China's Steel Consumption Peak is Still Ahead - Claudio Alves

Vale SA pushed back against claims steel consumption in China has peaked, saying demand in the top user still has some way to go in a view that contrasts with a rising number of global banks.

"China's steel consumption peak is still ahead of us but of course the growth will be much more gradual," said Claudio Alves, global director of ferrous marketing and sales. Vale aimed to boost its market share, he said.

The largest miners are seeking to figure out the implications of slowing growth in China on demand for everything from iron to copper. While Vale's view echoes outlooks from Rio Tinto Group and BHP Billiton Ltd., Australia & New Zealand Banking Group Ltd. brought forward its peak-steel estimate to 2014 from 2020 and Credit Suisse Group AG said local consumption will shrink 10 percent by 2018. Citigroup Inc. warned commodities may see further losses amid excess supplies and a sluggish global economy.

"Despite the slowdown of the growth speed, China still remains the economic engine of the world," Alves said. Further urbanization and infrastructure projects will underpin demand for iron ore, steel, copper and other base metals, according to Alves.

This section is a compilation from various company press releases, business dailies & trade publications.

Cheap Chinese Imports Hits Profits of Britain's Steel-maker

Cheaper imports, soaring green taxes and energy prices see Tata Steel UK's annual losses surge to £768m.

The owner of Britain's biggest steelworks has reported losses more than doubling as it buckles in the face of high taxes and energy costs, the strong pound and cheap Chinese imports.

Tata Steel UK, which owns the giant Port Talbot and Scunthorpe plants, posted a pre-tax loss of £768m in the year to the end of March, up from a £354m loss last year.

The move deeper into the red was partly driven by the company an offshoot of Indian conglomerate Tata taking a £314m hit from restructuring and impairments. The company could face more charges this year, having cut 1,000 staff and agency jobs since July.

Revenues also fell, down 7.3pc to £4.2bn and production was down 300m tonnes to 8.2m tonnes, due to operational issues at plants.

The poor performance is partly down to imports of cheap Chinese steel, according to a source close to the business. About half of the 1.6bn tonnes of steel made worldwide each year comes from China, which is now exporting about 100m tons a year as its economy slows.

In its annual accounts Tata Steel UK said that average revenue per tonne of steel it produced had fallen 6pc, because of downward pressure on steel selling prices, caused primarily by lower raw material prices. Britain's steel industry faces a unique set of pressures, according Gareth Stace, director of trade association UK Steel. "It's an unsustainable situation for the industry," said Mr Stace.

"Chinese imports were 2pc of UK steel demand in the first half of 2011, that's expected to be 8pc this year. Britain's steel makers also face a strong pound, high energy costs, environmental levies and high business rates that foreign competitors don't.

"The industry is not asking for a handout, just a level playing so it can compete," he added.

A spokesman for Tata Steel UK said "We continued to make good progress in areas under our control but external factors are having an increasingly damaging effect on the European steel industry, including the UK's. International steel prices are still well below the pre-crisis peak and EU demand growing at best modestly, the rise in steel imports into Europe is cause for great concern."