



Chinese steel dumping worries Pakistan Steel Manufacturers

As per reports the Pakistan's steel manufactures are saying that low priced imported steel products from China, under the Free Trade Agreement, are bleeding the local industry and violating international fair trade regulations. Industry sources said that Pakistan Steel Mills, steel melting and re rolling mills have demanded the government to take regulatory measures to stop dumping of steel products by Chinese manufacturers and also check smuggling to safeguard local manufactures.

The central bank recently said that Pakistani traders have imported cheap and low quality steel products worth USD 622 million in the Q1 of the current fiscal year. Most of the imports were made from China.

An owner of a steel melting unit, requesting anonymity said that "The imports were 25% or USD 622 million, higher than USD 500 million recorded in the same quarter last year. The figure does not include imports of steel products through smuggling and gray channels." He said that local steel manufacturers viewed the central bank was very conservative in its estimate and the pressure on the national kitty is much more than what the central bank had mentioned. Most of the countries have imposed special duties up to 40% of the value of import to protect their local industries from Chinese steel products.

Another source in the industry said since January 2014 over 100,000 tons of steel billets and hot rolled coils have been imported from China at a rock bottom price.

The source said that "The Chinese manufactures are reducing prices of their price very month. Current steel billet prices of PSM range between PKR 67,000 per tonne to PKR 68,000 per tonne including sales tax while the import price of Chinese billets are



in the range of PKR 60,000 per tonne to PKR 62,000.tonne.

Mr. Shazim Akhtar, spokesman of PSM, said that the dumping and smuggling of steel products have slashed the sales of the state owned steel manufacturing firm. Traders in the private sector have imported hot rolled and cold rolled coils worth PKR 5 billion during the month of November and the imports are increasing day to day on tax incentives. If Pakistan Steel has been provided a level playing field then its sales would have been much higher just Rs500 million last month."

He said that the government has imposed 17% sales tax on local iron and steel scrap, while, sales tax on imported scrap is fixed at PKR 5,600 per tonne. The difference between the two duty structures has made the PSM scrap expensive by PKR 2,000 per tonne.

The Federal Board of Revenue has also given manufacturers a concession of five percent in customs duty on import of hot rolled and cold rolled coils. The concession in duty is given to them to add value to the imported rolled products for the local markets. However, the manufacturers in the private sectors are reportedly selling the imported rolled products without making any value addition and pocketing the five percent concession in the duty without any efforts. This situation is not allowing PSM to sale its rolled products at a competitive price.

He said that "The government has also given tax incentive on the import of steel products for the export purposes, but such imported stuffs are again find buyers in the local market at a very lower price. Pakistan Steel demands abolition of such SROS so that it would get a level playing field."

South American crude steel output down in Jan-Nov

South America's crude steel production in January to November dropped 1.6% to 41.7 MT compared with the same period last year as per reports. The World Steel Association (wordsteel) said that crude steel output last month edged up 2.7% YoY to 3.75 MT. Global crude steel production in the 65 countries reporting to worldsteel totaled 1.50Bt in the first 11 months up 1.8%. Global output in November was flat at 130 MT.



Brazil's crude steel production in January to November totaled 31.4 MT down 0.4%. The country's output rose 2.4% YoY in November to 2.77 MT. Mexico produced 5.6% more at 17.6 MT in the first 11 months and 8.8% more in November alone at 1.57 MT. China's crude steel production in the period grew 1.9% to 749 MT. Its November output fell 0.2% to 63.3 MT.

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