa at Tachibana Securities Co. in Tokyo. Nippon Steel doesn't disclose the numbers in its financial reports.

"They don't have any replacement for cars," the analyst said.

Still, aluminum has made fewer inroads than expected since the release of Ford's F-150 pickup in 2015. General Motors Inc. mocked the material's durability in TV ads that showed the F-150's aluminum truck bed cracking when heavy objects were dropped into it.

Another blow came in 2017, when Tesla Inc. switched to steel for the body of its first mass-market car, after using aluminum on earlier luxury vehicles. Nissan Motor Co. also chose a mostly-steel body for its Leaf, which is the world's best-selling electric car. Toyota Motor Corp., a key Nippon Steel customer, has done the same for its plug-in hybrids.

"We have to keep costs down," Toyota's head of advanced R&D, Shigeki Terashi, said last month.

To persuade auto customers to stick with them, though, Nippon Steel is trying to show that steel can also be a weight-saver, if it's superstrong and used cleverly.

The car body it exhibited at a Tokyo trade fair in January cuts weight by 30 percent using a half-dozen different grades of the metal. The strongest has a tensile strength of 2,000 megapascals, which means it can withstand 290,000 pounds (131,542 kg) of pressure per square inch — several times more than the advanced steel commonly used in cars today — without breaking.

Nippon Steel's engineers also found ways to redesign components so they could be made with less material. For example, they used a combination of thinner body panels and reinforcement bars to shave 20 percent off the weight of door modules, without sacrificing strength.

The next goal is to prove that high-grade steel can be used to cut the weight of car bodies by half.

That may require some compromise, though, since steel can only get so strong or light. To push the limits, Nippon Steel is experimenting by mixing small amounts of plastics with the metal it's been producing for decades.

"We want to do the most we can with steel," said Fujita, the company's laboratory head, "but we're not taking the competition for granted."

Bloomberg, June 3, 2019

Japanese steel exports gain in May

Japanese iron and steel exports recovered month-on-month in May, according to preliminary customs data released by the Ministry of Finance. Year-on-year however exports remain down, Kallanish notes.

May iron and steel exports were down -5.7% y-o-y to 3.011 million tonnes, preliminary data show. That was up however from April's final figure of 2.702mt. Exports have remained depressed due to weak demand, steady domestic orders and competition from other exporting economies.

Of the **total**, 2.444mt of exports went to Asia, down -2.1% y-o-y. These volumes were supported by strong growth to Korea and China. Exports to Korea jumped 18.6% to 562,000t as they continued to recovered from last year's slump.

Exports to China meanwhile were up 6.4% to 448,000t in May. That compared to a -17.3% drop to 396,137t in April. That leaves exports over the first two months of the financial year down -6.2% to around 844,000t, in line with the impact on Japanese carmakers in China.

Asean meanwhile saw Japanese export volumes slide -14% to 938,000t. That suggests that recent firm demand from Thailand may also be fading. This will only be clear once detailed data comes out at the end of the month however.

Imports meanwhile were up only 0.3% y-o-y to 710,964t. Imports from Korea slipped -6.2% to 302,848t, while imports from China increased 7.6% to 136,186t. This continues the trend which has persisted for over a year. Imports from other sources, such as Vietnam have also grown rapidly in recent months but remain much smaller suppliers than China and Korea.

Kallanish, June 19, 2019

K O R E A

S.Korea steelmaker POSCO may beef up green production push with up to \$169 mln new funds -exec

South Korean steelmaker POSCO may invest up to 200 billion won (\$169 million), on top of a previously announced 1 trillion won package, in a bid to meet tighter environmental rules on production as the country seeks to clamp down on pollution, an executive said on Monday.

Ahn Yoon-gih, senior vice president of POSCO's steel business, told Reuters in an interview that the world's fifth-largest steelmaker will continue to make its steelmaking process cleaner, following the country's toughened law on high concentrations of pollutants.

"In response to that we may invest as much as 200 billion won, or at least 100 billion won," Ahn said.

South Korea, Asia's fourth-largest economy, has been fighting air pollution in recent years. In March, it designated the problem as a 'social disaster,' as a way to step up its efforts to tackle the issue.

The company said in February that it would spend a total of 1.07 trillion won over the next three years to build environmentally friendly facilities and reduce emissions.

Reuters, June 4, 2019

MALAYSIA

Ann Joo in the red in Q1 on weak selling price, sees weaker Q2

Ann Joo Resources Bhd posted net losses of RM6.69mil in the first quarter ended March 31, 2019 which was a stark contrast from a the net profit of RM61.44mil a year ago and it expects a lower second quarter.

The manufacturer and trader of steel and steel related products said on Tuesday its revenue fell by 8.6% to RM528.12mil from RM589.06mil a year ago.

Ann Joo said the lower revenue and the loss incurred in Q1 FY19 were mainly due to lower tonnage sold coupled with depressed selling price in domestic market despite higher export tonnage.

Loss per share was 1.22 sen compared with earnings per share of 11.88 sen.

On the outlook for 2019, Ann Joo expected the remaining months to be remain extremely challenging, arising mainly by the US-China trade war and coupled with the severe domestic oversupply situation.

This was although domestic sentiment has improved with the revival of selected mega infrastructure and large scale development projects, for example the East Coast Rail Link and Bandar Malaysia.

"In the near term however, the group expects a lower second quarter of 2019 due partly to seasonal factors that typically affecting construction activity, including the Ramadan month and Raya holiday," it said.

Ann Joo said the oversupply situation in the domestic industry was still a main concern as steel prices continued to be depressed by foreign-owned steel mills. It targeted to increase export sales amidst lacklustre near-term domestic demand.

It also said while steel prices had recovered after Chinese New Year, this has been driven largely by higher raw material and fuel prices.

"As such, the group continues to place a strong emphasis on cost and operating efficiency as well as balance sheet management to proactively manage its debt and inventory levels.

"The group is also undertaking selective measures to upgrade its production facilities including a mid-term relining exercise for its blast furnace in June 2019 to ensure a sustainable production efficiency of the furnace. The group believes such measures will contribute to its competitive position once steel market recovers," it said.

The Star, May 29, 2019

Southern Steel posts second quarterly loss at RM42m

Southern Steel Bhd reported a second straight quarterly loss today as it incurred a net loss of RM41.57 million in its third quarter ended March 31, 2019 (3QFY19), due to lower selling prices and challenging market conditions.

The group recorded a net profit of RM52.27 million in the same quarter a year ago.

Revenue for the quarter under review **contracted** more than one-fourth to RM699.96 million, from RM953.37 million in the same quarter a year ago, due to the same reason.

This brings Southern Steel's cumulative net loss to RM84.20 million, compared with a net profit of RM175.64 million in the same period in FY18.

Cumulative revenue, meanwhile, stood 13.2% lower at RM2.44 billion, versus RM2.81 billion in the corresponding cumulative period a year ago.

Southern Steel said the group will intensify its effort to manage down its cost going forward.

"Although there is indication of revival of some infrastructure projects by the government, their impact and timing are still uncertain.

"Further to this uncertainty and the intense competition caused by the new foreign-owned competitor, the group intends to ensure that its market position will not be compromised," it added.

