

# 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

June 15 – 21, 2019

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## HIGHLIGHTS OF THE WEEK

1. Crude steel output grows 5% to 9.23 MT
2. Tatas to focus on metrics, debt reduction
3. As JVSL gets embroiled in land acquisition woes, industry, trade in Karnataka rally behind firm.
4. Goa mining issues to be resolved by July, says CM
5. Pellet makers seek higher export duty
6. Steelmakers seek 25% safeguard duty on imports
7. KKR may fund JSW deal with Bhushan Power
8. China hikes anti-dumping duties on some US, EU steel tubes and pipes

## RAW MATERIAL

### Goa mining issues to be resolved by July, says CM

Goa CM, Pramod Sawant has assured mining industry dependents that issues pertaining to the sector would be resolved by the end of July. Iron ore mining and transportation, operations came to a standstill in Goa after the SC quashed the 88 leases in February last year. During a Niti Aayog meeting recently held in Delhi, PM Modi also emphasised the need for quickly finding a resolution to the mining impasse in Goa. Goa Mining People's Front (GMPF) President Puti Gaonkar told reporters here that he "got an assurance from the chief minister that he will resolve this mining issue by the end of July".

*Source: Financial Express, June 21, 2019*

## COMPANY NEWS

### Tatas to focus on key metrics, debt reduction

Tata Sons, under the leadership of Chairman N. Chandrasekharan will focus on improving the operating metrics of group companies and reducing debt. The group will also avoid big ticket acquisitions, preferring to grow businesses organically. This is after group company, Tata Steel made big ticket, successful acquisitions of Bushan Steel and Usha Martin last year. "Tata Steel, Tata Motors and Tata Power will be cutting debt in the next future", said a senior group official. "He (Chandra) is sharply focused on improving the operating metrics of all the firms, as economic conditions have changed since September last year, with consumer spending slowing:", said the executive.

*Source: Business Standard, June 17, 2019*

**As JVSL gets embroiled in land acquisition woes, industry, trade in Karnataka rally behind firm**

Industry, trade and commerce in Karnataka are rallying behind Jindal Vijayanagar Steel Ltd. (JVSL) whose lease-cum-sale agreement for 3,667.31 acres of land is stuck. The company had entered into lease-cum-sale land agreement with the Karnataka government for 3,667 acres in 2005-06 for setting up Vijayanagar Steel plant in Toranagallu Village in Ballari district. “Now we need confidence building measure to encourage investments in the State. The government must gain the trust of trade and industry in its policies and programme”, said Sudhakar S Shetty, President, Federation of Karnataka Chambers of Commerce and Industry(FKCCI).

*Source: Business Line, June 18, 2019*

**FINANCIAL****KKR may fund JSW deal with Bhushan Power**

The JSW Group is learnt to be in talks with multiple investors for its proposed Bhushan Steel bid. Discussions are on with Piramal-Bain Fund, JFE Steel Corporation and private equity (PE) firm KKR. To fund its proposed acquisition of the cash-strapped Bhushan Power and Steel. KKR could either take an equity stake in the firm or opt for the debt route. A source close to the development confirmed that KKR was in preliminary discussions with JSW to fund the acquisition. Sajjan Jindal promoted JSW Steel had made a winning bid with Rs.19,350 crore cash payment and Rs.350-crore equity infusion for the acquisition of BPSL. The highest bid, though approved by the Committee of Creditors in March, is still to get the National Company Law tribunal (NCLT) nod.

*Source: Business Standard, June 15, 2019*

**POLICY****Pellet makers seek higher export duty**

Industry body Pellet Manufacturers Association of India (PMAI) has asked the government to increase export duty on iron ore with more than 58 per cent iron content by 20 per cent. In a letter to the Prime Minister’s Office (PMO), PMAI has asked “for an increase in export duty on iron ore of +58 plus Fe content from 30 per cent to 50 per cent”. Export of 58 per cent plus Fe iron ore without value addition need to be discouraged, PMAI said adding that use of technology can also help in meeting the shortfall of required grade of steel making in India. Iron ore with less than 62 per cent of iron content is used for pellet manufacturing. Iron ore pellets are value added products of left-over material or low grade iron ore and are used in steelmaking.

