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

July 30 – August 5, 2016

HIGHLIGHTS OF THE WEEK

1. The government on Thursday extended the minimum import price (MIP) on 66 steel products for two months, against 173 items earlier.
2. Indiaôs largest steel maker SAIL said its domestic saleable steel sales rose 8.5% to cross the 1 million tonnes (MT) mark in July.
3. The European Union (EU) on Thursday hit China and Russia with anti-dumping duties on cold-rolled steel imports after complaints by EU producers they were being forced out of the market.
4. Jindal Steel & Power (JSPL) is in talks to sell a 15% stake in itself to Japanôs Yamato Steel for Rs. 2,500 crore to reduce its leverage ratio, said people with knowledge of the mater.

RAW MATERIALS

NMDC may enter rare earth minerals, beach sand mining

State-owned miner NMDC may foray into rare earth minerals and beach sand mining, among others, according to official sources.
The miner is mulling to approach the Atomic Minerals Directorate (AMD) for necessary permissions as some of the minerals it intends to mine fall under radioactive family.
A rare earth mineral contains one or more rare earth elements as major metal constituents.

Source: The Financial Express 3rd August, 2016

COMPANY NEWS

SAIL's domestic sales surpass 1 MT

Indiaôs largest steel maker SAIL said its domestic saleable steel sales rose 8.5% to cross the 1 million tonnes (MT) mark in July. ñDespite onset of lean season on account of monsoon, companyôs domestic sales crossed 1 MT of saleable steel which is an increase of 8.5% over the same month last year,ò the state-run company said in a statement. Steel Authority of India Limited (SAIL) said it has witnessed a good start to the second quarter of 2016-17 fiscal by achieving 15% growth in its total sales including exports for the month of July compared to the same period last year.

Source: The Financial Express 5th August, 2016

JSPL to Sell 15% to Yamato

Jindal Steel & Power (JSPL) is in talks to sell a 15% stake in itself to Japanôs Yamato Steel for Rs. 2,500 crore to reduce its leverage ratio, said people with knowledge of the mater. CEO Ravi Uppal declined to make any specific comment on a possible deal. JSPL expects to reach a agreement with banks on a debt recast for its steel business this month, Uppal said. Yamato Steel dis not respond to emailed questions. Indian companies with a Japanese stake of 10% or more get preference in raw material and execution contracts for the $90 billion Delhi-Mumbai freight corridor being built with the aid of Japanese banks and multilateral funding institutions. JSPL, owned by former lawmaker Naveen Jindal, is one of the largest rail steel makers in India. Indian Railways is planning to invest $140 billion to build new tracks, locomotives and on maintenance, rail minister Suresh Prabhu said in January. The company is currently seeking a debt recast for its steel business under the so-called 5/25 scheme. This involves banks providing 20-25 years loans that will be refinanced every five-seven years. JSPL closed at Rs. 83.50 on the NSE on Friday for market value of Rs. 781.2 crore.

Source: The Economic Times, 1st August, 2016

POLICY

Govt. Extends MIP on 66 steel products

The government on Thursday extended the minimum import price (MIP) on 66 steel products for two months, against 173 items earlier. The steel industry had been demanding for the extension of MIP. When asked why the government had reduced the number of products, an official said, ñWe felt only these products require protection. The commerce ministry is already investigating dumping of certain steel products.ò The 66 products include semi-finished products of iron or non-alloyed steel, flat-rolled products of different widths, bars and rods.

Source: Business Standard 5th August, 2016

Steel anti-dumping duty to replace MIPs

Though minimum import prices (MIPs) for steel products will expire on August 5, domestic primary steelmakers will continue to enjoy protection from imports in the form of anti-dumping duties, reports Surya Sarathi Ray in New Delhi. The Directorate General of Anti-dumping has recommended provisional duties in the range of $69-152 per tonne on hot-rolled coil and ñHR not in coilò from specified producers in China, Japan,Korea, Brazil, Russia and Indonesia, after concluding these items are being imported into India at below normal (cost) price.

Source: The Financial Express 3rd August, 2016

Top Steelmakers Demand Extension of MIP to a year

Indiaȏs leading steelmakers JSW Steel, Tata Steel, Essar Steel and Steel Authority of India have sought an extension of their minimum import price (MIP) imposed on steel by six months to a year, as the current MIP regime is due to end this week. MIP is seen as one of the toughest protective trade measures that a country can impose. It sets a price below which imports are not allowed into the country. The current MIP regime, started in February 2016, will end on August 5. The industry is anxiously awaiting a government decision as it fears in the absence of this protective measure, local companies will have to face the trauma of cheap imports once again. The companies are also apprehensive, as a Japanese industry delegation has accused India of violating WTO rules by providing protection to its steel industry through MIP. The Indian steel industry has refuted this claim, asserting that it was legitimate since it came under one of the three exceptions as GAAT rules to restrict surging imports. While imports were estimated to have come down by half post the imposition of MIP, in reality, between February and June 2016 imports have declined by only 26%. Imports are still coming into the country: 8 million tonne on an annualised basis. In India, capacity utilisation increased to 77% in April-June, when production rose 4.8%. However, demand during the period went up by just 0.8%. This mirrors the global scenario, in which capacity utilisation has touched 71.5% in June from 66% in February, but demand growth has been barely 0.8%.