Southern Steel shares finished two sen or 2.19% lower at 89.5 sen today, valuing the group at RM388.11 million.

The Edge, May 30, 2019

Malaysia imposes maximum anti-dumping duty of 13.68 per cent on cold rolled steel from VN

The Malaysian Ministry of International Trade and Industry (Miti) has revised anti-dumping duties imposed on imports of cold rolled coils of alloy and non-alloy steel originating or exported from China, the Republic of Korea (RoK) and Viet Nam.

According to the Trade Remedies Authority of Viet Nam, anti-dumping duties for Viet Nam would stand at 2-13.68 per cent.

The duty is now set at two per cent for POSCO Vietnam Co Ltd and 13.68 per cent for China Steel Sumikin Viet Nam Joint Stock Co and others.

The revised anti-dumping duties are effective from May 8, 2019 to May 23, 2021.

The anti-dumping duties for Chinese steel producers are now 35.89 per cent and 42.08 per cent, while for South Korean producers they've been set at 11.55 per cent and 21.64 per cent.

The Malaysian Government on November 9, 2018 initiated an investigation into anti-dumping duties imposed on imports of cold rolled coils of alloy and non-alloy steel originating from the three countries based on a petition filed by CSC Steel Sdn. Bhd. on behalf of the domestic industry.

The petition claimed there had been a substantial change in the dumping margin for imports of subject merchandise by producers or exporters from China, RoK and Viet Nam since the imposition of the anti-dumping duties on imports of cold rolled coils of

alloy and non-alloy steel on May 24, 2016, according to Miti's press release.

In early April, Malaysia announced it would initiate an anti-dumping duty investigation into imports of cold-rolled coils of iron or non-alloy steel originating or exported from four countries, including Viet Nam, China, Japan and South Korea based on a petition lodged by Malaysian producer Mycron Steel CRC Sdn Bhd.

Viet Nam News, May 13, 2019

Malaysian rebar ready to be sold to Singapore after Alliance Steel achieves quality certification

Malaysian rebar is ready to be sold into Singapore after a major Malaysian producer Alliance Steel achieved Cares certification, market sources told Fastmarkets.

"A major trading company had previously applied for the certification so that [it could] import Malaysian rebar into Singapore," a source told Fastmarkets on Friday June 14.

The Cares certification will allow major buyers in Singapore to diversify their supply base and buy rebar from Alliance Steel, which will enable them to benefit from shorter lead times and simpler logistics compared with importing materials from Turkey, India or Qatar, market sources said.

Alliance Steel is located in Kuantan, Malaysia, less than 350km by road from Singapore.

Alliance Steel has achieved four Cares certifications covering the production of hot-rolled steel billets and steel bars for the reinforcement of concrete, BS4449:2005 Grade B500B bars in diameters of 10-32mm and SS560:2016 Grade B500B bars in diameters of 10-32mm.

It has also achieved certification for 10-32mm CS2:2012-grade 500B bar.

Malaysian rebar had previously been offered to Singaporean buyers but no transactions were concluded, but Singaporean rebar buyers have been staying away from the import market over the past week in anticipation of falling spot prices.

"It still depends on the price of the rebar offered and the quality of the materials, although Alliance Steel's proximity is indeed an advantage," a source at a local fabricator told Fastmarkets on Monday June 17.

Fastmarkets' weekly import price assessment for rebar in Southeast Asia - which mainly looks at cargoes sold into Singapore on a theoretical-weight basis - was \$486-487 per tonne cfr for the week to Monday June 17, unchanged from a week earlier.

Demand has been limited over the past week because buyers had already purchased sufficient quantities in the previous week and were not looking to replenish inventories.

Offers for Turkish rebar came in at \$490-495 per tonne cfr Singapore at the start of last week.

There was market chatter that offers had dropped to \$485 per tonne cfr Singapore by Friday June 14, although this could not be confirmed.

And there were only a limited number of firm bids from end users, who continued to remain on the sidelines after seeing that ferrous scrap prices in key bellwether market Turkey, and across Asia, were still falling.

Chinese rebar remained uncompetitive, however, with major Chinese mills offering its exports at \$495-510 per tonne fob in the past week.

That is equivalent to \$525-535 per tonne cfr Singapore on a theoretical-weight basis.

Southeast Asia's wire rod prices were unchanged over the past week on unchanged market fundamentals.

Offers remained at \$520-525 per tonne cfr Philippines, while buyers were bidding at \$515 per tonne cfr.

The official offer from an active Chinese exporter was \$510 per tonne fob, unchanged from the previous week. This is equivalent to about \$525 per tonne cfr Philippines.

Fastmarkets' weekly import price assessment for wire rod in Southeast Asia - which mainly looks at Chinese low-carbon mesh-quality material sold into the Philippines and Vietnam - was \$515-520 per tonne cfr on Monday, unchanged from a week earlier.

Cares is an independent, not-for-profit certification body, based in the UK, established in 1983 to provide confidence to the users, purchasers and specifiers of constructional steels through a regime of regulation, testing and inspection.

Metal Bulletin, June 17, 2019

Alliance Steel launches 3.5mt steel plant

Alliance Steel held a completion ceremony on 15 June for its 3.5 million tonnes/year steelworks project in the Malaysia-China Kuantan Industrial Park (MCKIP), Kallanish notes.

Alliance Steel is a joint venture between Chinese provincial state-owned company Guangxi Beibu Gulf Port International Group and the privately-owned Guangxi ShengLong Metallurgical. It completed the installation of two 1,080m³ blast furnaces in 2018 to produce 3m t/y of pig iron, and to reach 3.5m t/y finished steel capacity after the plant is fully commissioned. The finished steel part includes a 1.1m t/y H-beam mill, 650,000 t/y wire rod mill and 1.5m t/y rebar plant.

The plant started construction in November 2016 and began operating in May last year, ShengLong said. The total investment of this project is \$1.4 billion.

Pahang Datuk Seri Wan Rosdy said at the ceremony that Alliance has created RM 530 million (\$76.5m) worth of business opportunities since 2016 and helped 2,700 locals to obtain jobs so far.

Alliance Steel said the project's environmental investment accounted for 16.15% of total investment. Its 12km tubular tape machine transports raw materials directly from the Kuantan port to the plant, which will reduce vehicle logistics and contribute to environmental protection.

Kallanish, June 18, 2019

Eastern Steel plans HRC production in Malaysia

Malaysia's Eastern Steel is aspiring to supply hot rolled coil in Malaysia as there is currently no domestic production, Kallanish notes.

The company is in the process of deciding on whether to install additional capacity of 2-3 million tonnes/year to produce hot rolled coil in the next two years, Kuala Lumpur-based industry sources say. The company is currently producing slab and billet at its plant located at Kemaman Heavy Industrial Park in peninsular Malaysia's Terengganu Darul Iman. This plant is running at its rated capacity of 700,000 t/y.

Several Chinese mills have already announced plans to implement projects which when combined could mean additional regional capacity exceeding 40m t/y by 2023, the South East Asia Iron & Steel Institute noted. (See Kallanish 18 June). Shanxi Jianlong took up 60% of the shareholding in Eastern Steel, enabling the latter to restart its 700,000 t/y capacity slab plant in July 2018.

