

Steel In The News

A compilation of leading news items on Indian steel industry as reported in major national dailies

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**A Weekly News Report by Joint Plant
Committee**

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HIGHLIGHTS

1. Ministry against inclusion of finished steel goods in RCEP
2. Steel Cos against tariff sops to China, seek review of all FTAs
3. Prices of rebar steel touch 7-year high
4. Tata Steel, JSW have divergent views on import
5. Bhushan, Welspun stare at 50% anti-dumping duty by US

COMPANY NEWS

Tata Steel, JSW have divergent views on import

With India seeing higher steel imports once again, two of the country's major domestic producers hold diametrically opposite views on protective measures that need to be undertaken as well as import scenario of the commodity. While Sajjan Jindal-led JSW Steel sees the need for stronger measures to clamp down surging inflow of the alloy, Tata Steel Managing Director and CEO, T.V. Narendran says, "What the government has done so far is enough". India the world's third largest steel producer, became a net importer in FY 18as 8.4 million tonnes sailed into the country, up 15% from same period last year. During the same period, exports of the commodity dropped 29 per cent. Imports of finished products increased by 30 per cent in the April-June quarter from the same period last year. At present, the reference price for hot-rolled is \$485 per tonne while global steel prices have moved above \$600 per tonne making the reference price ineffective.

Source: Business Standard, August 22, 2018

POLICY

Steel Cos against tariff sops to China, seek review of all FTAs

Domestic stainless steel players have asked the government not to give any tariff concessions to China as a part of RCEP (Regional Comprehensive Economic Partnership) negotiations. Industry body Indian Stainless Steel Development Association, led by the largest private company, Jindal

Stainless (JSL), has sought a review of all the existing FTAs (free trade agreement) with Japan, ASEAN and Korea, which have proved detrimental to Indian interests. The industry feels there is a huge threat of stainless steel flat product dumping from Indonesia, China, Taiwan, Japan and Korea, all major exporters to the US and Europe. With those markets now blocked out, these countries will target India and the industry fears a return to the crisis in 2015-16 when imports had crossed half a million tonnes. With a domestic output of around 3.4 million tonnes, India is one of the largest stainless-steel producers in Asia, while China leads the race with a 25.77 MT capacity, or more than half of the world's production of 48.08 MT. Faced with rising imports, downstream products like stainless steel utensils, welded pipes and tubes are the worst hit.

Source: Economic Times, August 22, 2018

Ministry against inclusion of finished steel goods in RCEP

India's steel ministry has strongly opposed the inclusion of finished steel products in the proposed regional free-trade agreement, saying it would have an adverse impact on the industry that's recovering from a crisis. A group of ministers is looking into aspects of the Regional Comprehensive Economic Partnership, or RCEP, after many ministries and departments expressed reservations about the contours of the agreement. The RCEP includes the 10 ASEAN members, China, Australia, India, New Zealand, Japan and South Korea. "We believe in multilateralism, we believe in fairness, we believe in the WTO principles. But these should not be hitting Indian industries," Aruna Sharma, steel secretary, told ET in an interview. "We are very clear as far as steel is concerned it should be out of RCEP." Sharma said only ingredients and products associated with steel-making such as coking coal, ferro nickel, ferro iron, stainless steel scrap and scrap should be included in the agreement. "This will help build volumes under RCEP. In any case, we would be importing these, so India can claim credit for their inclusion in the RCEP. But finished steel products should be out," she said. The steel ministry is in talks with the department of commerce on this issue. Sharma, who retires this month end, said the amendment in the general financial rules making steel a priority item has been a game-changer for the sector, which is now poised to clock 10% growth in this financial year.

Source: Economic Times, August 21, 2018

STEEL PERFORMANCE

Prices of rebar steel touch 7-year high

With additional supply cuts in China, the prices of rebar steel have touched a 7-year high, which is likely to put pressure on the domestic prices, that may rise in next few months, industry players said. While the demand for steel remains robust on the back of consumption coming in from infrastructure and affordable housing segment mainly, the supply constraints in India are expected to push up prices from next month onwards. According to Naushad Akhter Ansari, chief executive officer, Jindal Steel and Power, the demand-supply gap is widening in India and that will push up prices in September. The prices could rise by about 5% and then go up substantially in the last quarter, Ansari told. Calling the demand healthy, Ansari said that Indian steel prices have not peaked yet and there is room for increase.

Source: Financial Express, August 24, 2018

GLOBAL NEWS

Shanghai Steel retreats from 7-year high

Shanghai steel pulled back after scaling a seven-year high as investors locked in gains, but prices are expected to get support from China's production restrictions. The most active Jan rebar rose more than 1% to 4,418 yuan, highest since Sept 2011, before retreating to 4,334 yuan.

