

Top News:

WTO trade barrier disputes increase

During recent weeks the number of disputes within the World Trade Organization against the US tariffs impacting steel trade have grown, with Europe and Russia being especially active.

On 18 October the European Union authorities filed a request to the WTO and its dispute settlement body to establish a panel to examine the matter. This latest request confirms the intention – first shown in June with the request for a consultation with the US on this issue – to challenge the duties.

The consultation took place in July with the aim of reaching a satisfactory settlement, but "... unfortunately, they failed to settle the dispute," the EU authorities say.

"Section 232 is inconsistent with the balance of obligations and rights set out in the WTO Agreement," the EU adds in the document.

RUSSIA AND OTHERS

Russia, meanwhile, is also joining the increasing number of countries that are disputing the legality of import taxes on steel and aluminium imposed by the United States in April. The country's economy ministry has made a request to the WTO that an arbitration panel to be set up, following a series of formal consultations on 30 August. The consultations failed to produce a mutually beneficial way of resolving the dispute, the Russian ministry says.

China, India, Canada, Mexico, Norway, Switzerland and Turkey are also already disputing the tariffs. Should other countries join Russia, Turkey and the EU in asking WTO for arbitration in the matter, United States will be forced to defend the tariffs on several panels.

An earlier US response to the challenges by the EU, India and Turkey was a denial that the measures be classified as safeguard. The US authorities insisted that they fall under national security blanket, whilst adding that the matter is still open to discussions.

Turkish steelmakers, meanwhile are now becoming less hopeful that there will be a reduction in the 232 tariffs back to 25% from 50% following the release of the US pastor last month. US authorities are still insisting that the tariffs are the matter of national security and not safeguarding.

TURKEY/MOROCCO

On a different front, Turkey welcomed last week the decision by the WTO to declare the duties on HRC imposed by Morocco in late 2014 in violation of WTO anti-dumping agreements. Despite the ruling, Morocco now has the possibility of appealing the decision in the next 60 days, therefore postponing the need to cancel the existing duties. The extant measures against HRC imports in Morocco impact Turkish and European importers. These safeguards were launched in late 2014 and are set to expire at the end of next year. Originally the decision was made by the Moroccan authorities to protect production at Maghreb Steel, the sole local supplier of HRC, from competition coming through the Mediterranean. Maghreb Steel however has not improved its financial position since then, reducing therefore the tangible positive and expected effects of the measures.

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Is ArcelorMittal European reorganisation completed?

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To what extent will Turkish mills cut winter output?

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Will the pressure on prices increase going into 2019?

KORE 62% Fe / Qingdao CFR USD/t

W-o-w avg change **+0.53%**

02 Nov 2018	\$	73.61	
01 Nov 2018	\$	73.80	
31 Oct 2018	\$	73.55	low
30 Oct 2018	\$	73.90	high
29 Oct 2018	\$	73.74	
Average	\$	73.72	

26 Oct 2018	\$	73.77	
25 Oct 2018	\$	73.78	
24 Oct 2018	\$	73.83	high
23 Oct 2018	\$	72.63	low
22 Oct 2018	\$	72.66	
Average	\$	73.33	

For Subscription & Other Enquiries:

CALL

UK: +44 207 635 6520
 Germany: +49 304280 2034
 Spain: +34 637 018 130
 Singapore: +65 9766 8175
 Bulgaria: +359 896 266 305

EMAIL

General: info@kallanish.com
 Editorial: editorial@kallanish.com
 Sales: sales@kallanish.com