The company commenced sales of low carbon billet products last December after it started to operate its billet caster. Its products are exported to the region including Indonesia, Thailand and Taiwan.

Last year, Malaysia imported 2.207 million tonnes of hot rolled sheet and strip, according to the Malaysian Iron & Steel Industry Federation. Taiwan was the leading supplier with exports to Malaysia exceeding 600,000t followed by Japan at nearly 500,000t. China and Vietnam exported 221,000t and 200,000t of hot rolled sheet/strip.

The imports are processed by downstream users. Malaysia produced 864,000t and 557,000t of cold rolled sheet/strip and pipe & tubes respectively last year.

Kallanish, June 19, 2019

TAIWAN

Taiwanese container scrap market turns sluggish

The Taiwanese market for containerised scrap has now fallen for three consecutive weeks, Kallanish notes. Local market demand for rebar is still weak, which has caused steel mills not to purchase scrap.

Taiwanese traders confirm that only a small volume of HMS 1&2 80:20 from the US West coast was booked this week at \$270/tonne cfr. This is down over \$10/t from transactions of \$280-283/t cfr last week.

Another trader tells Kallanish that buyers are still looking for offers below \$270/t cfr for limited quantities but have not seen

deals. Taiwanese traders say offers for this week are pitched at \$270-275 cfr.

Kallanish lowered its weekly HMS 1&2 80:20 container scrap to \$270/t cfr on Wednesday, down \$10 week-on-week.

Meanwhile, leading Taiwanese EAF mill Feng Hsin Iron & Steel lowered its scrap procurement prices by TWD 200/t (\$6.3/t) and sales prices for rebar by TWD 400/t earlier this week. Its purchase price for HMS 1 was reduced to around TWD 9,000/t and the ex-works list sales price for #5 (5/8 inches or 15.875mm nominal diameter base) rebar was TWD 16,900/t.

Kallanish, June 19, 2019

VIETNAM

Vietnam slaps safeguard duty on Malaysian, Kazakh billet

Vietnam has imposed safeguard measures on billet from Malaysia and Kazakhstan, Kallanish notes. The 17.3% duty is effective 13 June till 21 March 2020 and will lapse to 0% thereafter if not extended.

Imports of billet from these two countries were previously exempted from the safeguard duties when Vietnamese safeguard measures were imposed on billet and long products in July 2016. However, in a mid-term review of the measures, Vietnam's Ministry of Industry & Trade determined that imports from Malaysia and Kazakhstan exceeded the 3% threshold of total billet imports.

The Ministry has therefore removed the two countries from the list of countries exempted from the application of safeguard measures on billet and takes effect 15 days after the 29 May decision. The exclusion list for countries from the safeguard measures for long products remains the same at that in 2016.

The new regulation will prevent Malaysian billet from being exported to Vietnam, a local trader says Friday. Blast furnace billet for July shipment from Malaysia was offered at \$460/t cfr Vietnam during 20 May week. The trader said that no deals transpired. The safeguard would deter any bookings, another Vietnamese trader says.

Kallanish, June 3, 2019

Viet Nam's industrial production rises 9.4 per cent in five months

Viet Nam's industrial production index (IIP) rose 9.4 per cent in the first five months of 2019, driven by growth in the processing and manufacturing industry, power production and distribution, and water supply and waste treatment, data from the General Statistics Office (GSO) showed.

The five-month figure was lower than the 10.3 per cent increase in the same period last year but higher than the growth of 6.6 per cent in 2017 and 7.4 per cent in 2016.

The IIP in May was estimated to rise by 4.6 per cent over the previous month and by 10 per cent over the same period last year, the data said.

The processing and manufacturing continued to play a key role in driving growth across the whole industry with five-month growth of 10.9 per cent, contributing 8.4 percentage points to the overall increase. Notably, the manufacturing of electronic products, computers and optical products started to recover in May after two consecutive months of negative growth.

This industry also attracted the largest amount of foreign direct investment (FDI), with total capital in new projects exceeding US\$4.7 billion, accounting for 73.5 per cent of accumulated investment in new projects overall. Additional and new capital injected into the sector reached more than \$7 billion, accounting for 77.2 per cent of the total.

Electricity production and distribution ranked second with a five-month increase of 10.3 per cent, followed by water supply and waste treatment with growth of 7.9 per cent.

Some major industrial products also increased substantially compared to the same period last year, such as refined petroleum products (up 74.7 per cent), iron and crude steel (up 66.2 per cent), televisions (up 34.2 per cent), liquefied petroleum gas (LPG, up 26.2 per cent) and automobile (up 17.1 per cent).

On the dark side, oil and gas exploitation and the mining industry dropped 7.9 per cent and 0.1 per cent, respectively.

Some products suffered strong declines such as telephone parts (down 17.9 per cent) and refined sugar (down 13 per cent).

Across regions, 59/63 provinces and cities directly under the central government saw the industrial production index increase compared to the same period of last year, of which Thanh Hóa continued to lead with a 44.8 per cent jump thanks to the Nghi Sơn Refinery and Petrochemicals plant that went into production in mid-2018.

Experts said the country's industrial growth was driven by increases in the number of enterprises, investment capital and labourers. However, productivity remained low and gaps with other countries like China, Malaysia, Indonesia, the Philippines, India, Thailand, Japan and the Republic of Korea had continued to widen.

Industrial growth, especially the processing and manufacturing sector, still relied on FDI firms.

Experts suggested creating national brands and competitive products, integrating more deeply into global value chains and stepping up industrial structural reform.

Viet Nam News, June 4, 2019

SeAH Group Completes 2nd Steel Plant in Vietnam

SeAH Holdings Corp., the holding company of SeAH Group, announced on June 3 that it completed the second plant of SeAH Steel Vina (SSV), a subsidiary incorporated in Vietnam, on May 30.

In June 2017, SeAH Holdings broke ground for the second SSV plant with an annual production capacity of 100,000 tons on a site of 120,000 square meters at an industrial complex in Dong

Nai, southern Vietnam. It took two years to build the US\$37.8 million plant, which will produce 2- to 4-inch general piping materials and tubing products for oil wells. The Korean steel group looks to become Asia's No. 1 producer of steel pipes.

The completion of the second plant will drive up SeAH Steel's pipe production capacity in Vietnam to 370,000 tons — 230,000 tons from the SSV No. 1 plant, 100,000 tons from the SSV No. 2 plant, and 40,000 tons from Vietnam Steel Pipe, a joint venture set up in 1993 by SeAH Steel and Vietnam's largest steel company VN Steel. It produces products of small diameters and general-purpose products.

Vietnam's steel market grew 15 percent in terms of production and 21 percent in terms of consumption last year, thanks to a spike in the government's infrastructure investment and construction-related projects such as housing and urban development, the Vietnam Steel Association (VSA) said. In addition to Vietnam, SeAH Holdings has built overseas production bases in the United States, Italy and the United Arab Emirates (UAE). The second SSV plant is its seventh overseas steel pipe production plant.