Source: Economic Times, August 23, 2018

MISCELLANEOUS

Creditors of Bhushan Steel stand to lose even after resolution

The resolution plan for the debt-ridden Bhushan Steel Ltd is in place with Tata Steel willing to acquire the former for Rs.35,000 crore, but the question

of who will pay Rs.20,000 crore to the creditor remains, according to sources in the Ministry for Corporate Affairs. This, according to them, is the trigger for action taken by the Serious Fraud Investigation Office (SFIO). Bhushan Steel owned a debt of Rs.57,000 crore to its creditors, mostly public sector banks (PSB). Tata Steel has offered Rs.35,000 crore in cash to acquire the company, which was approved by the National Company Law Tribunal. However, the remaining Rs.20,000 crore has to be borne by the PSBs that are already reeling under series of corporate frauds in the recent times. The SFIO arrested Neeraj Singal, Managing Director of Bhushan Steel, on August 8, for indulging in serious corporate fraud. The arrest was made as a part of the investigation into the affairs of Bhushan Steel and its several Group Companies by the SFIO. He was produced before the court of Competent Jurisdiction and was sent to Judicial Custody. However, Singal's mother has moved the Delhi High Court seeking his release from judicial custody. Hearing Singal's bail plea, the High Court asked SFIO to file a short affidavit and also bring the relevant records for the hearing on August 21. Singal was accused of siphoning off funds of over Rs.2,000 crore from the loans availed by Bhushan Steel Ltd (BSL), using more than 80 companies. The companies were used for rotation of funds through bogus loans and advances and investments. According to the source, the amount is a conservative figure and could easily be Rs.7000 crore to Rs.10,000 crore. The fear is that if Singal is granted bail, there is a possibility that documents pertaining to shell companies could be destroyed or hidden. Employees who were partner in the sin might be threatened by the management so as to not to reveal the information.

Source: Business Line, August 21, 2018

Bhushan, Welspun stare at 50% anti-dumping duty by US

The Donald Trump administration, which has alleged that Bhushan Steel, Welspun Trading and a few other Indian firms had dumped metal pipes in the United States, has proposed anti-dumping duties of 50.55 per cent on them. These companies will now have to make cash deposits to the tune of 16.85 per cent of the exported value, pending a final decision, which could be announced on November 6. This will be bad news especially, for debt-ridden Bhushan Steel, that has gone into insolvency proceedings and is currently being acquired by Tata Steel. The United States Department of

Commerce (DoC), announced the measures as part of the larger anti-dumping investigations on shipments of ‘large diameter welded pipes from India, China, Canada, Greece, South Korea, and Turkey that allegedly undercut local producers.

Source: Business Standard, August 23, 2018

Plastic makes way for steel straws, cloth bags in hotels across country

Paper straws, stainless steel crockery, laundry bags made of markeen cloth, and glass bottles are beginning to replace the once-so-popular plastic products. All this, thanks to the ban on plastic in hotels. “Our objective is to focus on reducing, reusing and recycling the waste. To take this initiative of going environmental-friendly forward, we are focusing on items for which eco-friendly substitutes are available,” said Raj Rana, CEO, South Asia, Radisson Hotel Group. Radisson has begun using bamboo stirrers, replaced plastic laundry bags with those made of cloth, and also installed wall-mounted dispensers for shampoo and body wash, instead of dishing out small plastic bottles. However, there are certain items for which no eco-friendly substitute is available: plastic key cards or plastic wraps. “...we can expect some environmental-friendly alternatives. We can tell vendors to come up with a better option so that they can relay the feedback to the company (manufacturer),” added Rana. According to industry experts, going green is not only restricted to high-end hotels; budget hotels too are picking up on the trend.

Source: Business Line, August 23, 2018

High Court questions SFIO on continuous custody of Bhushan Steel promoter

The Delhi High Court asked the Centre what was the need for continuing the judicial custody of Bhushan Steel's erstwhile promoter Neeraj Singal if the government has determined that he is guilty of allegedly siphoning off funds worth over Rs 20 billion. A bench of Justices S Muralidhar and Vinod Goel said that under the powers of arrest granted to the Serious Fraud Investigation Office (SFIO), the agency has to be fully satisfied of the guilt of a person before taking him into custody. The court also observed that the

agency, which comes under the Ministry of Corporate Affairs, has "made a hodge-podge" of the matter. SFIO was granted the power of arrest in August last year. Singal's lawyers -- senior advocates Kapil Sibal and Siddharth Luthra -- told the court that their client's arrest and custody was illegal and therefore, the SFIO should not be permitted to question him till the plea seeking his release on interim bail is decided.

Source: Financial Express, August 24, 2018

US, China impose new tariffs on each other as talks resume

The U.S. and China imposed fresh tariffs on each other's goods in the middle of trade talks aimed at averting the worsening conflict between the world's two biggest economies. Both nations started levying the previously announced taxes on \$16 billion of imports from the other country shortly after noon Beijing time. China also said it would lodge a complaint about the new American tariffs to the World Trade Organization, according to a Chinese Ministry of Commerce statement on its website. The U.S. will collect an additional 25 per cent in duties on Chinese imports ranging from motorcycles to steam turbines and railway cars, and the Chinese retaliation will see a similarly sized tax on items including coal, medical instruments, waste products, cars and buses. U.S. Treasury Undersecretary for International Affairs David Malpass and Chinese Vice Commerce Minister Wang Shouwen met on Wednesday and will meet again on Thursday for the first face-to-face trade discussions since June. Those talks aren't expected to draw in senior decision-makers and are predicted only to result in a joint statement of productive discussions, according to a person familiar with the agenda. "US trade tensions with China are more likely to worsen this year, weighing on global growth in 2019," according to a research report from analysts at Moody's Investors Service. "Most of the impact of the trade restrictions on economic growth will be felt in 2019," and any additional tariffs would be a "material downside scenario," they wrote.

Source: Financial Express, August 24, 2018