*Source: Business Line, June 18, 2019*

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**Steel firms move Trade Remedy DG seeking 25% safeguard duty on imports**

Representatives of the domestic steel sector have moved the Directorate-General of Trade Remedy seeking a 25 per cent anticipatory safeguard duty. This request was flagged by the Steel Ministry officials during a meeting held earlier this week between Commerce Minister Piyush Goyal and Steel Minister Dharmendra Pradhan. The steel sector representatives, through the Indian Steel Association, have sought a safeguard duty on steel imports to curtail cross dumping of products after the US and EU set up tariff and quota barriers. The application for the same was moved in February and the DGTR is currently investigating the case, steel sector representatives said. The products under the purview of the proposed safeguard duty are semis, flats, longs, pipes and tubes, stainless steel and Railway products. The proposed duty is 25 per cent at ad valorem basis and covers most of the steel products manufactured by the domestic industry. Steel products that are not substantially manufactured in India, including API grade steel and CRGO, are listed as products excluded from this duty.

*Source: Business Line, June 15, 2019*

**Steelmakers seek 25% safeguard duty on imports**

The Indian steel industry is seeking a safeguard duty of 25% ad valorem on a wide range of steel products in the face of a sharp and significant increase in imports. In a petition filed with the Directorate General of Trade Remedies, the Indian Steel Association (ISA), on behalf of domestic steelmakers, has argued that as a consequence of duties imposed by the USA, and consequently by the EU, Turkey and Canada, steel exports from some Asian countries are being diverted to India. Steel exporters from South Korea, Japan, China, and Asean countries have diverted as much as 43% of the volume, or 1.204 million tonnes, that they lost from the US into India, the petition claimed. Domestic steelmakers, who had convinced the government to impose trade remedial measures in 2016 and 2017, argue that whatever gains those measures achieved will be eroded if the government failed to immediately impose safeguards against steel imports. They expect the trend to worsen with the Eurasian Economic Union – which includes Russia, Kazakhstan, Belarus, Armenia and Kyrgyzstan – also having initiated safeguard investigations. The ISA petition seeks a tapering safeguard duty on semis, flats, longs, pipes and tubes, stainless steel and railway products, over a period of four years – starting with 25% in the first year and going down to 22% in the fourth year. Although domestic steelmakers have benefited from government interventions, they have reported declining profitability in the last two quarters of 2018-19, mainly due to a fall in prices.

*Source: Economic Times, June 20, 2019*

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**STEEL PERFORMANCE**

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**Crude steel output grows 5% to 9.23 MT**

India's crude steel output grew 5.2% to 9.235 million tonne (MT) during May 2019, according to official data. The country had produced 8.779 MT crude steel during same month in 2018, a steel ministry report said. During April-May 2019-20, the production

stood at 18.020 MT, up 3.4% from 17.432 MT in the corresponding period of the previous fiscal. Production of finished steel in May rose 1.6% to 10.848 MT from 10.674 MT in the year ago month.

*Source: Financial Express, June 15, 2019*

### **Stressed steel assets may see lower recovery rates: Crisil**

Even though recovery rates from the steel assets in the steel sector have been higher till now, the same is expected to dip in the next round of resolutions, a report said on Thursday. Operational and financial creditors have had to take a 58% haircut on the underlining dues of Rs.1.7 lakh crore in the 94 companies resolved through the Insolvency and Bankruptcy code till March 2019, the research wing of rating agency Crisil said. Sixteen of the accounts were in the steel sector, where the haircut required was lower 47%, as compared to the 69% for other sectors. Within the steel sector, 17 new assets involving outstanding dues of Rs.62,000 crore are coming up it said.

*Source: Financial Express, June 21, 2019*

## **GLOBAL STEEL**

### **China hikes anti-dumping duties on some US, EU steel tubes and pipes**

China said on Friday it was raising anti-dumping duties on certain alloy-steel seamless tubes and pipes used at utilities and imported from the United States and the European Union. The anti-dumping tax rates applicable to the steel tubes and pipes are set between 57.9% and 147.8% on companies in the United States and the EU, effective June 14, China's Ministry of Commerce said in a statement on Friday. The new tariffs are as much as 10 times the previous rates of 13%-14.1%, which were imposed in 2014 and expired on May 10. The increased steel tariffs come amid the escalating Sino-U.S. trade dispute that involves hundreds of billions in goods passing between the world's two largest economies. Tariffs on U.S. steel extrusion firm Wyman-Gordon Forgings are at 101%, while those on all other U.S. companies are 147.8%, the ministry said. The anti-dumping tariff on Vallourec units Vallourec Deutschland GmbH and Vallourec Tubes France are 57.9%, with all other EU companies face tariffs of 60.8%. The decision to extend and raise the anti-dumping tariff follows a request from the Chinese domestic steel tubes and pipes sector, the ministry said.

*Source: Financial Express, June 15, 2019*