Business Korea, June 4, 2019

Thousands of Vietnamese sue investors of FPG unit

Almost 8,000 Vietnamese saying they have suffered from marine pollution caused by Formosa Ha Tinh Steel Corp yesterday filed a lawsuit in Taipei against the company's investors, seeking NT\$140 million (US\$4.4 million) in compensation.

A spill of toxic chemicals from the Formosa Plastics Group (FPG) unit's under-construction steel plant in April 2016 caused mass fish deaths in waters off central Vietnam.

After a Vietnamese government report confirmed Formosa Ha Tinh's accountability, the company in June of that year agreed to pay US\$500 million in compensation for discharging water containing chemicals such as phenol, cyanide and iron hydroxides.

A coalition of Taiwanese and Vietnamese groups yesterday morning helped file the lawsuit at the Taipei District Court on behalf of 7,875 Vietnamese plaintiffs against the company's main investors — FPG, China Steel Corp and Japan's JFE Steel Corp — as they said many victims have not received compensation.

Members of the coalition protested yesterday afternoon outside Sunworld Dynasty Hotel, where FPG was holding its annual shareholders' meeting.

After the spill, many Vietnamese fishers could no longer catch fish for a living and had to sell their boats, said Nguyen Hong Linh, a Vietnamese Catholic priest.

During protests in Vietnam over the spill, demonstrators were often abused or even arrested by the government, but they expect Taiwan's rule of law to uphold justice for them, he said.

Taiwanese authorities should demonstrate that "Taiwan is a nation that can reflect on its own wrongs," rather than one that turns a blind eye to victims, Environmental Jurists Association chairperson Chang Yu-yin said.

Plaintiffs are claiming an aggregate compensation of NT\$140 million, with individual claims varying with the level of proof attesting to their losses, he said.

The court must hold a hearing to decide whether to accept the case, but even if it accepts, deciding how to apply Vietnamese law to determine the firm's liabilities and evidence of victims' losses would be challenging, he added.

"In Vietnam, very few people have been compensated for the economic loss caused by marine pollution," Paul Jobin, an associate research fellow at Academic Sinica's Institute of Sociology, who traveled to Vietnam's Ha Tinh and Quang Binh provinces last year, said at the protest.

"This lawsuit means a breakthrough in transnational advocacy for environmental justice," Jobin said. "It is time for big polluters like FPG to take environmental safety and health issues very seriously."

FPG released a statement saying it had paid the US\$500 million fine imposed two years ago by the Vietnamese government as compensation for the losses of fishers in four Vietnamese provinces.

It had distributed the money to the affected fishers as requested by the Vietnamese government, the statement said.

The steel plant's wastewater treatment has been monitored 24 hours a day by the Vietnamese Ministry of Natural Resources and Environment, and there have been no sign of illegal actions, it said.

The Hung Nghiep Formosa Ha Tinh Steel Co, which runs the steel plant, also said that its level of wastewater and exhaust emissions have measured up to Vietnamese government's standards over the past two years.

The plant in the Vung Ang Economic Zone of Ha Tinh Province is the biggest integrated steel mill in Southeast Asia. Its first furnace became operational on May 29, 2017, and the second one on May 18 last year.

Taipei Times, June 12, 2019

Vietnam will impose provisional AD duties on Chinese, South Korean coated flat steel [UPDATED]

Vietnam's Ministry of Industry and Trade will impose provisional anti-dumping measures on color-coated flat steel products from China and South Korea, it said this week.

The provisional measures will take effect from June 25, 2019, with a final decision expected in the fourth quarter of 2019, the ministry said on June 19.

The temporary anti-dumping duty rate applied to Chinese color-coated steel exporters ranges between 3.45% and 34.27%, while the duty rate applied to South Korean exporters ranges between 4.48% and 19.25%.

"The dumping behaviour continues to exert considerable pressure on the performance indicators of the domestic manufacturing

industry, reflected in the criteria such as production output, sales volume, revenue and profit," the ministry said.

"Market share and inventories were volatile during the survey period [which began in October 2018] – especially in the period of the last seven months of 2018 until now. Many of the enterprises in the country lost money and many production lines had to stop working," it said.

There is excess domestic capacity for coated steel in Vietnam, a trader in the country said. This, coupled with the imports, weighs heavily on prices, he said.

Demand for imported upstream products such as cold-rolled coil and hot-dipped galvanized coil is also limited because of their high asking prices, but traders in Vietnam and China expect this to change soon.

Fastmarkets' assessment for China export galvanized coil (1mm) fell sharply to \$545-550 per tonne fob on January 2, 2019, compared with \$690-695 per tonne cfr seven months earlier on July 3, 2018.

The latest assessment was at \$570-575 per tonne cfr on June 18, 2019.

Fastmarkets' South East Asia import hot-rolled coil assessment plummeted to \$470-480 per tonne cfr Vietnam on December 31, 2018, from \$600-615 per tonne cfr on July 2, 2018.

The latest assessment was at \$493-495 per tonne cfr on June 17, 2019.

Hot-rolled coil prices in Vietnam have continued to fall in recent weeks because of limited demand and lower offers from domestic producer Formosa Ha Tinh Steel Corp.

Metal Bulletin, June 21, 2019

INDIA

India's May crude steel production rises 5% on year amid higher demand

India produced about 9.24 million mt of crude steel in May, up 5.2% against 8.78 million mt year on year, provisional data released Tuesday from the Joint Plant Committee showed.

The higher production came amid a rise in May apparent steel consumption which stood at 8.03 million mt, up 7.4% from 7.48 million mt the year before.

Production of hot metal in May hit 6.27 million mt, up 4% on year while finished steel output reached 10.85 million mt, a 1.6% gain from the previous year.

From April — when India's financial year typically begins — to May, crude steel production totaled 18.02 million mt, 3.4% higher year-on-year. Hot metal output rose 1.8% to 12.16 million mt during the two months, while finished steel production was 21.37 million mt, a 1.0% increase.

Overall finished steel consumption for April-May rose 6.5% on year to touch 16.29 million mt.

Although imports and exports both fell in May from the previous year, India was a net importer as exports fell more sharply than imports.

Imports amounted to 865,000 mt, down 10.3% while exports sank to 611,000 mt, a 34.7% plunge — both against the corresponding month in 2018.

State-run JPC is the sole Indian body authorized to collect data on the domestic steel and iron industry.

Platts, June 13, 2019

All measures to make steel manufacturing sector competitive: Piyush Goyal

Union Minister of Commerce & Industry and Railways and Steel Minister discussed the challenges being faced by the steel sector and the import-export trends with steel producers. Both the Ministers assured the steel industry that Ministries of Commerce & Industry and Steel will make all efforts to ensure that engineering goods exports double in the next 5 years and reach US\$ 200 billion by 2030.

This will not only boost India's exports but will also generate jobs in the manufacturing sector especially the MSME sector.

Although India is the second largest manufacturers of steel but India is also a net importer of steel. Representatives of the steel industry and the Engineering Export Councils discussed in detail with Commerce and Steel Ministers the protectionist measures being imposed by other countries and the under-utilised capacity in steel manufacturing in India.

