

Steel Digest

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SLUMP & SLIDE: An Opportunity?

Santosh Bajaj
Chairman, Standing Committee on Iron & Steel

I read very recently a story which, I believe, is a lesson for life. A sculptor was making statues of God in his studio. Pointing to one of them, an unfinished one, a visitor asked the sculptor, "What is the name of this God?" The sculptor replied, "Opportunity". The visitor asked, "When are you going to finish them?" The sculptor was silent, but for a moment and then said with a smiling face, "When the right moment comes." It struck in my mind. I was wondering, "Is our present economic slump offering us an opportunity?"

Let us have a glimpse to our economy. The non-oil imports during May 2009 were estimated at US \$12,078 million. It was 25.4 per cent lower than the non-oil imports at US \$16,189 million in May 2008. During April-May 2009, we imported non-oil items worth US \$24,191 million, which, too, was 25 per cent lower than the non-oil items we imported during the correspondent period of previous fiscal. It was valued at US \$32,262 million. Similarly, oil imports also came down. In May 2009, we imported oil worth US \$4,135 million. It was 60.6 per cent lower than our oil import bill of US \$10,495 million in May previous year. If we take April-May 2009 figures, our oil import bill was to the tune of US \$7,768 million, 59.6 per cent lower than the figure that we had in the corresponding period last year – US \$19,244 million. The prices of all the commodities almost followed the same trend, as if they were like disciplined soldiers. The prices of steel, for example, fell by 40 per cent from the peak last year.

The country's economic think-tank, the Centre for Monitoring Indian Economy (CMIE) expects a dip in contract prices for iron ore and coal, the two most important inputs for steel making. Hence, the prices of steel are likely to fall marginally in September this year. According to CMIE, the domestic prices of steel are 7-8 per cent higher than international prices. It indicates that the domestic steel prices are yet to be bottomed out.

At the same time, the CMIE study says, "While the prices will remain weak, the revival in steel demand will sustain in 2009-10, driven by healthy demand for long steel products used in construction and the expected pick-up in housing construction and infrastructure." The Union Government has just announced an expenditure of Rs 200,000 crore in next couple of years in infrastructure alone. The Steel Digest very confidently feels that steel is set to witness a sharp rise in demand. What is clear now is that the expansion programmes announced by major steel players in 2007 - 2008 were ill - timed.

Here, I would humbly like to draw the kind attention of our readers about my apprehensions expressed earlier. I wrote in April-June, 2008 issue of Steel Digest: "The Indian steel express may not cover the distance of 124 Million Tonnes by 2011 - 2012 refuting former Union Steel Minister's announcement in the press at that point of time."

There are indications that things are changing for the better both for the Indian economy and for the steel industry. Interest regimes are softening. Domestic demand growth for steel is obvious because of the Government's infrastructure development drive. With rural economy showing signs of strength, it is certain that it would also absorb enough quantity of steel. Hence, it is high time to re-look at our capacity addition plans. At a press meet organized by the Indian Institute of Metals in last week of July 2009 in Kolkata, Tata Steel's Managing Director Shri B Muthuraman said in no uncertain terms that the domestic steel sector was set to grow "exponentially". The fact is the steel industry in India grew by 0.6 per cent in last fiscal where as globally it grew by only 6 per cent during 2000-2008 and a meager 1.1 per cent between 1975 and 2000. The World Steel Association has forecast steel demand in India to grow by about 2 percent in 2009-10 while for the rest of the countries its projection is a negative.

It appears that "right moment" for capacity expansions is the present Slump & Slide in the economy and possible rise in demand for steel in India which is set to witness a growth in the coming years Let us be optimistic. **A new vista is unfolding before us.**

Optimists enrich the present, enhance the future

Jharkhand Needs a Mineral Map

Sunil Mukhopadhyay
Chief of Economic Bureau, Dainik Statesman

It was way back in 2004. I was then periodically visiting the newly-formed Jharkhand state on my official assignment. I had the opportunity to meet the then State Government officials, including the ministers. I was looking for some Government data on the mineral reserves of the state for my articles those were slated to be published in a national economic daily where I was working. All the officials at that time conceded that the state government had no database as to the quantum on natural resources there, especially in the virgin areas and their exact locations. They were then arguing that it was a new state and hence did not have any ready proven official data on the state's mineral reserves. "We will soon take it up," they promised. The state was carved out of Bihar with an aim to do away with the backwardness of the people of this mineral-rich state. Earlier, the complain was that the people running the affairs of the unified state from Patna did not have enough time to look into the problems of these beautiful but underdeveloped areas of the Chotonagpur plateau.

Lot of water has flown through the small river Koel-Karo during the last five years. Still, unfortunately, the state does not have any such data. Everybody in Jharkhand admits that these are essential for drawing the roadmap of economic development of this poor state. They need to optimally exploit and use the minerals of this state through mining and industrial activities, as well as the natural beauty by boosting tourism. These would no doubt lead to economic growth; boost the much-needed employment generation and, consequently, improve the living standards of the masses living there.

However, in reality, Government officials in Ranchi are still arguing whether they would conduct surveys to assess the mineral reserves. And, as press reports suggest, mindless mining continues there without any real assessment of how much mineral the state actually has. Many experts feel that a comprehensive survey and mapping of vast mineral resources of the state is the need of the hour, particularly when steelmakers are bee-lining for setting up plants in the state. There are still others who differ. "This huge task cannot be undertaken by the state government," they argue. Some argue that there is no need for a fresh survey as the Geological Survey of India has already covered the major reserves. Things have not changed much. And critics say, "It is a classic case of the blind leading the blind."

The state was formed in 2000. It took six years to formulate a mineral policy. Even then it could not be notified as the then state government fell. With the political uncertainty prevailing in the state, mindless mining continues.

Tales of two aspiring steelmakers will give the readers a glimpse of what is exactly happening in Jharkhand. One of them was allotted iron ore mines in West Singhbhum district. But they found no ore there and had to return the land to the state government. The other company, which was also allotted iron ore mines by the Jharkhand government, discovered to their utter surprise that the area was actually under Orissa! The message is clear: there is an urgent need for an exhaustive mapping of Jharkhand's vast mineral resources. The state government also needs to assess the availability of land and water and then come out with a comprehensive database.

Many complain that recommendations are being made on the basis of eye estimations of junior geologists. References are taken from an old book dating back to early 1970s. Moreover, the state's mines and geology department does not have technically competent and qualified people who can provide vision.

As a press report suggests, the state's mines secretary SK Satpathy has his own argument. He believes the government has indicative reserves, while the exact details should come from the companies which obtains prospecting license of a particular area. "Of course, mining leases should be given only to those companies which carryout the prospecting because they invested so much into it. The Centre is making necessary amendments in the Mines and Mineral (Development and Regulation) Act, 1957, in this regard," he reportedly said.

STEELS FOR BRIDGES

Dr.R.K.P.Singh
Director General
Institute of Steel Development & Growth

1.0 INTRODUCTION

For more than 150 years steel has been used for construction. Today it remains one of the strongest, most durable and economically manufactured materials. It has been most widely used in bridges and skyscrapers. Steel offers a strong, dimensionally stable easy to work material. The variety of available steel shapes, strengths and sizes has expanded its versatility offering the advantage of savings in both material cost and time delivering a consistently high quality product. Besides, all steels products are 100% recyclable.

2.0 PROPERTIES OF STEELS

Steel derives its mechanical properties from a combination of chemical composition, heat treatment and mechanical working.

The following properties are of particular importance for steels used in bridges –

- Yield strength
- Modules of elasticity
- Coefficient of thermal expansion
- Ductility (in phase and through thickness)
- Notch toughness (impact strength)
- Weldability
- Corrosion resistance

The bridge designer has scope to select some of these properties, others (such as modules) are implicit in the use of structural steel.

