



## US to Put Dumping Charges against Brazil



Brazil's Aco Brazil steel institute is surprised and concerned that US producers are seeking antidumping and countervailing duties on imports of hot-rolled coil, Aco Brazil's president said.

"Each country tries to defend its own market," said Marco Polo de Mello Lopes. "The world is being precautious and the US is in the same path. The placement of this petition will demand work from the companies in their defense. Regarding the CVD in both cold and hot-rolled products, it has absolutely no pertinence."

This petitions allege that HRC from Brazil, along with Australia, Japan, South Korea, Netherlands, Turkey and the UK, is "being, or is likely to be, sold in the US at less than fair value" and should be remedied by anti-dumping duties. In addition, "petitioners further allege that the government of Brazil is providing countervailable subsidies."

For Brazil, the alleged dumping rate is 21.80%. The petitions said producers in Brazil benefit from numerous government subsidies subject to countervailing duties and identify 33 subsidy programs in the country.

Lopes also highlighted that Brazil does not grant any specific benefit for its steel companies.

"The surprise was because these volumes alleged in the filing were very small," he said. "They really represent no threat to the US market. The concern was because the US is an important market, especially in this difficult moment that Brazilian companies need to pursue the international market."

According to the filing, between June 2014 and May 2015, the seven cited countries accounted for 54.2% of all the 7.37 million st of HRC imports into the US. Brazil was responsible for 6.3% of this total.

In a statement, Gerdaud said, "it exported small volumes of hot-rolled coils from Brazil to the US and is waiting the analysis of the petition by the US Department of Commerce."

## International Steel Dented by Downturn

International Steels Limited (ISL) has announced its result for the financial year 2015. During FY15, ISL faced factors beyond its control. Due to a sharp and persistent downturn in the prices of steel products, ISL faced inventory losses and deteriorated margins and profitability. Additionally, removal of tariff barrier against Chinese imports of CRC/HDGC intensified competition and resulted in lower sales during FY15. All, these factors contributed towards a loss of 16 percent in top line, year-on-year.

ISL also faced an issue of higher cost during FY15. The government has imposed 5 percent import duty on HRC, the raw material for producing the steel. The cost of goods sold has decreased by 14 percent year-on-

year, however, in terms of net sale it has gone up by 300 bps to 91 percent. The loss of sale due to the lower price of steel, inventory losses, increase in competition, and the higher cost has decreased the gross margin by 300 bps in FY15.

Going forward, ISL has a robust outlook because the decline in steel prices and inventory losses are unlikely to continue into FY16 and in January 2015 the government also imposed a tariff barrier on Chinese imports. The expansion plans of ISL on course and will create a volumetric growth for the company due to the shortage of CRC/HDGC in the Pakistani market. Also, the expansion will also increase the proportion of value-added products in the sales mix of ISL.

## Iron Ore Shipping Continues to Dip



While the failure late of one of the Soo Locks didn't affect July's shipping numbers, iron ore cargos carried by U.S. flag Great Lakes ships fell again, the Lake Carriers' Association reported.

The failure of the MacArthur Lock at Sault Ste. Marie, Mich., on July 29 did not play a major role in the month's totals, the association said, but six U.S. flag lakers and 250,000 tons of cargo were delayed for about 13 hours between the lock's closure and midnight on July 31. The lock reopened on August 17. In total, 79 U.S.-flag lakers and 1.9 million tons of cargo were delayed for about 160 hours during the 20 day closure. Total cargo movement in U.S. hulls totaled 10.9 million tons in July, a decrease of 4 percent compared to a year ago.

U.S. flag lakers coal float increased 6.4 percent in July, but shipments of limestone dipped by 5.6 percent. The stone trade also is feeling the effects of unfair trade in steel, as steel production is the primary driver behind demand for fluxstone and metallurgical stone.

Year-to-date, U.S.-flag carriage stands at 42.5 million tons, an increase of 10.7 percent compared to a year ago. Iron ore, coal and limestone all have registered increases over their end-of-July totals in 2014, but those increases in part reflect the catastrophic ice conditions that prevailed for the first five months of 2014. Heavy ice so delayed the resumption of the ore trade in March 2014 that at least one steelmaker had to curtail production, and transit times did not become routine until early May. The ice was formidable again this spring, but had largely cleared by late April.

The Lake Carriers' Association represents 16 American companies that operate 56 U.S. flag vessels on the Great Lakes. Loadings totaled 4.7 million tons in July, a decrease of 10 percent compared to a year ago. The slump comes on the heels of a 10 percent decrease in June. The Lake Carriers' Association, based near Cleveland, blamed the downturn on a nation "awash in dumped foreign steel."