Piyush Goyal and Dharmendra Pradhan discussed at length the measures that both Commerce and Industry and Steel Ministry may take, both tariff and non-tariff, to reduce unnecessary imports and boost exports.

The MSME sector steel manufacturers urged steel producers to supply raw material at concessional prices so that the MSME sector can compete in international markets.

The meeting was attended by Piyush Goyal, Dharmendra Pradhan, Faggansingh Kulaste, MoS Steel, Secretary Steel, Binoy Kumar, Secretary Commerce, Anup Wadhawan, DGFT, Alok Vardhan Chaturvedi, senior officers of Department of Commerce and Steel Ministry, Chairman SAIL, all members of EEPCs, Indian Steel Association, steel makers and manufacturers and other associations of the steel sector.

Capital Market, June 13, 2019

India's May steel exports drop to lowest in 3 yrs — govt data

India's finished steel exports in May fell to their lowest in three years, as shipments to traditional markets in the European Union (EU) and Nepal shrank, preliminary government data reviewed by Reuters showed.

India exported 319,000 tonnes of finished steel in May, down 28% from the same month last year and the lowest level since April 2016, the data showed.

Steel exports to the EU dropped 55% in May, led by fewer shipments to Italy, Belgium and Spain, which together made up about 80% of India's overall exports to the region.

That comes amid 'safeguard' measures by the EU that are designed to limit incoming steel and prevent a surge of imports as a result of Washington's 25% import tariffs, which have effectively closed the U.S. market.

Indian exports to Italy slumped 65% to 23,000 tonnes, according to the data. Exports to Spain fell 41% to 13,000 tonnes, while shipments to Belgium were down 42% at 25,000 tonnes.

India, which typically ships cold-rolled coil, galvanized steel and some long products such as bars and rods to the EU, saw a decline in these shipments by as much as 30%.

Meanwhile, India's exports to Nepal, the top destination last year, were down 22% at 63,000 tonnes.

Shipments were also substantially lower to Malaysia and Sri Lanka, which were among the top 10 export destinations last year.

Exports of steel plate, which is one of the flat products that comprise most of India's steel exports, fell 60% to 14,000 tonnes, the data showed.

Shipments of pipes, which are typically the main steel product exported to the United States, dropped 97% to 2,000 tonnes.

Overall, India's finished steel exports were down 30% during April-May and the country remained a net importer.

Hit by low exports and facing higher imports, India's steel ministry has been pushing for higher import duties.

The Edge, June 27, 2019

C H I N A

Chinese Steel output reaches new heights

Until a few years ago, market updates from major iron ore producers Rio Tinto and BHP routinely stated that they expected Chinese crude steel production to reach 1 billion metric tons sometime between 2025 and 2030.

This sounded like an incredible amount of steel, particularly as China's economic growth trajectory was heading south. Further, such a prediction seemed unrealistic given China's steel output had retreated by 2.3% in 2015 to just under 804 million mt.

For many Chinese government officials and steel analysts, the argument went something like this: steel consumption had peaked in 2014, Beijing was slashing steel capacity under its supply-side reform agenda, and the country was shifting toward a higher-value, consumption-driven economy based on cleaner technologies.

In short, the era of massive industrial capacity build, so-called "ghost cities", toxic assets, ballooning debt and excess that China was known for, was coming to an end. China had embarked on a

new era of sustainable growth, with its “blue skies” anti-pollution policy at the fore. In this setting, surely there was no way steel output would ever reach 1 billion mt?

So it came as a huge surprise that steel output increased by 15% over the past two years. China produced a record 928 million mt of steel in 2018, up 6.6% on the year before, according to the World Steel Association. Most forecasts at the start of the year envisaged output growth of 1-2%. Perhaps the 1 billion mt mark was not so far-fetched, as it would require less than 1% CAGR over the next 10 years to reach this level. Indeed, China started 2019 at a gallop: February’s steel output of 71 million mt was up 9.2% on the year before.

S&P Global Platts expects steel production to rise this year by 2-3% to 947-956 million mt as mills keep run rates high to take advantage of decent margins.

The key concern for the rest of the world is that if China’s economy slows and domestic demand is not strong enough to absorb all of the steel it produces, its exports could destabilize global steel prices as they did over 2014-2016. During this period, China exported more than 100 million mt of steel each year. By the end of 2015, steel and raw materials prices reached a nadir.

In the Midwest region of the United States, domestic hot-rolled coil prices averaged \$373/short ton in December 2015, lower even than during the global financial crisis and 40% down on the same month a year earlier. Not surprisingly, many international steel companies were forced to slash production and staff, unable to continue operating at sub-economic prices. Some steel companies never recovered and were subsequently forced to find a buyer. A plethora of antidumping duties have been introduced to protect local steel industries and last year the US applied a 25% import tariff on steel from many countries. But trade protection measures often just shift the supply pressure problem from one place to another: as one door closes, exporters try to open another.

The topic of China’s steel overcapacity has often been brought up at international government meetings, such as the G20. China has long been the US steel industry’s *bête noire* – despite Chinese steel accounting for less than 2% of US steel imports – and the Section 232 import tariffs on steel and aluminum proliferated into a wider trade conflict. At the time of writing, tensions between China and the US had eased and a further tranche of tariffs had been delayed by the Trump administration.

Platts, May 29, 2019

China’s Tangshan loosens steel output cut restrictions in June

Tangshan city, a steelmaking hub in northern China’s Hebei province, has told its mills to cut production in June by the same level as that of winter heating season, which means that most of these steel mills’ output cuts in June would be around 39.3%.

However, not all of these mills will have their output cut by such an amount, as some will be subject to higher cuts of 53% to 60%

Steel mills in the Tangshan districts of Lubei, Kaiping, Guye, Fengnan, Qian’an, Luanzhou and Luannan have been ordered to lower their capacity utilization rates at blast furnaces and

converters in June to the same levels as during the winter heating season of mid-November to mid-March, which was around 39.3%.

Another five steel mills, with better environmental protection records, will reduce their production rates by 20% in June, the same level as in May.

Tangshan has exempted eight mills, with a combined capacity of 23.3 million mt/year, from the output cuts in June as they are in the process of relocating to rural areas.

Steel traders are concerned that looser restrictions on steel output will put further pressure on prices in June, which is a seasonally slow period for construction demand due to wet weather in parts of China.

However, one steel market watcher said the looser output cuts in Tangshan in June may not have a big impact on steel supply as orders for a cut in output in May were not strictly implemented. He said most steel mills, especially those producing long steel products, had already reached full capacity in May, so there was limited scope for further output increases.

However, in the long run, China’s steel production has not yet reached its peak, as iron and steel making capacity is creeping up again.

Platts, June 4, 2019

China’s finished steel exports tumble in May

China’s finished steel exports fell in May on both a year-on-year basis as well as when compared with the preceding month.

The country shipped 5.74 million tonnes of finished steel abroad last month, down 16.5% from a year earlier, according preliminary Chinese customs data released on Monday June 10.

Last month’s exports are also 9.22% lower than April’s 6.33 million tonnes.

May’s lower exports were mainly due to high prices in March and early April - when transactions for these shipments were mostly concluded - amid a seasonal recovery of demand. Chinese steel products became less competitive in the export market during that period.

