

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 OF THE WEEK

1. India will block Japan's request for a dispute settlement panel at the World Trade Organisation (WTO) against penal duties on steel imports imposed by New Delhi.
2. Indian crude steel production registered a growth 8.9 per cent to 8.1 million tonnes (MT) in February compared to the same month last year, the World Steel Association said.
3. Steel prices are set to go up by Rs. 2,000 a tonne to Rs. 40,000 from April on the back of a revival in demand and rise in iron ore and coal prices. In fact, the prices have already risen by Rs. 300-500 a tonne in the past one week.
4. The government today said it is hopeful that SAIL and ArcelorMittal will resolve differences over setting up of about Rs 5,000-crore autograde steel plant before May.
5. Tata Metaliks has informed the Karnataka government that it cannot implement its ₹15,000 crore 3-mtpa integrated steel plant at Haveri and because of non-availability of mines and iron ore.
6. Posco closes last chapter in Odisha project offers to return land to government

COMPANY NEWS

SAIL, ArcelorMittal to resolve differences before May

The government today said it is hopeful that SAIL and ArcelorMittal will resolve differences over setting up of about Rs 5,000-crore autograde steel plant before May. "May-end is the deadline and before that we think some solution should come up... Some problem is solved. Good news should come," Steel Minister Chaudhary Birender Singh told reporters here. The much-awaited joint venture (JV) between steel giant ArcelorMittal and state-run SAIL will also focus on producing specialised grade steel products for defence, space and automobiles.

The Financial Express: March 18, 2017

Tata Metaliks shelves ₹ 15,000-cr integrated steel plant in Karnataka

Tata Metaliks has informed the Karnataka government that it cannot implement its ₹ 15,000 crore 3-mtpa integrated steel plant at Haveri and because of non-availability of

mines and iron ore. “The company has informed the State government that the project cannot be implemented and has requested for refund of the amount paid for allotment of land,” RV Deshpande, Minister for Large and Medium Industries, told the Karnataka Legislative Assembly. The Minister replying to a question by MLA from Haveri, Basavaraj Nilappa Shivannavar, on the status of Tata Metaliks project said the Supreme Court’s decision to allot mines only through auction and priority be given to state-owned enterprises in allotment of mines. This is the reason given by the Minister for non-allotment of iron ore mines to the company. Based on these developments, “the company on October 10, 2016, informed the government that the project has become unviable because of non-availability of mines and iron ore,” explained Deshpande. For Tata Metaliks, the Karnataka government had acquired 2,500 acres at various villages of Haveri taluk and the integrated steel plant was approved by the State High Level Clearance Committee (SHLCC). Deshpande said after SHLCC clearance, the State government went about acquiring land through KIADB. About 1,658 acres in Boodugatti and Agadi villages; and 608 acres in Devagiri and Devagiriyallapura villages totalling 2,266 acres were notified for acquisition. Shivannavar requested the State government to take a suitable decision early and compensate the farmers who are waiting for nearly seven years.

Source: Business Line 23rd March, 2017

PROJECTS

Posco closes last chapter in Odisha project

It’s official now that South Korean steel major Posco has scrapped the plan to set up a 12-million tonne (mt) steel mill in Paradip, Odisha. It has written to the state government that it wants to surrender the land allotted for the project. It is the second big-ticket foreign direct investment (FDI) project to leave Odisha, after ArcelorMittal walked out of its project in 2013. Though all activity on the plant came to a halt two years ago, leading to speculations of the firm pulling out of the venture, both Posco and the Odisha government had denied it. Therefore, Posco’s letter is seen as the first official communication marking the scrapping of the project. Posco had signed an agreement with the state government in June, 2005, seeking 4,004 acres of land to set up the project. The land acquisition was delayed due to agitation by the locals, which often took a violent turn.

Business Standard, March 18, 2017

POSCO offers to return land to government: Minister

Posco-India has requested the Odisha government to take back its 2,700 acres of land provided to it near Paradip for setting up a 12 mtpa steel plant at an investment of ₹ 52,000 crore. “We have received a letter from Posco-India in this regard. The steel major has offered to return the land near Paradip in its possession,” state Industries Minister Debi Prasad Mishra told PTI. When asked whether Posco-India offered to return the land on its own, Mishra said: “No, the state government had requested the company to pay pending dues of about ₹ 82 crore towards forest land diversion, cess and others. While replying to our letter, they (Posco-India) said that the company is not interested to take possession of the acquired land and pay the remaining amount”. Mishra said that the state industries department had acquired 2,700 acres of land for Posco-India’s proposed steel mill.

Source: Financial Express 19th March, 2017

POLICY

India to block Japan’s request for WTO dispute panel on steel penal duties

India will block Japan’s request for a dispute settlement panel at the World Trade Organisation (WTO) against penal duties on steel imports imposed by New Delhi, a government official has said. Tokyo’s request will be taken up for consideration by the Dispute Settlement Body of the World Trade Organisation in its meeting on Tuesday.