3.0 STEEL SPECIFICATIONS

All steels used for structural purpose are hot rolled steel manufactured against some standard. The following European Standards are relevant to bridges steel work –

BS EN 10025 Parts 1 to 6
BS EN 10210

Common structural steels used in bridges are manufactured with yield strengths of 250, 275, 350, 420 and 450 MP_a. To meet these requirements scope of Indian standard IS 2062 – Steel for general structural purpose, has been widened in its 2006 revision. Steel stronger than 450 MP_a can also be used. Stronger grades are being incorporated in the next revision of IS 2062. For steels demanding critical loading applications prone to brittle fracture grades are available under the Standard IS 2062 for various strengths levels.

Yield Strength

Yield strength of structural steel is the most important design criteria. Achieving a suitable yield strength while maintaining other properties at required level had been the driving force behind development of new steels. The strength grades covered by European, Indian and American Standards include S235, S275, S355, S420 and S460. Yield Strength above 460 MP_a are available but their uses are not covered in design codes. Worldwide, steels of 355 MP_a yield strength are predominantly used in bridge work applications because cost-to-strength ratio of this is lower than other grades. The strength of steel is achieved by including alloying elements (mainly carbon and manganese) and by controlling the rolling process. The strength also depends on the grain size which depends on chemical composition, hot rolling temperature and reduction and cooling rate. A number of production processes can be used for hot rolled steels :

Normalised Steel

When steel is hot-rolled, the temperature of the steel steadily drops (from about 1200⁰C) during rolling. However, improved properties can be achieved if the steel is subsequently 'normalised' by heating it to about 900⁰C and allowing it to cool naturally (in still air).

Normalised-rolled Steel

Similar properties to those of normalized steel can be achieved in a single process if the temperature during rolling is controlled so that all rolling is carried out at or above about 900⁰C, provided the steel then cools naturally.

Thermomechanically rolled (TMR) Steel

In a further refinement of the rolling process, a slightly lower alloy steel (less carbon) can achieve similar properties by rolling in a carefully controlled manner, down to a finishing temperature of between about 700°C and 800°C. TMR steels retain their properties, provided that they are not subsequently heated above 650°C.

Quenched and Tempered (Q&T) Steel

Quenching is a process where the steel is heated above 900°C, which allows the formation of an austenitic grain structure. The steel is then cooled rapidly (by immersion in a bath of water, or by passing through a curtain spray). This produces a high strength steel with high hardness, but with low toughness.

Toughness is restored by tempering, heating to between 600°C and 700°C. The Q&T process can achieve much higher yield strengths, but subsequent heating, for example due to welding or prolonged heat treatment, may have an effect on the properties. Q&T steels should not be welded; specialist advice should be sought if the steel is heated over 250°C or if prolonged heating (over ½ hour duration) is required.

In some steel Standards delivery condition are specified and in many it is left to the manufacturers' discretion. It is indicated by suffix as given below –

+ N	-	Normalised and Normalised-rolled
+ AR	-	As rolled
+ M	-	Thermomechanically rolled
+Q	-	Quenched and Tempered

Modules of Elasticity and Coefficient of Thermal Expansion

These properties are taken as constant for all structural steel regardless of grade or yield strength. Therefore, the designer need not consider them when selecting an appropriate steel grade. BS 5400:3:2000 gives the modulus of elasticity (E) as 205 kN/mm², the shear modulus (G) as 80 kN/mm², Poisson's ratio (ν) as 0.3 and the coefficient of thermal expansion as 12 x 10⁻⁶ per °C (Eurocode 3 will give E as 210 kN/mm², ν as 0.3 and G = E/2(1 + ν)).

Ductility

Ductility is an important criteria for Structural Steels as it gives idea on brittleness of the material. It is an indirect measurement of materials toughness. Ductility of steel plate or rolled section is measured in relation to behaviour in the plane of the element (plate, flange or web), either in or normal to the direction of rolling and in relation to through thickness behaviour. The two measurements have different significance for the designer.

In-plane Ductility

The material standards specify minimum elongation at failure under test. Material complying with these standards usually possesses adequate in-plane ductility for the bridge designer's and the fabricator's purposes, hence no additional specification is needed.

Through-thickness ductility

The properties of steel perpendicular to the plane of the element are different to those in-plane. This is particularly true for ductility, which is generally lower in the direction normal to the plane of rolling.

For several reasons, a designer should try to avoid welded joint configuration in which plate material is subjected to high tensile stresses in the through-thickness direction. Where there is such a joint carrying with assured through-thickness properties is usually required.

Through thickness ductility may be specified as an 'option' in BN EN 10025, in terms of one of three 'levels' according to BS EN 10164. These levels are expressed in terms of the percentage reduction of area obtained during – through-thickness tensile tests on small specimens of plate material. High ductility is indicated by a high percentage (e.g. >35% as the average of six pieces per plate and >25% for any single value).

Notch Toughness (impact strength)

If the steel is insufficiently tough, the 'crack' propagates rapidly, without plastic deformation, and failure may result. This is called 'brittle fracture' and is of particular concern because of the sudden nature of failure. Also, the toughness of the steel, and its ability to resist this behaviour, decreases as the temperature decreases. The toughness required, at any given temperature, increases with the thickness of the material.

A convenient measure of toughness is the Charpy V-notch impact test (hence the use of the term "notch toughness" in BS 5400-3). This test measures the impact energy (in Joules) required to break a small notched specimen by a single impact from a pendulum; the test is carried out with the specimen at a specified (low) temperature. In the material standards, tests are specified typically at -20°C and the required minimum value is typically 27J. Other temperatures and energy values are specified for different grades.

The material standards designate the available toughness quality in a number of different ways.

Standards BS EN 10025-2 and BS EN 10025-5 offer a choice of four qualities, designated by appended a two letter alphanumeric code to the steel strength code, for example S355J2. The four codes are :

JR : 27J impact energy at $+20^{\circ}\text{C}$
JO : 27J impact energy at 0°C
J2 : 27J impact energy at -20°C
K2 : 40J impact energy at -20°C

BS EN 10210 also offers qualities JO and J2 for non-alloy hollow sections.

Standards BS EN 10025-3 and BS EN 10025-4 each offer only two qualities, one being differentiated by the addition of 'L' after the strength grade and delivery condition. The two grades are :

L 40J impact energy at -20°C
L 27J impact energy at -50°C

BS EN 10210 also offers these two qualities for fine grained steel hollow sections.

Standard BS EN 10025-6 offers three qualities, two designated by the addition of a code:

L 30J impact energy at -20°C
L 30J impact energy at -40°C
L1 30J impact energy at -60°C

The designer is thus able to select and specify an appropriate toughness / impact strength for his structure. He can take advantage of a lesser need for toughness during construction, if it is certain that the component will be subject to only moderate tensile stresses or to less severe minimum temperature, but it is wise not to rely on this unless absolutely necessary. It is imperative that the rules be rigorously observed for normal service conditions.

Weldability

All structural steels are essentially weldable. However, welding involves locally heating the steel material, which subsequently cools. The cooling can be quite fast, because the material offers a large 'heat sink' and the weld (and the heat introduced) is relatively small. This can lead to hardening of the 'heat affected zone' and to reduced toughness. The greater the heat input, the less the reduction; the greater the thickness of material, the greater the reduction of toughness. Thus thick material may need to be preheated.

The susceptibility to embrittlement depends on the alloying elements, principally, but not exclusively, on the carbon content. This susceptibility can be expressed as the 'Carbon Equivalent Value' (CEV), and the standards give an expression for determining this value. Welding standards (such BS EN 1011-2) will indicate what preheat, if any, is needed for a given CEV, material thickness and weld size.

BS EN 10025 gives limiting values for CEV that are automatically invoked when specific in section is called for. It may be noted that fine grain steels (to Parts 3 and 4 of BS EN 10025) generally have a lower value of maximum CEV than have non-alloy steels to Part 2.

Corrosion Resistance

All structural steels, with exception of steels with improved atmospheric corrosion (weathering steels) have a similar resistance to corrosion to exposed conditions. They need to be protected by a coating system.