www.kallanish.com

Global Overview

SAMPLE

North America

- Sheet and plate prices stable
- US rebar unmoved

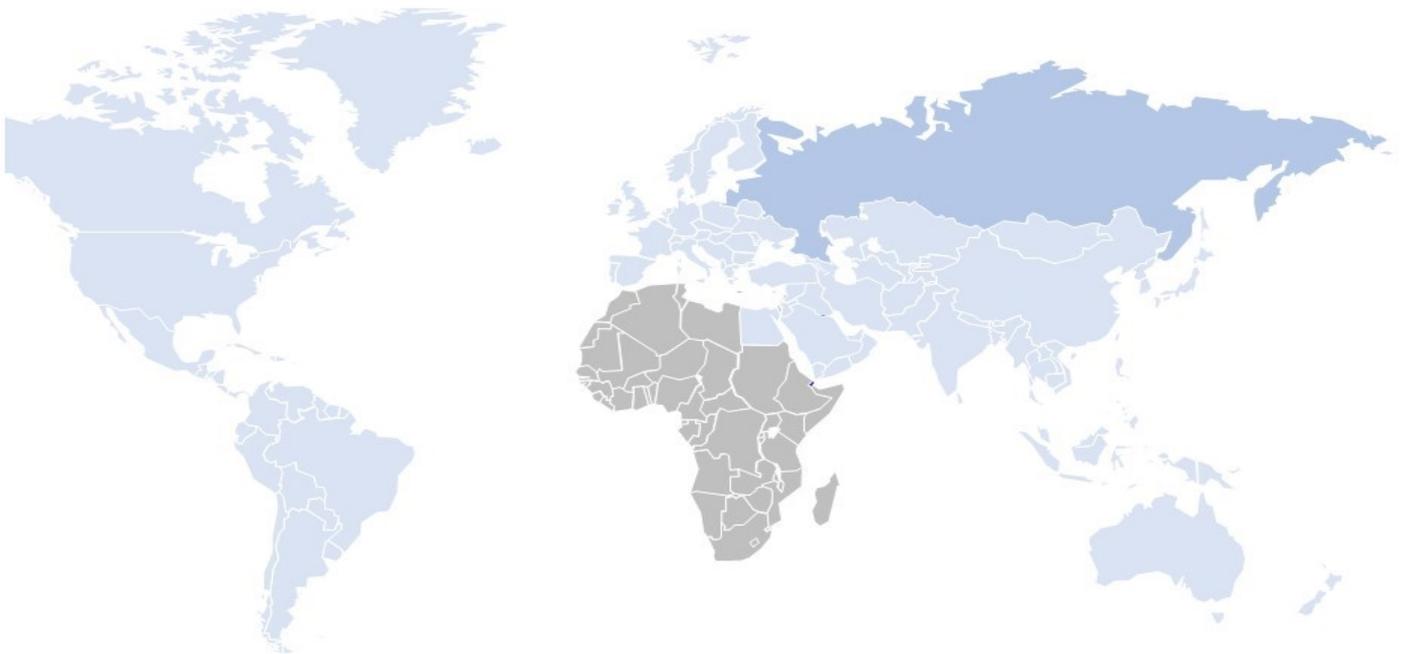
Europe

- ArcelorMittal takes control of Ilva, sells other assets to Liberty
- Rebar down in Germany, up in Italy
- Car production in Spain under pressure

Asia

- New rebar standards in China
- Chinese HRC prices down
- Chinese manufacturing slowdown continues

Global Sentiment Map



Weak

Strong

Latin America

- Usiminas sees prices stable to year-end
- Argentina blocks further scrap exports

Middle East

- Turkish scrap exceeds \$340/t
- Turkish rebar quotes minimum \$510/t

CIS

- No MMK Metalurji HRC output until minimum 2020
- CIS billet quotes hold, buyers retreat
- CIS slab prices under downward pressure

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Word of the Week

Hot Idling

Hot idling is a procedure which temporarily maintains a furnace on standby without producing any iron. To slow the combustion and maintain the refractory lining, the amount of air which enters the furnace is significantly reduced. The main chamber is kept fully charged with coke (but not with limestone and iron ore, the two other bulk ingredients for iron making). Blast furnaces are not usually hot idled for more than a few weeks unless all the iron is completely drained from the furnace, and they can be returned to full iron making capacity within a matter of days.

Contact

If you found this issue of Kallanish Steel Weekly interesting please let us know, we would love to hear from you.

Kallanish - UK

Britannia House
11 Glenthorne Rd
Hammersmith, W6 0LH
t: +44 (0) 208 735 6520

Kallanish - Bulgaria

13 Yantra Street
Sofia 1000 Bulgaria
t: +359 896 266 305

General:

info@kallanish.com
www.kallanish.com

Kallanish - Germany

Lindenberger Weg 11A
16341 Panketal Berlin
t: +49 304280 2034

Kallanish - China

Rm.5G, 5/F, Jiafa Building
129 Datian Rd., Jing'an District
Shanghai, China
t: +86 182 1728 2941



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