Source: The Economic Times, 3rd August, 2016

GLOBAL STEEL

EU hits China, Russia with steel anti-dumping duties

The European Union (EU) on Thursday hit China and Russia with anti-dumping duties on cold-rolled steel imports after complaints by EU producers they were being forced out of the market. The European Commission said the levies, announced provisionally in February, will run for five years as Europe tries to cope with a global steel glut largely driven by massive Chinese output. Cold-rolled steel is used extensively by industry to make all sorts of goods and appliances, from automobiles to refrigerators. The commission said the anti-dumping duties on Chinese cold-rolled steel will range from19.7% to 22.1% and from 18.7% to 36.1% for Russian companies. It said the EU has more than 100 trade defence measures in place, 37 of them targeting unfair imports of steel products of which 15 come are Chinese.

Source: The Financial Express 5th August, 2016

Essar Steel to start operations from Odisha mine in FY 18

Essar Steel said it hopes to commence mining from its captive iron ore block in Odisha in the first quarter of 2017-18. The steel maker recently bagged the Ghoraburhani-Sagasahi block in Odisha through auctions, quoting a premium of 44.35 per cent above the reserve price and outbidding strong contenders like Tata Steel and Jindal Steel & Power Ltd.
The Odisha government has issued the letter of intent to Essar Steel after it emerged as the preferred bidder in the first iron ore block offered for e-auctions in Odisha. The block is at G2 exploration stage and located in Koira sector in Sundargarh district.
The mineral concessaion area is spread over 139.16 hectares (ha), including 20.88 ha forest land, 110.69 ha government land and the balance 7.58 ha private land.

Source: Sunday Business Standard, 31st July, 2016

MISCELLANEOUS

Minister to firms: Take steps to promote steel use

Steel minister Chaudhary Birendra Singh advised domestic steel producers to explore ways to enhance steel consumption and utilise the time in the highly dynamic economic scenario. ñDomestic steel producers should take all steps to promote use of steel at the earliest as time is of essence in the fast changing business scenario,ò a statement by domestic steel giant SAIL said quoting the minister at a customerôs meet in Jind (Haryana). The customers meet, to boost steel consumption in Haryana was organised by state-run steel makers SAIL and RINL. SAIL and RINL should quickly stabilise their modernised facilities, maximise their performances and strengthen the domestic sector, Singh said. On tapping demand in Haryana, SAIL said the state already has a strong presence in automobiles and auto ancillaries space, which coupled with the Centreôs smart cities mission can provide steel firms opportunities to enhance steel consumption.

Source: The Financial Express 1st August, 2016

Steel cos on tenterhooks as MIP comes for review on Aug 5

Steel companies are on tenterhooks as the government is set to review impact of minimum import price and decide on its extension beyond August 5, even as small value added steel product manufacturers have called for its withdrawal amid falling exports. Last February, the protectionist measure for the steel industry was introduced by the government on 173 steel items for six months. It restricts import of the listed steel items below the price range of $341 a tonne to $752 a tonne. Big players such as JSW, Tata Steel and state-owned Steel Authority of India want MIP to continue as it has helped them improve margins by reining in steel imports in the last nine months. Union Steel Minister Chaudhury Birendra Singh had called an urgent meeting of steel companies and industry associations last week to discuss the impact of MIP, safeguard and anti-dumping duties on steel products. Under pressure from various user-industries, the government is already considering an option to remove all the steel items covered under anti-dumping investigation from the purview of MIP, said sources. TS Bhasin, Chairman, Engineering Export Promotion Council, said steel companies claim that importers have circumvented MIP through letter of credits and advance authorisation does not hold true given that imports have been falling. Steel prices in India are even higher and was not tenable due to slack demand, hence it fell, he said. Steel companies have pointed out that MIP ensures governmentôs ñMake in Indiaò programme, but they fail to understand that the sharp rise in steel prices has denied the opportunity to a host of other steel product manufacturers to Make in India, said Bhasin. In contrast, Sanak Mishra, Secretary General, Indian Steel Association, said an extension MIP regime will support the steel industry to manage its high debt levels, and in turn, reduce the spectre of NPAs with the banking sector.

Source: Business Line 2nd August, 2016