Corrosion resistance of steel can be improved by choice of appropriate alloying elements in steel as well as by adopting appropriate protection system. Weathering steels are high strength low alloy weldable structural steels in which the resistance to atmospheric corrosion is improved by addition of small amounts of chromium, copper, nickel, phosphorus, etc. These steels develop a light adherent oxide layer which resists further corrosion.

Environmental Case Study : Bridges

World Steel Association
(Formerly International Iron & Steel Institute)

High-performance steels build longer and stronger bridges :

Cantilever or cable-stay bridges are large, long-lasting structures made of high-performance steels. The strength of the steel enables these bridges to meet safety standards and to withstand natural disasters such as hurricanes and earthquakes. Bridges shorten travel times and distances. The Arthur Ravenel, Jr. Bridge, commonly known as the Cooper River Bridge, reduces the commuting distance between Mt Pleasant and the Charleston Peninsula, South Carolina, USA, saving 167,000 tonnes of CO₂ equivalents a year from vehicles' exhaust pipes.¹ This has a lifetime implication of 16.7 million tonnes of savings in CO₂ equivalents (based on average petrol consumption and current automotive design). The Cooper River Bridge replaces two obsolete bridges.² Due to advances in steel production technology, a similar amount of steel was used in the construction of the new eight-lane bridge as was used in the bridges it replaced. Recycling the old bridges saved 33,460 tonnes of CO₂ that would have been required for producing virgin steel.

Better steels in construction

The construction sector is the largest consumer of today's steels. Around 50% of world steel production is directed towards this market segment, and bridges have a significant share. For more than 150 years, steel has been the cornerstone in bridge construction. Steel is used in plates, sections and reinforcing bar. New types of bridges have continued to appear in recent decades, a result of the development of functional requirements, new steels and construction technologies. This case study analyses the greenhouse gas impact of one particular replacement project: the Cooper River Bridge.

Background to the Cooper River Bridge

The first bridge to cross the lower Cooper River near Charleston opened in 1929. The main span (the section of the bridge between the two main supports) of the double cantilever truss bridge was the fifth longest in the world at 320 m and soared 46 m above the river. Its main span was the twelfth longest in the world. The total length of the structure was about 4.3 km. Following a 17-month construction period at a cost of US\$6 million, and using 41,000 tonnes of steel, it opened on 8 August 1929. This bridge was originally designed to last 50 years and should have become functionally obsolete by 1979. However, because of steel's strength and durability, it was not until 1995 that the bridge received an "F" (Failure) safety rating. Construction of an eight-lane replacement began in 2001 and the new bridge opened for business on 16 July 2005.

Design and construction

The new Cooper River Bridge is the longest steel cable-stay bridge in North America. The main span is 471 m long. The diamond towers extend 175 m in the air, making them the tallest concrete structures in South Carolina. Each tower was built using 3,357 tonnes of reinforcing steel. The steel girders, the cable tower anchorage steel boxes, steel deck pans, etc. use approximately 45,000 tonnes of steel. For cost, structural and durability reasons, cable-stay bridges are steel intensive. The new eight-lane bridge contains a similar amount of steel as the bridges it replaced. Just as importantly, the bridge is in a hurricane zone and the area sees some of the highest seismic activity in North America. The strength of steel meets the extreme requirements of this site.

Environmental benefits :

One of the main purposes of a bridge is to shorten the distance between two points. In the case of the Cooper River Bridge, driving from Mt Pleasant to Charleston covers 11.6 km, a journey that can be accomplished in 14 minutes. Without the bridge, the commute would be 39 km and take 30 minutes. The average annual daily use of the bridge is 69,200 vehicles. Assuming that the average vehicle meets the US Environmental Protection Agency standard of 11.7 km a litre, total petrol savings on an annual basis is greater than 59 million litres. This bridge allows commuters to save petrol, and results in lifetime savings of approximately 16.7 million tonnes of CO₂ equivalents. The original bridge was designed to last 50 years, but because of steel's strength and durability it lasted 75 years. As a result of this extended life, significant savings of CO₂ were realised as a replacement bridge was not required. In the early 1980s, steelmaking processes in the US consumed 37.8 GJ of energy per

tonne of steel produced. By 2005, the US steel industry had lowered the average energy consumption per tonne of steel produced to 11.5 GJ, through increased use of scrap and technology improvements. The resulting reduction of CO₂ equivalents from this dramatic improvement in energy efficiency was 230,000 tonnes. Using 21st century bridgebuilding technology and high-performance steels, this new bridge is designed to last at least 100 years; a 33% improvement over its predecessor. The demolition of the Grace Bridge began in August 2005. It took approximately two years and required closing the shipping lane for half a day so that the main span could be cut from the cantilever sections, lowered on to a barge below and shipped to a steel mill as raw material. Of the steel used in the bridge, 18,970 tonnes was recycled resulting in a saving of 33,460 tonnes of CO₂ that would have resulted from producing new steel from iron ore. Most of the rest of the steel (approximately 20,000 tonnes) was taken out to sea to form an artificial reef for marine life and to protect the shoreline at the mouth of the Cooper River.

Footnotes:

An LCA-GHG Parametric Model, 1. Dr Roland Geyer, Dr Donald Bren School of Environmental Science and Management, University of California Santa Barbara, 2006.

2. The South Carolina Department of Transportation, Community Bridge Office (www.cooperriverbridge.org), the Corrugated Steel Pipe Institute (.ca), Wade Watson of Tidewater Skanska, Inc. and Bernd Laudorn of High Steel Structures, Inc. provided information for this case study.



Did you know?

- **The longest cable-stay bridge in the world is the Sutong Bridge in China, which is 8.2 km long. It has a main span of 1.1 km.**
- **The Millau Viaduct in France (pictured), also a cable-stay bridge, is the world's tallest road bridge, reaching 343 m high. It uses 65,000 tonnes of steel.**

**"Persistence is to the character of man as carbon is to steel."
Napoleon Hill, American author**

Panorama of World Steel :

Steel industry down but not out: Steel Consumption would reach new heights in 2012

Summary of Crude Steel Production Forecast (millions tonnes)			
Region	2008	2009	2013
Europe	229.8	189.3	238.0
C.I.S	114.1	91.0	125.0
NAFTA	124.5	97.5	128.0
South America	47.5	39.3	53.5
Africa/Middle East	33.7	30.7	40.5
PR China	500.5	508.0	589.0
Japan	118.7	99.8	114.0
Other Asia	148.8	137.7	178.5
Oceania	8.4	6.8	8.5
World	1326.1	1200.0	1475.0

Source: MEPS - Global Iron & Steel Production to 2013

According to a new report from MEPS (International) Ltd entitled, Global Iron and Steel Production to 2013, world crude steel production in 2009 is forecast to be approximately 1200 million tonnes. This represents a reduction of almost 10 percent on the year earlier figure. All economic forecasters indicate an upturn in 2010. MEPS predicts a 5 percent improvement in steel output in that year. Further growth in steelmaking is forecast for the following three years as the global economy improves. A new record steel production figure is anticipated in 2012 – five years after the previous high point. MEPS expects 2010 to be a time of steady but not exciting steel demand growth. The developing nations are expected to increase their share of total world supply of steel in the coming years

World Crude Steel production : Top 10 Steel-producing companies

Top 10 steel-producing countries

Country	Rank	2008	2007	% 08/07
China	1	502.0	489.2	2.6
Japan	2	118.7	120.2	-1.2
United States	3	91.5	98.2	-6.8
Russia	4	68.5	72.4	-5.4
India	5	55.1	53.1	3.7
South Korea	6	53.5	51.5	3.8
Germany	7	45.8	48.6	-5.6
Ukraine	8	37.1	42.8	-13.4
Brazil	9	33.7	33.8	-0.2
Italy	10	30.5	31.5	-3.4

