



South Africa's Vale Declines in Quarterly Earnings



Vale SA, the world's biggest iron ore and nickel producer, reported a decline in quarterly earnings as slumping prices overshadowed efforts to focus on higher quality deposits and cut costs.

Third-quarter adjusted earnings before interest, taxes, depreciation and amortization fell 15 percent from a year earlier to \$1.88 billion, the Rio de Janeiro-based company said in a statement. That compared with the \$1.86 billion average of 11 dollar-based estimates. On a net basis, Vale had a loss of \$2.12 billion as a weaker Brazilian real increased the burden of the company's debt and derivative losses.

Vale is producing more higher-quality iron ore and halting some of its most expensive output to improve margins and navigate an oversupplied market that sent prices down more than 70 percent from a 2011 peak. The company is betting an expansion of its Carajas complex in northern Brazil, its biggest project ever, will trim costs further, allowing the producer to boost market share and offset the effect of lower prices.

"Lower iron ore and base metals prices should weigh on the company's earnings in 2016 and 2017, ultimately jeopardizing cash flow generation and stretching the balance sheet," Credit Suisse Group AG analyst Ivano Westin said in a research note.

Vale posted record iron-ore output for the third quarter thanks to higher production at Carajas, while it shuts down less efficient operations elsewhere in Brazil. Production of nickel and copper missed analysts' estimates amid shutdowns in Canada.

Shares gained 2.7 percent to 14.72 reals at the close in Sao Paulo, trimming a decline in the past 12 months to 36 percent.

Scottish Ministers Seek to Attend EU Steel Talks



Scottish ministers are demanding to be represented at EU steel talks with the future of the industry in the country under the threat of extinction.

Tata Steel announced that its Scottish sites Dalzell in Motherwell and Clydebridge in Cambuslang are to be mothballed with the loss of 270 jobs.

The plants are the only remaining steel works in Scotland and the Scottish Government is hoping to find a buyer to take over production.

Tata, which is also cutting 900 jobs in Scunthorpe, blamed a flood of cheap imports, particularly from China, a strong pound and high electricity prices for the problems facing the industry.

With the closure of the SSI steel plant in Redcar also costing 2,200 jobs, UK Business Secretary Sajid Javid has planned EU talks on how to address steel dumping.

The Scottish Government have set up a task force to support workers and explore alternatives to the mothballing of the Scottish plants but also want to be included in the EU talks.

Scottish Business Minister Fergus Ewing said "Steel dumping has been crippling the UK steel industry yet the UK Government's approach has been completely inadequate for too long. I welcome the Secretary of State's belated recognition that he urgently needs to do something about it."

"Given the devastating impact that steel dumping has on the Scottish industry, I would like to see the Scottish Government have representation in EU talks to address the problem.

"The UK Government can also be taking action now and bring forward help for industries with high energy costs." The Scottish task force made up politicians, Tata representatives, unions and local councillors will meet in Hamilton for the first time.

Billionaire industrialist Jim McColl, who stepped in when Scottish shipbuilding was endangered, has ruled out taking over the Tata plants in Scotland, saying it is not the type of business that a smaller entrepreneurial approach is going to fix.

Mr. Ewing said "The Scottish Government's priority is finding a buyer to continue with commercial production and keep as many jobs as possible.

"Everyone on the task force knows how challenging that will be, but we will explore every possible option as fast as possible to meet that shared aim. We will not give up on the steel industry and the workers."

A Department for Business, Innovation & Skills spokesman said "The UK Government is in regular contact with the Scottish Government on issues related to the steel industry, including the work of the working groups set up following the Steel Summit and discussions with the EU."

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