

## Top News:

# RCEP to boost steel trade in Asia-Pacific, EU market eyes future trade clarity

Next year is set to be a year of important changes in the global trade scenario for steel. Joe Biden is expected to become the new president of the US in January, and while his approach toward the existing Section 232 measures might not change rapidly, many expect he will push for more multilateral agreements for global trade.

Meanwhile on 15 November the Regional Comprehensive Economic Partnership (RCEP) was signed by 15 countries, including the ASEAN members, China, Japan, South Korea, Australia and New Zealand. The new partnership is only the first step toward boosting trade in the region, but it is expected to promote free trade between member states, especially to reduce trade barriers by cutting tariffs on goods

China Futures Daily pointed out that after the RCEP takes effect, more than 90% of goods will avoid tariff collection in trade between these countries. In future, this may increase to 95%. The zero-tariff policy will be achieved once agreements are finalised for specific products, and some should reach zero tariffs over the following ten years.

Under this framework, China and Japan could reach bilateral tariff reductions for the first time. For Japan, almost 90% of auto parts shipped to China will become tariff-free. Tariffs on gasoline engine parts as well as some steel products will be dropped when the agreement takes effect, Nikkei Asia said. As for Japan's exports to South Korea, 92% of goods will be waived from duties, up from the current 19%.

South Korea will also now benefit from greater access to Japanese and Chinese markets. China already has a free trade agreement with ASEAN, but imports from the other signatories and exports to those countries will become tariff-free once the tariff schedules are finalised.

The sections on rules of origin could also support local crude steel producers. Before RCEP, each country and region had its own specific rules of origin, but RCEP institutes a single set of rules. For steel, products are deemed local if at least 40% of the value of the product was locally produced. This means, for example, that cold rolled coil produced from RCEP-member hot-rolled coil could qualify for reduced tariffs, while that rolled from externally-sourced HRC may not.

## EUROPE

In the European steel market, meanwhile, many are awaiting more clarity on the future of trade by June 2021. At that time, it will be known if the European Commission (EC) will implement carbon border adjustment measures (CBAM) and further extend safeguard measures.

David Boubil from the EC explained during a Eurometal webinar last week that authorities are now reviewing the results of the consultations on CBAM, which closed at the end of October. He noted that a proposal by the Commission on this topic should be coming in June 2021.

The EC is considering different options, but the overall goal is to ensure that the actions taken within Europe to tax CO2 emissions are also applied to goods imported from some key markets. Boubil stressed that the measure would not be a straight forward taxation, but more an extension of the existing carbon price system (ETS).

CBAM would be part of the overall "green steel" strategy of the EC, supported by further actions, including diplomacy. For that reason, it should also contain a system to calculate existing CO2 taxation measures in other parts of the world. This means it will take into account only the differential between CO2 measures in Europe and other parts of the world.

In addition to CBAM, by June 2021 it will also be clearer if existing safeguard measures will be maintained. Yuriy Rudyuk from Van Bael & Bellis noted that the European Commission is not particularly eager to keep them in place, in part to avoid further responses from commercial partners. Eurofer, on the other hand, is lobbying for the measures to be extended.

"The outcome of the negotiations is unpredictable, but it could be somewhere in the middle between the position of the EC and Eurofer," Rudyuk says. He added, nevertheless, that a cancellation of safeguard measures would probably see a rise in anti-dumping investigations.

## In this week's issue:

- ▶ **PAGE 3**  
What is driving iron ore to a new record level?
- ▶ **PAGE 4**  
How much can EU rebar prices rebound?
- ▶ **PAGE 5**  
Will US flat prices increase as demand pushes upward?
- ▶ **PAGE 6**  
Will tightening pandemic restrictions hurt Turkish rebar demand?
- ▶ **PAGE 8**  
How will rising Chinese scrap imports impact the global market?

## KORE 62% Fe / Qingdao CFR USD/t

**W-o-w avg change** **+12.09%**

20 Nov 2020	\$	<b>142.11</b>	<b>high</b>
19 Nov 2020	\$	139.85	
18 Nov 2020	\$	139.18	
17 Nov 2020	\$	137.52	
16 Nov 2020	\$	<b>135.23</b>	<b>low</b>
<b>Average</b>	\$	<b>138.78</b>	

13 Nov 2020	\$	123.90	
12 Nov 2020	\$	124.66	
11 Nov 2020	\$	<b>125.44</b>	<b>high</b>
10 Nov 2020	\$	<b>122.49</b>	<b>low</b>
09 Nov 2020	\$	122.53	
<b>Average</b>	\$	<b>123.80</b>	