Company	Rank	2008	2007
ArcelorMittal	1	101.6	116.4
Nippon Sreel	2	37.5	35.7
Baosteel	3	35.4	28.6
Hebei Steel Group	4	33.3	31.1
JEE	5	32.4	34.0
POSCO	6	31.7	31.1
Wuhan Steel Group	7	37.7	20.2
Tata Steel	8	24.4	26.5
Jiangsu Shagang Group	9	23.3	22.9
U.S.Steel	10	23.2	21.5

FUTURE TENSE FOR OTHERS

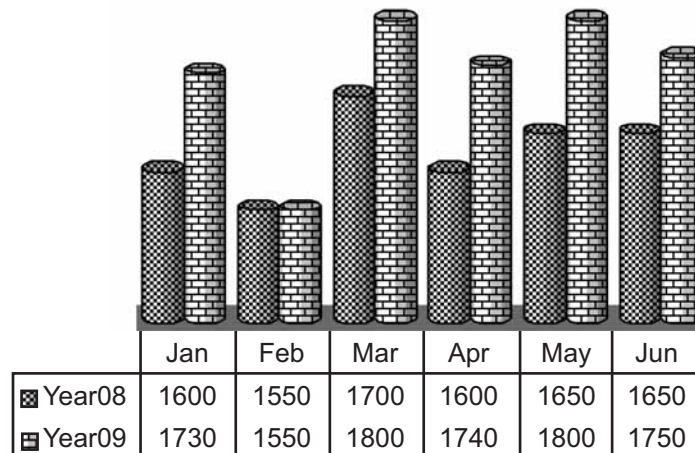
Short range outlook for apparent steel use (2008-2009)

in million tonnes

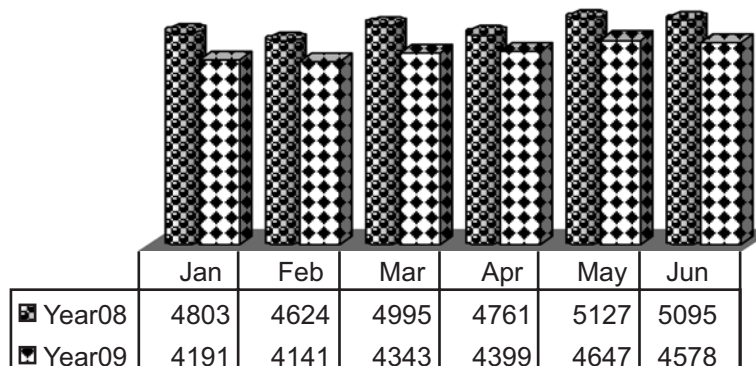
Regions	2008	2009	2008	2009
EU (27)	181.5	129.2	-8.40%	-28.80%
Central & South America	43.6	37.6	5.70%	-13.90%
Africa	25.3	25.2	0.20%	-0.50%
West Asia	42.8	39	-0.90%	-8.90%
Asia and Oceania	693.8	637.4	2.00%	-8.10%
World	1,197.40	1,018.60	-1.40%	-14.90%
BRIC	537.6	505.9	2.30%	-5.90%
World (excluding BRIC)	659.8	512.7	-4.20%	-22.30%
World (excluding China)	771.8	614.2	-3.60%	-20.40%

Source: World Steel Association Formerly known as IISI

World Crude Steel Production During H1 of 2009



World DRI Production During H1 of 2009



The world's steel apparent consumption dropped in 2008 since ten years

World Steel latest information revealed that the global steel apparent consumption is 1.198bln tons in 2008, down 1.4% over 1.125bln tons of 2007. This is the first drop since 1998, for ten years. According to World Steel, the apparent consumption all reduced in the traditional steel-made counties last year, but China, India, S.Korea, Brazil, Africa and some counties in Middle East presented growth. In addition, per capita steel consumption of the world dropped to 190.4 kilogram from 195.1 kilogram of 2007, which is also the first fall since ten years

The World's Steel apparent consumption in 2007-2008 (unit: million tons)

Region	2008	2007
EU27	182.1	198.1
other European countries	28.9	31.6
CIS	49.9	56.6
North-America	129.7	141.3
Central South America	44.4	41.9
Africa	26.2	25.1
Middle East	43.1	40.3
Asia	684.6	671.3
Australia & NZ	9.2	8.6
The World Total	1,198.10	1,214.80

Movement of World Carbon Steel Transaction Prices

World Steel Prices \$/tonne	Hot Rolled Steel Coil	Hot Rolled Steel Plate	Cold Rolled Steel Coil	Steel Wire Rod	Medium US Steel Sections
Jan 2008	639	847	716	621	871
Feb 2008	699	887	772	687	905
Mar 2008	800	978	890	758	970
Apr 2008	915	1065	985	852	1042
May 2008	998	1160	1080	920	1105
Jun 2008	1073	1225	1144	1005	1184
Jul 2008	1099	1307	1186	1067	1234
Aug 2008	1093	1300	1179	1062	1227
Sep 2008	973	1243	1046	977	1154
Oct 2008	865	1150	940	811	1045
Nov 2008	716	1000	802	676	898
Dec 2008	565	901	659	609	780
Jan 2009	575	806	666	626	791
Feb 2009	556	719	637	574	753
Mar 2009	505	643	594	526	714

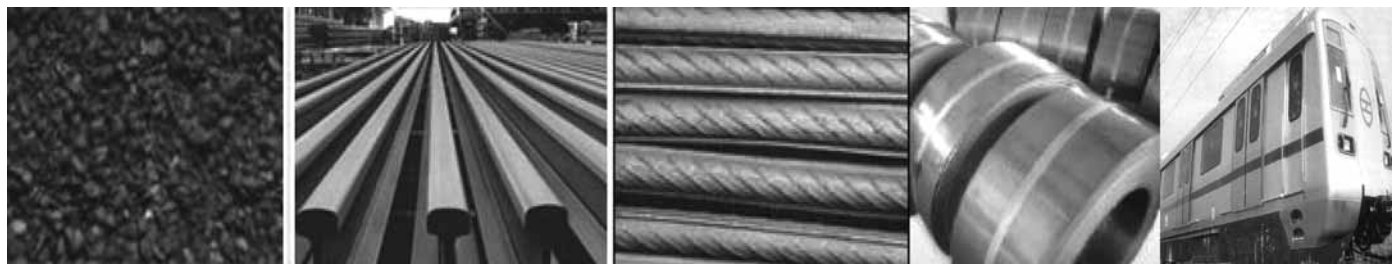
All steel prices above are in US \$/metric tonne. Steel price information last updated on **16th July 2009**.

Source: MEPS Steel Prices On-line.

Steel Making : Technical Ratios

Steelmaking Raw Material and Input Costs

Year/ Month	Thermal Coal \$/tonne	Coking Coal \$/ton	Iron Ore C/dmtu	Natural Gas \$/1000m3	Steel Scrap \$/tonne	Electricity C/KwH
2007 M1	55.0	94.3	84.7	302.0	264-270	6.09
2007 M12	97.5		84.7	308.2	295-310	6.25
2008 M1	98.3	106.1	140.6	369.7	385-400	6.39
2008 M2	141.4		140.6	369.7	390-405	6.38
2008 M3	126.7		140.6	369.7	490-510	6.54
2008 M4	131.8	113.9	140.6	428.4	510-530	6.64
2008 M5	142.7		140.6	428.4	570-580	6.80
2008 M6	171.2		140.6	428.4	635-660	7.40
2008 M7	192.9	122.0	140.6	517.0	630-640	7.78
2008 M8	169.7		140.6	517.0	385-390	7.63
2008 M9	160.7		140.6	517.0	240-245	7.35
2008 M10	115.7	129.1	140.6	576.7	220-225	7.23
2008 M11	98.8		140.6	576.7	205-210	7.04
2008 M12	84.3		140.6	576.7	230-235	6.88
2009 M1	85.7	137.1	140.6	576.7	270-275	6.90
2009 M2	80.8		140.6	520.9	200-205	6.98
2009 M3	65.4		140.6	412.9	195-200	6.84
2009 M4	68.1	n/a	140.6	309.6	220-230	6.78
2009 M5	69.1		140.6	309.6	220-225	n/a
2009 M6	76.5		140.6	309.6	n/a	n/a



