



Nippon Steel to Bring High End Automotive Steel Production to US



Nippon Steel & Sumitomo Metal will kick off US production of the most advanced steel for automobiles in 2017, an attempt to meet growing demand for lighter yet stronger sheets. Japan's top steelmaker plans to roll out ultrahigh-tensile steel sheet twice as strong as conventional high strength products and also highly malleable at an Alabama plant operated since 2014 by a joint venture with ArcelorMittal, a multinational steel manufacturer headquartered in Luxembourg. It will be the first attempt by a Japanese steelmaker to produce its highest end products overseas.

The Tokyo based company is going to spend around JPY 10 billion (USD 81.9 million) to upgrade heat-treating facilities. Its special-grade steel boasts a strength of 1,180 megapascals, the highest for a mass-produced product. Initial output is set at 100,000 tons a year.

High strength steel sheet is already being used in some luxury automobile frames. Nissan Motor became the first automaker to adopt the high grade steel, using it in an upscale model that debuted in North America in summer 2013. Currently, the company uses ultrahigh tensile sheet for an estimated several percent of the body frame of select models.

The weight of a vehicle could be slashed by as much as 10% if the use of high strength sheet is raised to 20% of the frame. In addition, ultrahigh tensile steel sheet is cheaper than competition such as aluminum and carbon fiber, an advantage the Japanese steelmaker will stress.

FBR Urged to Slap RD and ST on Imported Steel

Pakistan Steel Melters Association has asked the Federal Board of Revenue to levy RD, sales tax or special cess on imported steel products to provide a level playing field to the local steel industry. Pakistan Steel Mills has already sent a summary to the Privatisation Commission for imposition of 30% RD on imported steel.

A representative of PSMA said, "Balancing various segments of the steel industry is crucial to achieve a win-win situation. By increasing taxation on imported products, FBR will be able to mop up the surpluses on imported products and gain maximum revenue as domestic units will ramp up production. Consumers too will benefit as a competitive environment will push prices down."

The association said, with 5 million tonnes of steel capacity in the country, a 10% increase in industry capacity utilisation will result in an additional 500,000 tonnes of domestic steel output and revenue generation for FBR of over INR 3 billion.

Local steel industry maintains that it should be provided level playing field through duty so that its capacity utilisation can increase. Moreover, considering a conservative billet import figure of 250,000



tonnes, the FBR stands to gain at least PKR 3 billion via direct taxation on imports through additional taxation at import stage to balance the sector.

PSMA further argued that by imposing further regulatory duty and sales tax on imported steel, importers will still remain profitable in the market while the FBR can simultaneously mop up the surpluses on imported products and generate additional revenue of billions of rupees.

The government can impose regulatory duty, sales tax or special cess depending on what is most compliant with trade agreements that GoP has signed in the past. For example, Sri Lanka has imposed special cess on imported steel products even though they have an FTA with China.

Global Crude Steel Production in Apr'15 Dips 1.7% YoY

World crude steel production for the 65 countries reporting to the World Steel Association (worldsteel) was 135 million tonnes in April 2015, a -1.7% decrease compared to April 2014. The crude steel capacity utilisation ratio for the 65 countries in April 2015 was 72.5%. It is -3.2 percentage points lower than April 2014. Compared to March 2015, it is 0.9 percentage points higher. China's crude steel production for April 2015 was 68.9 million tonnes, a -0.7% decrease compared to April 2014. Japan produced 8.4 million tonnes of crude steel in April 2015, a decrease of -6.1% compared to April 2014. India produced 7.4 million tonnes of crude steel, an increase of 2.1% year on year. South Korea produced 5.8 million tonnes of crude steel, a decrease of -6.6% compared to April 2014. In the EU, Germany produced 3.6 million tonnes of crude steel in April 2015, a decrease of -1.9% compared to April 2014. Italy produced 1.9 million tonnes of crude steel, down by -8.5% on April 2014.

Spain produced 1.3 million tonnes of crude steel, a 6.4% increase year on year. France's crude steel production was 1.3 million tonnes, a decrease of -9.0% compared to April 2014. Turkey's crude steel production for April 2015 was 2.8 million tonnes, up by 3.9% on April 2014.



In April 2015, Russia produced 6.1 million tonnes of crude steel, up by 3.2% over April 2014. Ukraine produced 1.9 million tonnes of crude steel, down by -24.9% compared to the same month 2014. The US produced 6.5 million tonnes of crude steel in April 2015, a decrease of -9.8% compared to April 2014. Brazil's crude steel production for April 2015 was 2.9 million tonnes, up by 4.4% on April 2014.