Paul Wurth and China Steel Corporation Sign Southeast Asia Co-operation Agreement

Based on an already fruitful and long-term business relationship, Paul Wurth S.A. and Taiwan-based steelmaker China Steel Corporation (CSC) have now signed a co-operation agreement with regard to upcoming iron making plant construction projects in Southeast Asian, including materials handling, sinter plants, blast furnaces and direct reduction plants.

Both parties are working together to promote the development of the Asian iron making industry and are working towards a common marketing strategy.The plan is to co-operate on a non-exclusive basis on projects to be implemented in the region. The two companies will pool their respective engineering and operational expertise and will co-operate on a case-by-case or a consortium basis as well as on a subcontractor relationship.

According to a press release issued by Paul Wurth, while CSC undertakes to use exclusively Paul Wurth technology and know-how for projects to be realised under this agreement, CSC will also provide customer training services, consulting and supervision services as well as specific detail engineering services.

120Mt of Iron Making Capacity Cut in 2014, Says China

Between 2010 and 2014 China cut 120 Mmt of iron making capacity and 90Mt of steel making capacity, according to the Ministry of Industry and Information Technology.

In 2014 the country eliminated 31Mt of outdated steel capacity and in doing so completed the task set by the 12th Five Year Plan of 2011-2015 a year early.

While the cuts ease pressure on China's domestic steel industry, the country's medium and large-sized steel companies are expected to be in the red during Q1 of 2015, according to the China Iron and Steel Association. In February, up to 50% of these companies were in the red and by March, insufficient orders and high stocks added to the financial pressure.

While iron ore prices have fallen below US$60/metric tonne, steel prices have plummeted even further, analysts claim, and now that China has implemented strict new environment laws, the mills face rising costs to remain in compliance.

There are media reports claiming that in Jiangsu province electricity prices are being raised for steel mills failing to meet China's new environmental standards.

But it's not all bad news. Only one of China's listed steel mills – Lingyuan Iron & Steel Co – suffered a loss last year. Other companies, such as Daye Special Steel, Jiuli Hi-Tech Metals, Nanjing Iron and Steel and Fangda Special Steel Technology recorded profits in excess of 100 million yuan. Others have yet to release their results but are expected to announce gains. Hebei Iron and Steel increased net profits by over 500%.

China's Traders more Optimistic than Producers

Steel traders in China are claimed to be more optimistic than steelmakers, but prices are destined to shrink further in early 2015, according to a report by China Metals.

The China Steel Price Index (CSPI), compiled by the China Iron and Steel Association (CISA) fell to 75.06 by end February, down 2.68% when compared with end January 2015. The index was 21.92% lower than a year earlier. The price index of long steel dipped 2.72% month-on-month in February and steel sheet declined by 1.55%. In fact, the price of eight major steel products continued to fall during February, but they were smaller declines than those reported in January.

According to the CISA, hot-rolled coil, galvanised sheet, cold-rolled sheet and medium plate fell by 107 yuan/tonne (US$17), 98 yuan/tonne (US$16), 91 yuan/tonne US$15) and 73 yuan/tonne (US$12) respectively. During the first two weeks of March the CSPI slid marginally to 74.91 by 6 March and by 74.14 by 13 March.

North American Steel Bosses Talk China

China was very much top-of-mind for senior steel executives in the USA at the recent AISTech convention in Cleveland, Ohio,USA. Andrew Harshaw, CEO of Arcelor Mittal USA, told delegates assembled for the Town Hall Forum on 6 May, that while the US economy was healthy, the steel industry was the complete opposite, thanks to cheap foreign imports flooding the US market from South Korea, China and elsewhere in the world."It's a difficult market," he said, explaining how automotive is strong but is hampered by imports. Nucor's vice president Michael Lee said he was an optimistic guy and that, where imports were concerned, the US steel industry needed government support. "I'm excited about our future, we have the brightest and the best and we can compete against anybody. Put us on a level playing field and we can kick anybody's butt," he said.