Electric Arc Furnace Steelmaking Costs 2009

Conversion costs for electric arc steelmaking

Electric arc furnace liquid steel - costing model

Item \$/unit	Factor	Unit	Unit cost	Fixed	Variable	Total
Steel scrap	1.132	t	190		215.08	215.08
Scrap delivery	1.132	t	5.00		5.66	5.66
Pig iron / DRI	0	t	350		0.00	0.00
Pig iron / DRI delivery	0	t	40		0.00	0.00
Oxygen	15	m 3	0.09		1.35	1.35
Ferrous alloys	0.011	t	2170		23.87	23.87
Fluxes	0.043	t	40		1.72	1.72
Electrodes	0.006	t	6600		39.60	39.60
Refractories	0.006	t	700		4.20	4.20
Thermal energy	-0.059	GJ	5.5		-0.32	-0.32
Electricity	0.544	MWhr	77	6.28	35.60	41.89
Labour	0.53	Man hr	32	4.24	12.72	16.96
Depreciation	1		2.7	2.70		2.70
Interest	1		2.5	2.50		2.50
Total				15.72	339.48	355.20

Source : Steelonthenet.com As on January 2009

Blast Furnace Route Steelmaking Costs 2009

Conversion costs for BOF steelmaking

Integrated steelmaking - crude steel - cost model

Item \$/unit	Factor	Unit	Unit cost	Fixed	Variable	Total
Iron ore	1.559	t	72		112.25	112.25
Iron ore transport	1559	t	11		17.15	17.15
Coking coal	0.632	t	276		174.43	174.43
Coking coal transport	0.632	t	6.5		4.11	4.11
Steel scrap	0.141	t	190		26.79	26.79
Scrap delivery	0.141	t	5.00		0.71	0.71
Oxygen	105	m 3	0.09		9.45	9.45
Ferrous alloys	0.014	t	2170		30.38	30.38
Fluxes	0.51	t	40		20.40	20.40
Refractories	0.012	t	700		8.40	8.40
Other costs	1		20	5.00	15.00	20.00
By-product credits					-31.00	-31.00
Thermal energy, net	-3.4	GJ	5.50		-18.70	-18.70
Electricity	0.128	MWh	77	1.48	8.38	9.86
Labour	1.77	Man hr	32	14.16	42.48	56.64
Depreciation				53.00		53.00
Interest				32.00		32.00
Total				105.64	420.22	525.86

Source : Steelonthenet.com (As on January 2009)

Steel Cost Modelling Notes :The economic model shown above is prepared only to show how liquid steel cost can be calculated through a simple cost benchmarking type approach. The predicted total costing shown is not meant to represent an actual cost for any real steel company. It is a notional figure only - albeit one that is built on fairly representative current input costing information. Analysis above was prepared in January 2009.

Indian Steel Scene :

Production, Imports, Exports and Availability of Iron & Steel (April-June, 2009)

C A T E G O R Y	Total Production For Sale	Imports (Partly estmd.)	Exports (Partly estmd.)	Availability Last Year	Apparent Consumption		Apparent Consumption change Over (%)
						Last Yr.	
	(13)	(14)	(15)	(17)	(21)	(22)	(25)
A. PIG IRON	1354	1	55	1300	1230	1160	6.0
B. SPONGE IRON (DRI)	5150			5150	5150	4885	5.4
C. SEMIS (for Sale)	5762	107	40	5829	5764	4895	17.8
D. FINISHED STEEL							
NON-ALLOY							
1. Bars & Rods	5202	135	39	5298	5137	4997	2.80
2. Structurals	1261	31	5	1287	1252	1204	3.99
3. Rly. Materials	261	1		262	243	252	-3.57
TOTAL : (1 - 3)	6724	167	44	6847	6632	6453	2.8
4. Plates	931	284	7	1208	1220	1243	-1.9
5. H.R.Coils\Skelp	2748	525	114	3159	3094	2644	17.0
6. H.R.Sheets	151	3		154	152	182	-16.5
7. C.R.Sheets\coils	1114	184	66	1232	1183	1283	-7.8
8. GP\GC Sheets	1137	66	266	937	895	760	17.8
9. Elec. Sheets	40	44		84	84	100	-16.0
10. Tinplate (incl. ww)	51	44	25	70	70	44	59.1
11. TMBP	0	0		0	0	1	-
12. Pipes (Large Dia.)	399	5	100	304	305	344	-11.3
13. Tin free steel	0	7		7	7	11	-36.4
T O T A L : (4 - 13)	6571	1162	578	7155	7010	6612	6.0
Less: Double Counting (Non-Alloy)					1600	1500	
TOTAL : (Non-Alloy Fin. Steel)	13295	1329	622	14002	12042	11565	4.1
ALLOY							
Non-Flat	428	37	16	449	449	344	30.52
F l a t	259	108	4	363	354	305	16.06
Less : Double Counting (Alloy)					15	14	
GRAND TOTAL (D) :	13982	1474	642	14814	12830	12200	5.16

Source: Ministry of Steel



Movement of Prices of Selected items : May-July 2009

ITEM	Date	KOLKATA	DELHI	MUMBAI	CHEENAI
Pig Iron	15 July	21929	23400	20200	21500
	15,June	22785	23200	20700	18720
	15,May	22675	23200	20700	18720
Billet 100 mm	15 July	26468	NA	26984	26392
	15,June	27720	NA	28184	27808
	15,May	28032	NA	28044	28120
Pencil Ingots	15 July	22560	22500	26300	23920
	15,June	23598	25700	26600	24960
	15,May	25060	26900	26600	25480
Wire Rods 6 mm	15 July	33755	33489	35573	34762
	15,June	33709	35554	35520	34216
	15,May	34171	25065	34999	34080
Wire Rods 8 mm	15 July	33470	33184	35267	34275
	15,June	33606	35249	35215	33911
	15,May	34044	34762	34676	33956
Rounds 12 mm	15 July	32276	32166	33080	31285
	15,June	32657	34021	33168	31831
	15,May	33951	34697	33354	33053
Rounds 16 mm	15 July	32536	32166	34302	31941
	15,June	32890	34021	34442	32487
	15,May	33839	34697	34663	33709
Tor/TMT/CTD Steel 10 mm	15 July	33334	33274	34917	33235
	15,June	33724	35479	34812	33599
	15,May	34365	35438	34736	34313
Tor/TMT/CTD Steel 12 mm	15 July	33469	32915	34846	33579
	15,June	33833	35190	34601	33943
	15,May	34743	34910	35003	34489
Plates 6 mm	15 July	33344	34184	34094	34011
	15,June	33266	34184	34034	33959
	15,May	33370	34184	34149	33907
Plates 10 mm	15 July	33273	34184	34094	34011
	15,June	33234	34214	34034	33959
	15,May	33250	34084	34004	33907
HR Coils 2.00 mm	15 July	34008	34419	33905	33309
	15,June	33995	34289	33900	33517
	15,May	33991	34329	33940	33481
HR Coils 2.50 mm	15 July	33093	33729	33743	33343
	15,June	33093	33699	33738	33395
	15,May	33197	33689	33758	33395
CR Coils 0.63 mm	15,July	36138	36568	36024	36124
	15,June	36006	36568	36024	36332
	15,May	37310	36568	35684	36956
GPSheets 0.63 mm	15 July	41190	40588	42256	40784
	15,June	40647	38788	42196	40784
	15,May	40788	40588	40726	40472
GC Sheets 0.63 mm	15 July	41498	41288	43116	42252
	15,June	41342	39968	43056	43188
	15,May	41888	41588	41616	41940
Melting Scrap HM S-I	15 July	16536	15000	NA	21320
	15,June	17004	18000	NA	17340
	15,May	18980	20000	NA	22360
Sponge Iron (Coal Based)	15 July	14750	13800	15200	13500
	15,June	16530	14300	14400	15500
	15,May	16710	17000	16500	14560

Source : JPC, Ministry of Steel

Indian import of finished steel declines marginally by 1% in Apr-June'09

Imports of total finished steel, excluding pipes, was 1,469,730 tonnes during April to June 2009, registering a decline of 1% as compared to April to June 2008. In the total import, the share of non alloy segment was 1,323,540 tonnes, a decline of 2% while the rest constitute the share of the alloy steels, including stainless steel, segment. The alloy steel segment posted a rise of 34% in imports during the period under reference.