For instance, the Fastmarkets MB fob China HRC Index fluctuated at \$519.50-538.25 per tonne over the March 1-April 15 period, while export prices for HRC in the Commonwealth of Independent States fell gradually from \$520-530 per tonne fob Black Sea in early May to \$485-495 per tonne fob on April 15.

China’s finished steel exports over the first five months of 2019 totaled 29.09 million tonnes, up 2.5% year on year, according to the country’s customs agency.

Metal Bulletin, June 10, 2019

Property construction set to underpin China's steel demand in Q3

China's property sector looks set to be the country's major driver of steel demand in the third quarter as domestic manufacturing continues to struggle and infrastructure growth is unlikely to accelerate from the levels seen at the start of 2019 when Beijing unleashed liquidity into the system via local government bonds.

However downward pressure remains on China's economic growth prospects, with the recent escalation of the US-China trade dispute casting a shadow over major steel-consuming manufacturing industries such as vehicles and auto parts, machinery and some home appliances.

China's economic data for April was weaker than the market had expected, especially for fixed asset investment in manufacturing and total consumer goods retail sales.

Recent manufacturing data for May was also weak, with the National Bureau of Statistics' PMI coming in at 49.4 points, indicating the sector is technically in contraction. Fortunately for steel demand, China's property sector has been robust to date in 2019, while infrastructure construction has also picked up steadily this year. The two sectors combined account for more than 50% of China's total steel consumption.

With construction activity having entered its seasonally slower period, Chinese steel prices will come under pressure from a lack of demand and soaring steel output in the next couple of months. However, the property sector is expected to remain strong for the remainder of the year given China's proactive monetary measures, which could see the steel market recover in Q3 when construction picks up again.

The outlook is less certain for manufacturing, which some steel market participants believe may bottom out in Q3 before starting to improve.

Consumption of consumer goods has slowed due to China's deleveraging campaign that started in early 2018. The ongoing trade dispute with the US has compounded bearish consumer sentiment and undermined China's real economy at a faster rate in 2019 than in 2018 in the wake of US tariffs imposed on Chinese goods on September 24 last year and raised on May 10.

In order to boost consumption and offset US tariffs, China introduced proactive monetary measures, such as reducing reserve requirement ratios (the amount of cash banks need to keep on hand) four times in 2018 and twice to date in 2019. Fiscal stimulus has also been stepped up, from speeding up government spending to cutting value added tax from 16% to 13% on April 1.

But so far, little improvement has been seen on the consumption side, as April's economic data showed.

The biggest dent was due to retail vehicle sales, which fell 2.1% on year in April. Both auto output and sales slumped by 15% on year in April, accelerating from 3% and 5% year-on-year decreases in March, respectively.

Some steel market participants said vehicle output and sales would continue deteriorating in the short term given soaring

vehicle inventories and depressed demand, especially for passenger cars.

One steel mill official said the car market was trying to destock through discounting. He said auto sheet profit margins were lower than margins for ordinary carbon flat steel, as car manufacturers had been clamping down on steel purchase prices. His company has already cut back auto sheet production.

China had set out to stabilize vehicle consumption in 2019 by supporting new energy vehicles and subsidizing replacement purchases of old and outdated vehicles. It has also moved forward the implementation of stricter vehicle emissions standards to July 1 this year from July 2020.

In addition, Chinese steel market watchers expect Beijing to ease its approach to deleveraging and credit schemes in the remainder of 2019, which could help support consumption.

Beijing is striving to present a stable economy to the world ahead of the 70th anniversary of the founding of the People's Republic of China on October 1, and may continue to pull fiscal levers if trade tensions with the US continue to erode consumer and investor confidence.

However, some steel market watchers said the strong fiscal expenditure growth over January-April was unlikely to continue over the rest of 2019 as revenue growth was likely to keep slowing as a result of tax cuts and falling land sales.

This means infrastructure construction, funded mainly by government spending, will continue to recover going into Q3, but only mildly.

The devaluation of China's currency is a potential threat to property developers, as foreign currency debt typically makes up about 30% of total borrowing for Chinese developers, S&P Global Ratings said in a recent report. The offshore yuan had devalued by 4.2% against the US dollar between mid-April and mid-May.

However, as long as property sales remain strong enough to support revenue and profit margins, the sector has financial and liquidity buffers to withstand some currency pressure, it added.

Platts, June 10, 2019

STEEL SUCCESS STRATEGIES: China said unlikely ferrous scrap exporter

China is unlikely to become a major supplier in the ferrous scrap export market over the short to mid-term, due largely to robust demand in that country's domestic market, according to a top executive at Turkey-based Çolakoglu Metalurji.

"I believe China is going to consume all the [ferrous] scrap internally. It's not going to export," chief executive Ugur Dalbeler said on Tuesday June 18, speaking at the Steel Success Strategies conference in New York.

Market participants have shared concerns that China's massive internal reservoir of scrap materials could flow to other countries, including the United States, putting pressure on prices for key grades such as No1 busheling and shredded automotive scrap.

But there are two factors that might deter China from exporting a significant amount of material to other countries, Dalbeler said: distance and market share.

Globally, the main importers of ferrous scrap are located in the Mediterranean region, which is “too far away” for the Asian nation to conduct any meaningful export businesses, he explained.

And “in the Far East, there are other exporters, such as Japan,” Dalbeler said.

It makes more sense for China to consume ferrous scrap in its domestic market, especially given that country’s growing interest in electric-arc furnaces (EAFs) to address environmental issues such as emissions from blast furnaces at steel mills, he continued.

Global EAF usage by steelmakers increased by 12% in 2018, largely due to China’s ongoing drive to decrease the quantity of ferrous scrap charged into blast furnaces to reduce pollution, Fastmarkets previously reported.

Last year, China increased its consumption of ferrous scrap to 187.8 million tonnes, up by 27% from 147.9 million tonnes in 2017.

“[Consuming scrap domestically] is going to make them more flexible because they build arc furnaces next to the blast furnaces,” Dalbeler said.

New policy on scrap imports

China has been a big importer of non-ferrous and ferrous scrap from the United States in recent years, although its June 2018 announcement of a potential complete ban on imports of solid waste by the end of 2020, including all metal scrap, roiled the scrap market at the time.

Now, Chinese imports of US products including metals concentrate and non-ferrous and ferrous scrap are eligible for two rounds of applications for exclusion from Chinese tariffs, according to a new policy document seen by Fastmarkets.

Metal Bulletin, June 18, 2019

China steel output, prices rise in May

China’s steel output and prices rose in May, according to the country’s top economic planner.

Crude steel output jumped 10 percent year on year to 89.09 million tonnes, while coke production grew 5.7 percent to 40.16 million tonnes, the National Development and Reform Commission said in an online statement.

Steel exports fell 590,000 tonnes to 5.74 million tonnes last month, while imports dropped to 980,000 tonnes.

Imports of iron ore added 2.98 million tonnes to 83.75 million tonnes in May.

During the first five months, crude steel production gained 10.2 percent year on year to 404.88 million tonnes. Coke output increased 5.8 percent year on year to 192.49 million tonnes.