Japan, however, is expected to make a second request in the next DSB meeting which cannot be blocked as per rules. In March last year, India had extended safeguard duties — penal duties imposed over and above the regular customs duties to check import surges of identified items — on certain hot-rolled steel items till March 2018. The move was aimed at protecting domestic steel producers suffering from the double blow of low demand and cheap imports. Japan has alleged that the investigation carried out by the Directorate General of Safeguards in India was not according to procedures laid down by the WTO and the injury determination, which is a measure of disruption suffered by local players, was also faulty. Japan, which has friendly trade relations with India, is taking the strong step of filing a dispute to stop unfair trade actions from spreading, a Japanese industry ministry official reportedly said. India imposed minimum import price and safeguard duties on steel imports last year to protect the domestic industry. As per the Finance Ministry’s notification, safeguard duty will apply on hot-rolled flat products of non-alloy and other alloy steel in coils of 600 mm width. The safeguard duty will be 20 per cent minus any existing dumping duty till September 2016, following which it will be reduced

to 18 per cent till March 2017, then brought down to 15 per cent till September 2017 and eventually to 10 per cent by March 2018.

Source: Business Line 21st March, 2017

STEEL PERFORMANCE

78 per cent jump in steel exports in April-February: Chaudhary Birender Singh

Steel exports have surged by 78 per cent in the April-February period of 2016-17 financial year, Steel Minister Chaudhary Birender Singh said on Friday. The minister also said that there has been 39 per cent decline in imports of the alloy and there was a case for lifting of anti-dumping duty on steel products. The past three years have been quite challenging for the steel industry, Steel Minister Chaudhary Birender Singh said and added that the government intervened strategically to provide policy and regulatory support from time to time which has given desired results. There has been “improvement in capacity utilisation to over 78 per cent, reduction in imports by 39 per cent and significant increase in exports by 78 per cent in the 11 months of current financial year,” he said. At present, the steel industry in India is at a crucial juncture in its journey of growth, he said, adding that inter-ministerial consultation is going on for maximising use of Indian-made steel in key projects.

Source: Financial Express 18th March, 2017

Steel prices to strengthen by Rs. 2,000/tonne in April

Steel prices are set to go up by Rs. 2,000 a tonne to Rs. 40,000 from April on the back of a revival in demand and rise in iron ore and coal prices. In fact, the prices have already risen by Rs. 300-500 a tonne in the past one week. Steel demand is picking up slowly after suffering for the last four months following the government decision to demonetise high-value currency as part of its fight against black money. Large steel-consuming sectors such as real estate and infrastructure were the worst affected as a major portion of their business is driven by cash transactions. However, the government's increased spending in social and infrastructure projects has pulled these sectors from the slump faster than expected. Apart from buoyant domestic demand, the restrictions on steel imports from China has opened new opportunities for Indian companies. In the last 11 months, steel exports from India have surged almost 78 per cent to 6.6 million tonnes.

Business Line, March 18, 2017

Steel firms mull ₹ 1,000 a tonne hike from April

With iron ore prices on a rise and domestic demand likely to pick up by mid-April, steel producers have already raised product prices by ₹ 1,000 per tonne from 15, March and are gearing up for another hike by the same quantum from April. Domestic companies have raised prices by about 70 percent since imposition of minimum import price (MIP) in February 2016. Though prices were raised by ₹ 3,000 per tonne in January, most companies had to roll back the hike in the following month either partially or completely as the market was unable to absorb the revision due to weak demand. However the confidence of companies that now consumers will digest higher prices seems to be back. JSW Steel, Tata Steel, Steel Authority of India, Bhushan Steel, Essar Steel, Jindal Steel & Power, and Rashtriya Ispat Nigam are among the top producers of the alloy in the domestic market. The steel industry is seeing a rise in demand - mainly in the construction segment and auto and white goods sectors that were hit due to demonetisation after the Assembly elections. In the last few months, as domestic steel demand failed to pick up and producers had to export the alloy to maintain margins and capacity utilisations. Average capacity utilisation of the domestic steel industry has moved to 85 per cent from 75 per cent earlier.

Source: Business Standard 22nd March, 2017

India's crude steel output up 8.9% at 8.1 MT in Feb

Indian crude steel production registered a growth 8.9 per cent to 8.1 million tonnes (MT) in February compared to the same month last year, the World Steel Association said. India, which is the third largest global steel producer, recorded a 8.9 per cent rise to 8.1 MT in crude steel output last month as compared to lesser percentage growth in production by other countries like China, Japan and South Korea in Asia, as per the latest report from the World Steel Association. India had produced 7.45 MT of steel in February 2016. "China's crude steel production for February 2017 was 61.2 MT, an increase of 4.6 per cent compared to February 2016," the report said. It further said: "World crude steel production for the 67 countries reporting to the World Steel Association (worldsteel) was 126.6 MT in February 2017, a 4.1 per cent increase compared to February 2016". The production stood at 121.6 MT in February 2016. "It should be noted that there were 29 days in February 2016," the body said. The US also saw a marginal fall of 0.1 per cent at 6.4 MT output in February as compared to year-ago period. In the EU, Germany produced 3.5 MT crude steel in February, up 2.6 per cent over the same month last year. Italy produced 2 MT, while production in Spain stood at 1.1 MT. Besides, Turkey produced 2.7 MT of crude steel, Russia 5.5 MT, Ukraine 1.9 MT and

Brazil 2.5 mt. They include over 160 steel producers with 9 of the 10 largest steel companies, national and regional steel industry associations, and steel research institutes. India had recorded an output of 95.6 MT crude steel in 2016.

Source: Financial Express 24th March, 2017