A category wise analysis for the April to June 2009 period shows that in the non alloy segment, the imports of long products at 166,660 tonnes have registered 12% decline over the last year and flat products at 1,156,880 tonne have shown decline of 3% during this period. In the long product category, imports have been led by bars & rods at 135,300 tonne and structural at 30,910 tonne but have seen declines for most items of flat products, except Plates at 283,870 tonne and tinplates at 32,660 tonne.

Port wise - imports from Mumbai and Kandla have registered 48% and 14% growth respectively and for Mundra, there is a 55% decline in finished steel.

Country wise - Russia, Ukraine and France has registered growth of 175%, 126% and 630% respectively. On the other hand imports from China has decreased by 90%.

NMDC sales may increase by 13 p.c. on rising steel demand

Bloomberg reported that NMDC Limited forecast volume sales this financial year will rise more than 13% as local steelmakers buy more raw material to meet demand from builders and automakers. It has asked the railways to increase the number of rakes allotted to it to 17 from 13 to cope with the increase in shipments. Demand from local steelmakers accounts for almost 90% of NMDC's sales. Global iron ore demand is also gaining, mainly because of rising demand for steel in China. NMDC sells about 3.5 million tonne of iron ore to Japan and South Korea annually.

NMDC : Iron ore price negotiations with Japanese Firms

Five large Japan steel mills namely Nippon Steel, JFE, Sumitomo Metal, Kobe Steel and Newsteel, reportedly reached 2009 iron ore contract price with NMDC of India on July 10th 2009. The lump ore reduced 44.47% MoM and powder ore cut 32.95% MoM. Indian Bailadila's lump ore price was USD 110.33 per dry tonne and the powder ore was at USD 94.62 per dry tonne. The current contract deadline is from 2006-2010 and the annual import stands at 3.47 million tonnes to 6.75 million tonnes. NMDC had supplied over 3 million tonne to Japanese and South Korean steel companies including POSCO last year. The proposed price negotiation holds significance for the domestic steel companies like JSW and RINL as the rate settled by NMDC with overseas firms acts as a benchmark for them.

So, disinvestment may start with NMDC

Disinvestment of 8.38 per cent equity stake in the iron ore producer NMDC of the Steel Ministry is on the cards. This transaction — if carried through — will mop up at least Rs 12,000 crore for the Government and will reduce the Centre's holding from the current level of 98.38 per cent to 90 per cent. For the first quarter ended June 30, 2009, NMDC had recorded a net profit of Rs 773.75 crore on net sales of Rs 1,278.05 crore.

Union Budget 2009-10: Only indirect benefits for Steel

The Budget proposals signal a huge boost for infrastructure spending, with steel sector looking forward to new business opportunities. In the case of steel, public-private partnerships (PPPs) and government spending could stimulate the sector. Cement, too, is banking on the higher infrastructure expenditure that was announced. Proposed

World Bank to invest \$45 bln in infrastructure to speed crisis recovery

The World Bank said that it will increase infrastructure investments to 45 billion dollars over the next three years to provide the foundation for rapid recovery from the global economic crisis. "Investments in infrastructure can provide the platform for job creation, sustainable economic growth and overcoming poverty, and help jump start a recovery from the crisis," said World Bank President Robert B. Zoellick

ArcelorMittal may cut size, investment of India projects in phase-I

Due to decline in steel demand, the world's largest steelmaker ArcelorMittal may half the size and slash its investment for the first phase of its Rs 1,00,000-crore projects in India. The company also sees a delay of at least two years in commencing production from its proposed plants of capacity 12 million tons per annum (MTPA) in Jharkhand and Orissa each. Due to slow land acquisition for the projects and global downturn, the company would overshoot the 2012 deadline to commence production in India.

Jharkhand aims at weeding "Non-serious Players" in the state.

The Jharkhand government will offer open support to existing steel companies in the state both for their extension and brownfield projects even though the state has decided against ensuring assured water, land and ore linkages. The state government will not sign any new MoU for steel projects and want to keep off the non-serious players.

Rollout of Rs 44,500-cr worth steel projects behind schedule

Half of the ongoing projects in the steel sector, that cost Rs 100 crore or more, are running behind schedule at a time when the Centre is pushing for faster execution of to boost the economy. According to the Ministry of Statistics & Programme Implementation (MoSPI)—that monitors core sector projects—the delay in execution of 14 of the total 28 projects worth Rs 44,500 crore could lead to substantial cost escalation. The rise in cost could be a whopping Rs 6,000 crore. According to data available with MoSPI's department, major projects that reported delays include the expansion of Rourkela Steel Plant at an estimated cost of Rs 6,133 crore and the development of Bhilai Steel Plant that would have cost Rs 5,185 crore. Both the plants belong to the country's largest steelmaker SAIL. The firm's annual producing capacity is close to 13 million tonnes, which it intends to scale up to 26 million tonnes by 2012. Project authorities have cited retendering or rescheduling of award of contracts and problems in procuring equipment and raw materials as hurdles in timely implementation of projects. A committee of secretaries headed by Cabinet secretary KM Chandrashekar is keeping a close watch on implementation of projects and is laying special thrust on the steel sector

World Bank cuts 2009 global growth forecast

The World Bank has cut its 2009 global growth forecast, saying the world economy will shrink 2.9 percent and warning that a drop in investment in developing countries will increase poverty. "The global recession has deepened," the multilateral lender said in a report. Global trade is expected to plunge 9.7 percent this year, while total gross domestic product for high-income countries will contract 4.2 percent, the bank said. It said economic growth in developing countries should slow to 1.2 percent — but excluding relatively strong China and India, developing economies will contract 1.6 percent. The bank's latest forecast is a sharp reduction from its March prediction of a 1.7 percent global contraction, which it said then would be the worst on record.

China's net steel imports shrink to 200,000T in June

China remained a net steel importer in June for the third month in a row but the gap narrowed on recovering global steel prices. Finished steel exports rose 6% from May to 1.43 million tonnes in June, although still 73% lower year-on-year, while imports fell 1% month-on-month to 1.63 million tonnes, up 29% year-on-year, according to preliminary customs data. This left net steel imports of 200,000 tonnes in June, smaller than 300,000 tonnes in May. China's semis exports also recovered, rising to 10,000 tonnes in June, from practically zero in May. China remained a net steel exporter for the first half with 1.21 million tonnes.

Steel demand to fall up to 15 pct in 2009 - UNCTAD

Global steel demand will fall as much as 15 percent this year, though there are signs of resumed appetite in China, said the U.N. trade and development agency UNCTAD. "The steel industry is facing its worst demand downturn since the oil crisis of 1974-1975," said in its report, *The Iron Ore Market 2008-2010*. "A current oversupply situation, in which falling steel production is occurring as iron ore production capacity increases, will not go away soon." Demand for steel from auto and appliance makers has fallen sharply in line with the global slowdown, and the most widely traded steel products, like hot-rolled coil and billet, have also slowed.

China is also the world's largest iron ore importer, having purchased 444 million tonnes last year, a 16 percent import increase over 2007. Its imports are closely watched for signs of revival of the world economy. Earlier this week, ArcelorMittal, the world's largest steelmaker, said recovery in world demand was largely dependent on emerging markets such as China and Brazil, where growth has already begun to rebound.