Steel prices posted month-on-month increases in May, partly due to rising iron ore prices. Brazil’s Vale dam accidents and the suspension of the transportation of iron ore in Australia because of cyclones have pushed up prices of the steel-making material.

The domestic steel price composite index averaged 112.16 points last month, compared with 112.04 points in April.

Xinhua, July 1, 2019

WORLD

Crude steel production surged 10% in Asian countries

The latest production statistics published by the World Steel Association (worldsteel) suggests substantial increase in crude steel output by Asian countries during the month of April 2019. Being the largest crude steel producing region, Asia accounted for nearly 72% of the total world steel output during the month.

The Asian countries boosted their total production to 112.201 million tons (Mt) in April this year, which is significantly higher by 9.5% when compared with the production during the same month a year before. The regional output had totaled only 102.503 Mt in April 2018. The combined output during the initial four-month period of the current year was up by 7.3% year-on-year to 424.029 Mt, as compared with 395.221 Mt in Jan-Apr ‘18.

China continued to be the leading steel producer in the region. The country’s output growth surpassed that of the region, growing by 12.7% over the previous year. The country accounted for approximately 76% of the total regional output during the month. The Chinese output totaled 85.032 Mt. India continued to occupy the second spot, pushing Japan to third place. The Indian production totaled 8.785 Mt, whereas Japan produced 8.647 Mt. The Indian output increased marginally by 1.5%, whereas the Japanese output dropped marginally by 0.8% when compared with the year-ago month.

The April ‘19 steel output by other countries in the region are as follows: South Korea (5.978 Mt), Taiwan (1.930 Mt), Vietnam (1.350 Mt), Pakistan (265,000 t) and Thailand (215,000 t).

Scrap Monster, May 29, 2019

Major Southeast Asian flat steel producer on lookout for alternatives to Iranian slab

A major flat steel producer in Southeast Asia has started to look at alternative sources of slab because Iranian metal exports are subject to sanctions imposed by the United States, a source in the region said.

Iran export slab \$ per tonne fob Iranian ports

As a result, Southeast Asian demand for imported downstream products, such as hot-rolled coil, could improve if local producers are unable to supply finished products at competitive prices, he added.

Although steel mills are unlikely to book any Iranian cargoes, there may still be offers of material from Iran, a trader in Indonesia said.

Softer demand in both domestic and foreign markets had led Iranian slab suppliers to lower their asking prices following the Eid al-Fitr holiday, which marks the end of the Islamic holy month of Ramadan.

Fastmarkets' weekly price assessment for Iranian export slab was \$380-390 per tonne fob on June 12, up from \$370-380 per tonne.

Material originating from the Commonwealth of Independent States (CIS) was available at \$445-450 per tonne cfr Southeast and East Asia, while a supplier in Asia offering the material at \$470 per tonne cfr.

The high cost of iron ore has limited the ability of suppliers to reduce their asking prices, market participants said.

Fastmarkets' daily spot iron ore index was at \$110.30 per tonne cfr Qingdao on June 14, up \$9.70 per tonne from a week earlier.

In Indonesia, business activity will only begin to pick up this week because market participants usually take an extended holiday after Eid al-Fitr, another trader based in the country said.

Bids were heard in Southeast Asia at \$440 per tonne cfr, while buyers in East Asia had indicated their interest at \$420-425 per tonne cfr.

Fastmarkets' weekly import price assessment for slab in Southeast Asia and East Asia was \$440-450 per tonne cfr on Monday June 17, down by \$10 per tonne.

Flat steel producers in East Asia are unwilling to book any slab cargoes because of weakness in the downstream flat steel markets, where prices have continued to decline, a trader in Taiwan said.

Fastmarkets' daily HRC Index fob China stood at \$489.42 per tonne on June 14, down \$3.85 per tonne from June 6. HRC prices have trended downward since hitting a 2019 peak of \$538.25 per tonne on March 19.

Metal Bulletin, June 17, 2019

New China steel investments dwarf ASEAN mills

Massive Chinese steel investments in ASEAN and the negative impact of the trade war between the US and China are concerns for the regional steel industry, Kallanish understands. These issues dominated discussions among senior industry representatives at the South East Asia Iron & Steel Association conference in Bangkok, industry sources say.

Indonesia, Malaysia and the Philippines are the prime locations for large steel projects. In the past two years, two of China's top ten leading steel producers made moves to invest in the region, Tan Ah Yong, secretary general of SEAISI told delegates.

Hebei Iron and Steel (HBIS) Group entered into an agreement with Tata Steel to acquire controlling stakes in Tata Steel (Thailand) and Singapore's NatSteel, both producers of long products. HBIS has also reportedly signed a memorandum of

understanding with Huili Investment Fund Management, Steel Asia Manufacturing Corp and PHIVIDEC Industrial Authority to build an 8 million tonnes/year integrated steel plant in southern Philippines.

China's Jianlong Group, meanwhile, took up a 60% shareholding in Malaysia's Eastern Steel which resulted in the restart of the mill's 700,000 tonnes/year capacity slab plant in July 2018. There are plans to expand capacity for flat products to 2 million t/y by 2020.

Another China-owned project, Alliance Steel, is already producing high-carbon wire rod, bars and H-beams in Malaysia and aims to ramp up to its capacity of 3.5m t/y.

In Indonesia, Indonesia Tsingshan Stainless Steel is already operating its 3m t/y capacity stainless mill and Dexin Steel Indonesia is set to commission its 3.5m t/y carbon steel mill.

Overall new crude steel production capacity that could be added in the region from all these projects and other reported potential Chinese-backed steel projects in the three countries could be in excess of 45m t/y, Tan said.

While it was likely that not all these potential projects will come onstream, those which do will create challenges for existing regional producers because of their massive scale in comparison with local mills, Tan said. SEAISI and the regional steel associations have been voicing their concerns with their relevant governments and also with the China Iron & Steel Association.

On the trade front, the escalating trade war between the US and China has dampened the global economic outlook. It has impacted vulnerable ASEAN economies and brought about added challenges to the ASEAN steel industry, Tan said.

Kallanish, June 18, 2019

Myanmar to set up local industry steel standards

The Myanmar steel industry has begun establishing local industry standards for all steel products, Kallanish notes.

The local industry started the project since April this year and is enlisting the support of the Japan Iron & Steel Industry Federation, the Association for Overseas Technical Cooperation & Sustainable Partnerships (AOTS) and JFE-Shoji. Dr. Kay Thi Lwin Chairman, Myanmar Iron & Steel Association revealed this on the sidelines at the ongoing South East Asia Iron & Institute (SEAISI) conference.

She noted other countries have local industry standards in place. "The standards would improve the quality used in the country. They would protect users in Myanmar," she told Kallanish. The standards are expected to be in place in three years' time. At the same time, laboratories to test the steel products would also be set up.

Myanmar's steel consumption is forecast to increase by 12-15% annually, Kay told SEAISI delegates. This is mainly due to increasing construction activities for infrastructure. Apparent steel use per capita was measured at 48.4kg during 2017-18.

