



South Africa to Impose 10% Import Tariff on Steel – SEIFSA



Steel and Engineering Industries Federation of Southern Africa said that South Africa's government will impose a 10 percent import tariff on steel imports to protect the struggling industry, with the possibility of hiking them further. SEIFSA said in a statement, "without giving a firm date for a tariff hike, that the first application for tariffs at 10 percent of the WTO bound rate will be signed off with conditions which are not yet finalized."

SEIFSA said "One of the conditions for the tariff hike was that the steel industry could not raise the price of steel to unaffordable levels."

SEIFSA President Ufukile Khumalo said "It is a crisis that I have never seen. It's unprecedented in my history in the steel industry."

Chief executives in the steel industry and labour unions also said the government in a meeting had committed to introduce a 10 percent tariff on imported steel to protect the industry.

The government declined to comment, but said in a statement it was considering various tariff applications.

Cheap imports from China are hurting steel makers in South Africa, which currently does not have import duties on steel. As many as 200,000 jobs are at risk due to a global supply glut of the commodity. ArcelorMittal South Africa has warned it could close a plant that employs 1,200 people while smaller rival Evraz Highveld Steel and Vanadium has been placed in the hands of administrators.

BlueScope to Close Australia Steel Business



Collapsing steel prices have prompted BlueScope Steel Ltd. to begin an urgent review of its Australian and New Zealand operations that could see the company end production in those countries. Australia's biggest steelmaker said it would update investors on the progress of the review by November, in time for its next annual shareholder meeting.

A global glut has driven the spot price of Chinese hot-rolled coil steel exports down by about 40% over the past year, according to The Steel Index, a data provider. A surge in cheaper Chinese exports of steel, in particular, are making life harder for producers in countries such as Australia, South Korea and Japan.

"We have to address the major challenge of losses in commodity steelmaking in Australia and New Zealand," BlueScope Chairman Graham Kraehe said, even as the company reported its best earnings result since before the global financial crisis after a broad restructuring of its global business.

Steel producers everywhere are being squeezed by the oversupply, at a time when China's demand for the building material used in everything from skyscrapers to bridges is also slowing. China produces roughly half of the world's steel, and the sharp slowdown in its economy recently drove a surge in exports by more than a quarter in the first seven months of 2015.

"There had been extensive changes recently in the global steel industry," BlueScope Chief Executive Paul O'Malley said in a statement. "China's finished steel exports have doubled to a run-rate this year of over 100 million [metric] tons per annum an increase equivalent to the output of 20 Port Kembla steelworks."

Port Kembla is BlueScope's flagship mill and Australia's biggest steelmaking operation, supporting some 5,000 workers. Several market analysts have said they expect the Port Kembla steelworks, south of Sydney, to be shut given the weakness in global steel prices.

"At these prices, it would be more competitive to externally source steel substrate than to continue to operate our Australian and New Zealand steelmaking operations," said Mr. O'Malley. "Unless we deliver a game changing approach to costs to improve their competitiveness." BlueScope also has a steelworks in New Zealand, as well as factories in the U.S. and Thailand. The steelmaker said it wants to cut annual costs in Australia by more than 200 million Australian dollars (US\$146 million) and in New Zealand by 50 million New Zealand dollars (US\$33 million), by mid-2017. Mr. O'Malley said BlueScope was looking to reduce spending on everything from the raw materials to the properties it uses. Other major steelmakers, including South Korea's Posco, have faced similar problems in recent years.

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