JSW likely to defer Bengal Steel Project

It's not official yet. But the signs are ominous. One of the state's most high profile industrial projects, the Rs 40,000-crore JSW Bengal Steel venture appears to have been relegated to the back burner. The group has already invested Rs 250 crore into the project and have completed acquisition of 4300 acres at Salboni. For all practical purposes, the ongoing global financial crisis that led to funds drying up for green field projects, took a heavy toll on the prospects of the new venture. JSW Bengal was incorporated as a joint venture company to set up a 10 mt at Salboni in West Midnapore with the Sajjan Jindal group holding 89% and the remaining 11 % being held by the West Bengal government. The Jindal group was planning to set up the project in phases with a 3 mt capacity plant due to come up initially. On November 2, 2008, the foundation stone was laid by the Chief Minister Buddhadeb Bhattacharjee and the then Steel Minister Ram Vilas Paswan. But thereafter it ran into rough weather and was unable to achieve financial closure for the first phase investment of Rs 3,000 crore.

SAIL to cut expansion plan by 13%

The slowdown in global steel consumption may force India's largest steelmaker, the state-run Steel Authority of India (SAIL), to cut its Rs 78,000-crore expansion plan by 13% to save around Rs 10,000 crore. The expansion plan included raising the steelmaking capacity of the company from 14 million tonnes (mt) now to over 26 mt by 2011-12. "The global economic slowdown severely impacted SAIL's profitability during the third quarter (October-December) of the 2008-09 fiscal," the official said. "The overall target of steel production under the expansion programme would, however, remain unchanged," the official said. SAIL finalised its expansion plan some years ago to elevate itself to a company with global scales of operations. It was supposed to have been completed by 2010-end, but was later changed to 2011-12.

Recession reports - EU 27 adjusted unemployment rate in Q1 totals 18.3pct

According to Eurostat, the Statistical Office of the European Communities, after three years of decline, the EU unemployment rate started to rise in the first quarter of 2008 in the wake of the economic crisis. In the first quarter of 2009, the seasonally adjusted unemployment rate in the EU27 for those aged 15 to 24 was 18.3%, significantly higher than the total unemployment rate of 8.2%. In the EU27, 5 million young people were unemployed. In the euro area, the youth unemployment rate was 18.4% and the total unemployment rate was 8.8%. In the euro area, 3.1 million young people were unemployed. The youth unemployment rate increased in all member states except Bulgaria, where it fell from 13.9% in the first quarter of 2008 to 13.5% in the first quarter of 2009.

Slowdown signs - Indian engineering exports dip by 22p.c. in May

PTI reported that engineering exports plunged by about 22% to USD 2.8 billion in May compared to the same month last year as demand fell in the major global markets. Although the magnitude of decline in engineering exports has been arrested during May, exporters are not hopeful of recovery in demand in the international market in the coming months. The Engineering Export Promotion Council said engineering exports fell by 26% in April 2009.

Low demand, monsoon affect iron ore exports

As per a joint study by a group of iron ore exporters, lower demand from China and monsoon has lowered down the iron ore exports from India by 45 p.c. to 5.6 million ton in June 2009. About 80 p.c. of Indian iron ore exports go to China while the balance goes to Japan and Korea. India produces nearly 200 million tons of iron ore every year.

MCC suggests for fixed quota of iron ore for State sponge iron units

MCC has requested NMDC, a central undertaking, not to discriminate with the sponge iron units of West Bengal and asked for fixed quota of iron ore to sponge iron units in the state from NMDC as it is given to units in Chhattisgarh.

Mr Muthuraman, MD Tata Steel pegs steel growth at 6p.c. in 2009-10

According to Mr B Muthuraman MD of TATA Steel, the Indian steel industry is likely to grow by 6% in 2009-10. He pointed out that the growth was despite the global economic meltdown. He backed the growth story in Indian steel by citing the low per capita consumption in the country. In the US per capita consumption of steel is 400kg, 1,000kg in Singapore while in India it was 50kg.

SAIL registers PAT of Rs. 1326 crore in Q1 (Apr-June)

Despite input cost pressures and price realizations being far below the significantly high levels obtained in the first quarter of FY '09, Steel Authority of India Limited recorded profit before tax of Rs. 2,005.91 crore lower by 28% YoY and profit after tax of INR 1,326.09 crore lower by 27.7% YoY during Q1 of the current financial year. The company had a net turnover of Rs. 8,950.64 crore was lower by 16.5% YoY.

TATA Steel announces Q1 results - Down by 46pct YoY

TATA Steel Ltd has posted a net profit of Rs. 789.83 crore for the quarter ended June 30th 2009 as compared to Rs. 1488.40 crore for the quarter ended June 30th 2008. Total Income has decreased from Rs. 6165.14 crore for the first quarter of 2008 to Rs. 5661.89 crore for the quarter ended June 30th 2009.

JSW Steel announces results for Q1 of 2009-10 up by 55 pct

JSW Steel Limited has posted a net profit after tax of Rs. 340.02 crore for the quarter ended June 30th 2009 as compared to Rs. 219.35 crore for the quarter ended June 30th 2008. Total income has increased from Rs. 3698.79 crore for the quarter ended June 30th 2008 to Rs. 4158.23 crore for the first quarter .

JSPL announces Q1 results

Jindal Steel & Power Limited has posted a net profit of Rs. 300.06 crore for the quarter ended June 30th 2009 as compared to Rs. 402.30 million for the quarter ended June 30th 2008. Total income has decreased from Rs. 1902.74 crore for the quarter ended June 30th 2008 to Rs. 1592.66 crore for the quarter ended June 30th 2009.

Ahdunik Metaliks net up six fold in the First Quarter

Ahdunik Metaliks Ltd has reported six fold increase in net profit to Rs.6.16 crore in Q1 of 2009-10 against Rs.1.04 crore in Q4 of 2008-09 . This is possible due to benefits of backward integration and softer raw material prices which had the positive impact on the operating margin. Net sales in Q1 went up to rs.248.95 crore.

Rail Budget 2009-10 can activate steel consumption

Indian railways proposed (i) setting up of a new factory at Kanchrapara-Halisahar Railway Complex with annual capacity of 500 EMU/MEMU and Metro coaches in Joint Venture/ Public-Private Partnership mode and (ii) initiate action for setting up 1000 MW power plant with Ministry of Power, at Adra, in under developed tribal area.

Steelmakers for Differential Ore Royalty

Indian steelmakers have sought lower royalty charges for iron ore used for domestic consumption. In a submission to the steel ministry, JSW, Essar and Ispat, who do not have their own iron ore mines, have suggested differential royalty rates for iron ore: lower rates for domestic consumption and higher rates for exports. They feel this will not only increase payout to the states on iron ore but also act as a disincentive for its exports. According to them, steel prices are yet to stabilize globally and so domestic prices are under pressure. A higher royalty rate at this point in time would mean high production cost and lower realizations for the steelmakers.

ArcelorMittal Incurs \$792 m Loss

Luxembourg-based ArcelorMittal, the world's largest steel company owned by non-resident Indian Shri Lakshmi Narayan Mittal, reported a loss of US \$792 million for the April-June quarter of 2009. This was their third consecutive quarterly loss. The loss during the quarter was because of US \$1.2 billion of inventory write-down and provisions for job cut. Accepting that this "quarter was another challenging period" Shri Mittal however said, "We are beginning to see more positive signals."

Usha Martin's Consolidated PAT Falls to Rs 32.03 cr

Usha Martin Limited, a leading producer of specialty steel and one of the largest wire rope manufacturers globally, has reported consolidated profit before tax of Rs 50.24 crore and profit after tax of Rs 32.03 crore for the April-June quarter of 2009-10 fiscal against Rs 100.83 crore and Rs 65.08 crore respectively for the corresponding quarter of 2008-09. The net sales for the quarter was Rs 608.54 crore against Rs 698.69 crore in the corresponding quarter of previous fiscal.