The country is heavily dependent on imports for its total apparent consumption of 2.5-3 million tonnes/year (see table below). Around 95% of the country's debar demand of 1.2-1.3 million tonnes is imported, of which China supplies 92% of total imports, and Indian rebar, 6%. Chinese rebar accounts for 87% of total rebar used in Myanmar.

The rebar imported into Myanmar has an extremely high negative tolerance for up to 70% of the cargo, a regional trader notes. This is because imports are bought on a per metric ton basis, whereas rebar is sold per piece in the retail market. He believes this practice leads to a compromise on the thickness of long products used in the country. A recent bid for wire rod was at \$530/t cfr Myanmar, 90-days credit basis.

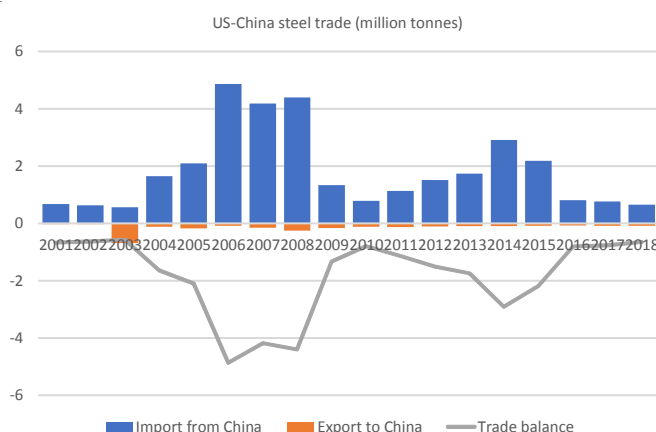
Myanmar annual steel consumption

Product	Consumption (million)
Deformed bar	1.2-1.3
HRC	0.3-0.5
Hot-dipped galvanized coil	0.3
Angle and H/I beam	0.4
Sheet and plates	0.2
Total	2.5-3.0

Source: Myanmar Iron & Steel Association
Kallanish, June 19, 2019

HEADLINES

US-China Steel Trade Conflicts: What are the impacts?



The US has been running steel trade deficit with China for some years. Net steel export from China to the US rose to nearly 5 million tonnes in 2006. Apart from China, other major steel trading partners for the US were Japan, South Korea, Germany, Turkey, Taiwan and Vietnam.

Following the imposition of Section 232 tariffs in March 2018, US steel imports declined by 3.5 million tonnes in 2018. Import from all major trade partners showed significant decreases in 2018. Finished steel import from South Korea declined by nearly a million tonnes to 2.5 million tonnes in 2018 and continued to drop to half of the previous volume from January to March 2019.

Import from Japan dropped slightly, by 100,000 tonnes to 1.3 million tonnes in 2018 and continued to decline to half of the previous volume in the first quarter of 2019. Import from Germany dropped slightly to 1.2 million tonnes and the volume continued to decline 23% y-o-y to 284,841 tonnes in the first quarter of 2019.

Import from Turkey contracted by nearly a million tonnes to 1.1 million tonnes in 2018. The import volume continued to drop to one-fourth of the previous volume in the first quarter of 2018.

Import from Taiwan dropped 14% y-o-y to nearly a million tonnes in 2018 and the import volume continued to decline at the same rate to 106,000 tonnes in the first quarter of 2019.

Import from Vietnam had been minimum prior to 2011 but the volume started to surge to above 100,000 tonnes in 2011 and continued to increase to reach a million tonnes in 2018. The bulk of the import was cold rolled coil and coated sheet. US's import of coated sheet from Vietnam doubled in volume to 512,803 tonnes in 2018 and the volume continued to increase 12% y-o-y to 84,030 tonnes in the first quarter of 2019.

The US's steel import from China started to decline significantly in 2016. Import volume contracted from 1.3 million tonnes in 2015 to 809,480 tonnes in 2016 and continued to decline to 650,408 tonnes in 2018.

On China's side, according to CISA, there was no direct impact of US Section 232 action on China's steel trade while there was more impact on processing and fabricating industry. Based on the forecast which was officially published by China Metallurgical Industry Planning and Research Institute, steel demand in China in 2019 will be 800 million tonnes, a decline of 2.4% y-o-y, and production is also expected to drop by 2.5% y-o-y.

China's total finished steel export dropped marginally, by 8% y-o-y in 2018. On the other hand, China's steel export to ASEAN increased 2-3% y-o-y in the same period and the export volume continued to increase marginally, by 1% y-o-y to 6.8 million tonnes in the first four months of 2019. China's export of long steel to ASEAN declined while export of flat steel increased, especially export of coated sheet.

In general, after the imposition of trade measures from the US, Chinese companies may face more competition for their products as a result of higher prices of Chinese-made goods. The impact on ASEAN could be a potential trade diversion of cheaper Chinese-made goods into the region.

It is also expected that there could be some relocation of manufacturing facilities from China to ASEAN such as machinery, motors and production equipment. On the other hand, ASEAN suppliers could be negatively impacted from the reduced China demand or disposal of cheaper goods from China.

SEASI, June 2019

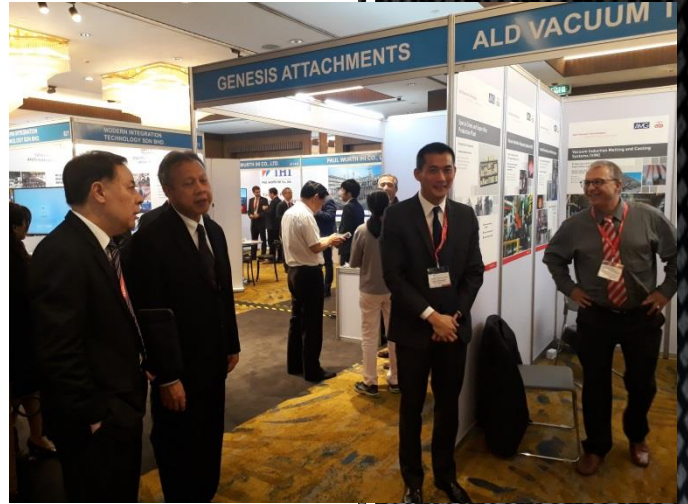
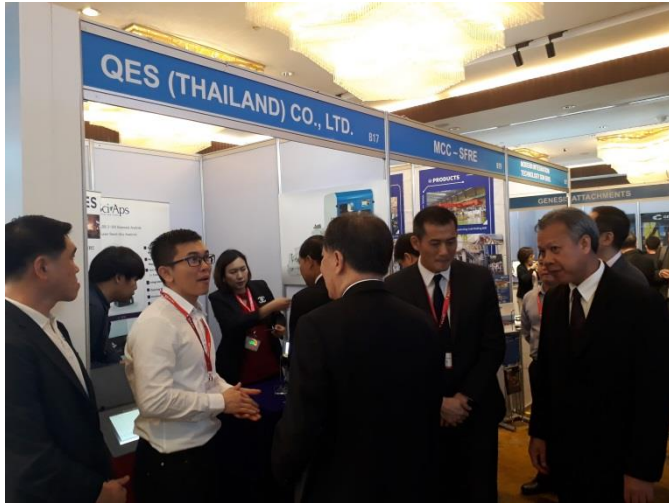
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