Essar Steel to Acquire Shree Precoated Steel

The Ruia-owned Essar Steel has agreed to acquire fixed assets and long-term liabilities of Mumbai-based Shree Precoated Steel of the Ajmera group for a payout of Rs 600 to 650 crore. The acquisition will give Essar Steel a 2mt capacity in cold rolled steelmaking, a high-value category that sells at a premium of more than Rs 6,000 per tonne over the base grade category--hot rolled coils.

BHP Exits Usha Martin JV

Anglo-Australian mining giant BHP Billiton has pulled out of the mining joint venture with Kolkata-based steel wire and wire rope maker Usha Martin Ltd. Global economic meltdown prompted BHP to sell its entire stake to Usha Martin recently, according to Usha Martin's Managing Director Rajeev Jhavar. Usha Martin now owns 100 per cent stake of Bharat Minex Pvt Ltd, the joint venture company formed in early 2006 with BHP Billiton's subsidiary BHP Minerals Holdings Pty Ltd.

Iron Ore Exports from India Hit by Demand Fall

Iron ore export from India fell by 45 per cent to 5.6 million tonne (mt) in June 2009 over the previous month, according to a joint study conducted by Goa Mineral Ore Exporters Association, Kudremukh Iron Ore Company and public sector trading house MMTC. Lower demand from Chinese steelmakers resulted in this sharp fall in iron ore exports. During April-June quarter, however, iron ore exports were around 26mt, which was equal to what was exported during the corresponding period of the previous fiscal. Around 80 per cent of the country's ore exports go to China, while the rest to Japan and Korea. Chinese steelmakers are negotiating with global suppliers like BHP and Rio Tinto asking for around 50 per cent price cut on annual long-term contract.

BHP Cuts Iron Ore Prices to Settle contracts

BHP Billiton, the world's largest miner from Australia went for sharp slashing of iron ore prices by 33-44 per cent with an aim to settle contracts with its customers. The company has said that it had already signed around 25 per cent of the contracts with their customers. The company said it had agreed to sell 23 per cent of its volume through contracts and 30 per cent through a mix of quarterly negotiated pricing, spot market and index-based pricing. According to analysts, they might have settled with Japanese or Korean steelmakers, while those with the Chinese ones are under negotiation as they are demanding further cuts in iron ore prices.

Landroute from China to Europe via India

It is not this time like the Hindi block blaster Chadni Chouk to China. A key Chinese official has mooted the idea of laying a third, 15,000-km-long international transportation link that will connect Shenzhen on the south-eastern coast of China with Rotterdam in the Netherlands via Delhi. In an interview with China Daily, Mr Qin Guangrong, Governor of Yunnan province of China said the land corridor, consisting of railways and highways, would boost trade and provide an alternative transport channel to safeguard China's energy and economic safety.

So far, there are two Eurasian transportation links: (a) the 13,000-km route that links eastern Russia with Rotterdam; (b) the 10,900-km route connecting Lianyungang in Jiangsu province of China with Rotterdam. The proposed route would have both rail and road connectivity. It will run through 17 countries including Myanmar, Bangladesh, India, Pakistan, Iran, Turkey and a number of European states. A branch line, which will start from Turkey, will cross Syria and Palestine to reach Egypt. Mr Guangrong argues that the project would not be as costly as some think. The railways and highways are ready for use. In all, only about 1,000 km of new railways and highways need to be built.

Steel Minister Opposes Recent Price Hike

Union Steel Minister has opposed the recent price hike in flat products, which took place on the back of a firming demand from sectors such as automobile and consumer durables.

Prices of long steel products consumed primarily by the construction sector were cut in the range of Rs. 1500/- per ton by SAIL & TATA Steel. Prices of long products produced by secondary producers are still very low compared to the prices of main producers.

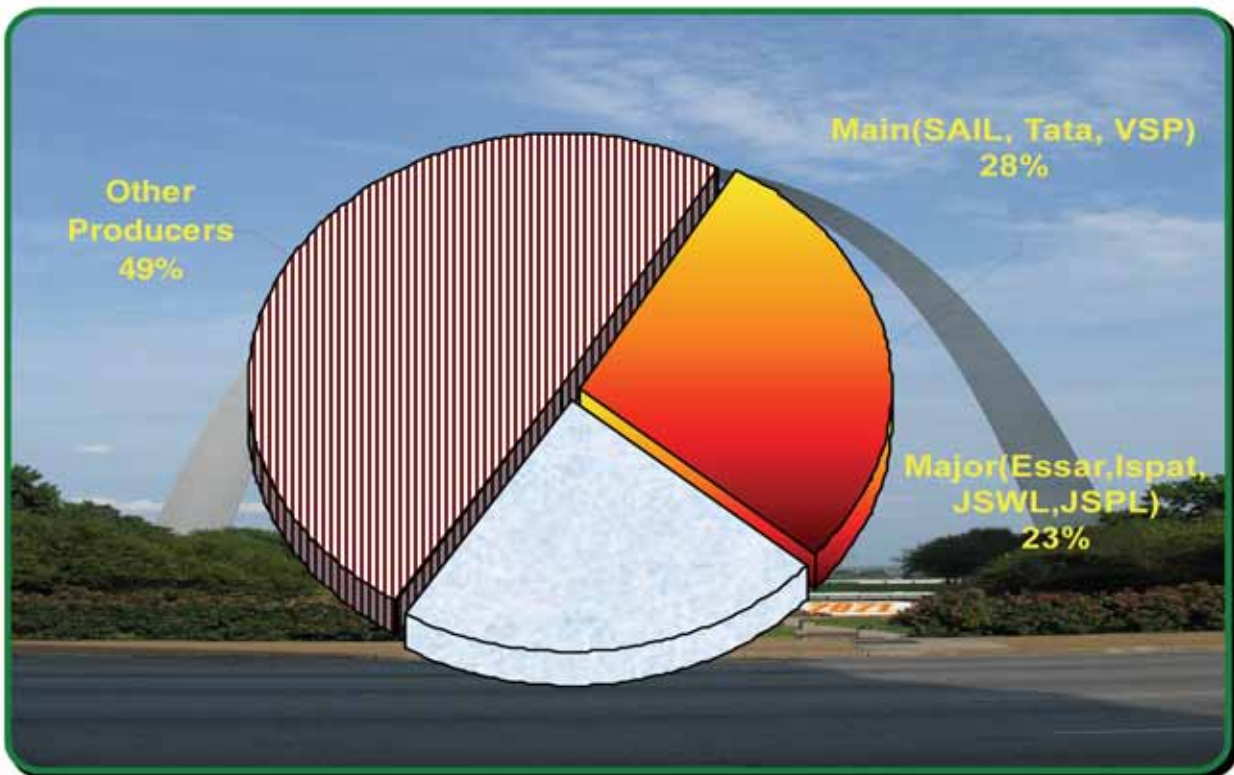
The End of the Recession ?

Feel good factor for Indian economy seems to be returning fast. Not only is Bangalore real estate upbeat. The Union Finance Minister too has hinted at early signs of recovery. India's economy is fast picking up as seen by the growing consumer confidence and the fact that the country ranks second next only to Indonesia, says a survey conducted by A C Nielson during the second quarter of the year. Confidence in the World economy has also reportedly surged to a 22 month high in a just concluded study showing recovery from worst global recession since World War II, a Bloomberg survey of users on six continents showed. India's Industrial output also increased by 7.8% in June which definitely is a sign of recovery. The economies of Germany & France have reportedly grown by 0.3% quarter on quarter in April to June instead of a negative growth of 2%. US Federal Reserve has said that the downtown is bottoming out and financial conditions in the country have improved in recent month.

COMPARATIVE PRODUCTION TRENDS : APRIL-JUNE ('000 TON)



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believe it or not, surrender is an access to great power.

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When you trust the universe.

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It's natural.



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