### For Subscription & Other Enquiries:

#### CALL

UK:	+44 7874 008654
Germany:	+49 304280 2034
Spain:	+34 637 018 130
Singapore:	+65 9766 8175
Bulgaria:	+359 896 266 305
USA:	+1 412-657-2925
Shanghai:	+86 150 2141 6087

#### EMAIL

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

www.kallanish.com



# Global Overview

**SAMPLE**

## North America

- US sheet holds steady, with a price increase expected in the New Year
- US OCTG benefits from rising skelp prices
- US plate remains static

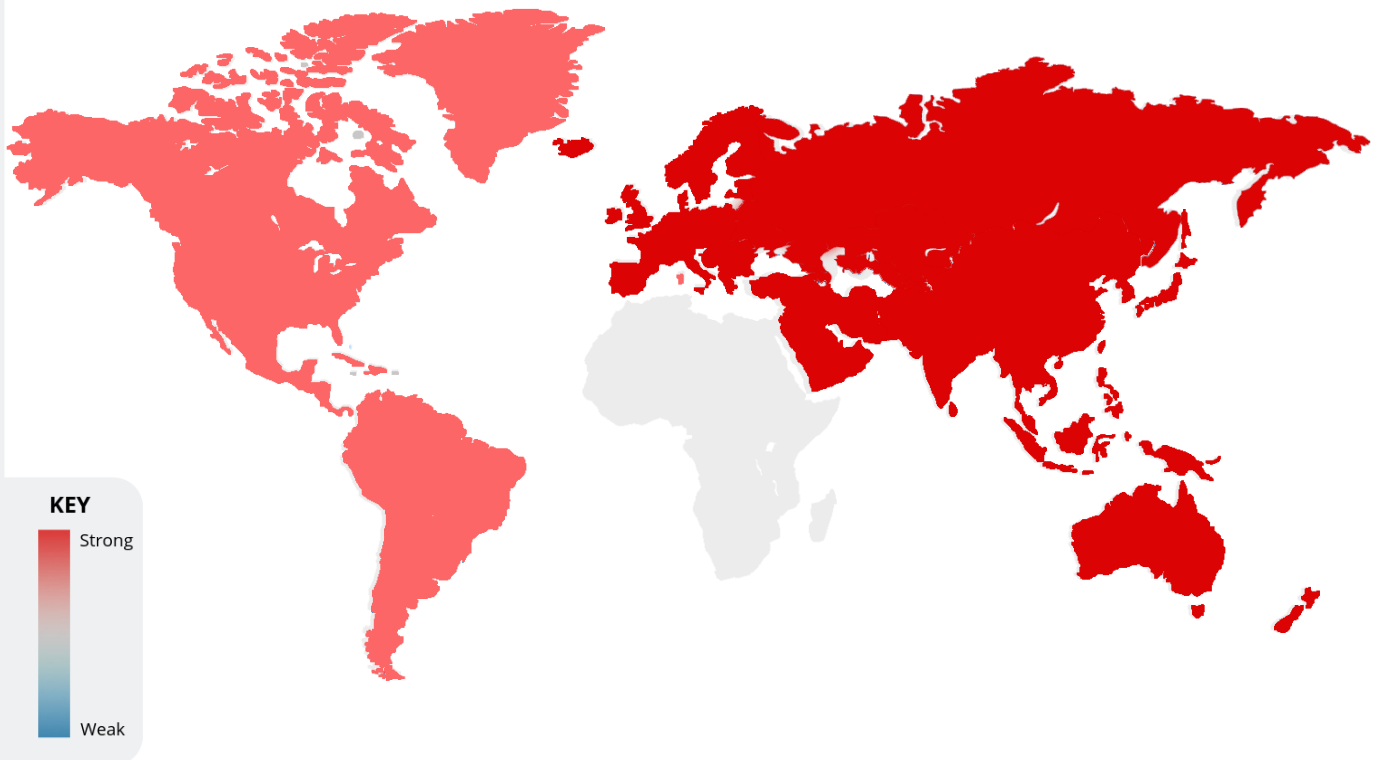
## Europe

- ArcelorMittal raises further HRC prices
- Rebar prices to recover
- Italian government to hold majority stake in former Ilva

## Asia

- Iron ore reaches 6 years record
- Nippon Steel restarts BF
- Prices in Asia keep moving up

**KALLANISH STEEL WEEKLY GLOBAL SENTIMENT MAP**



[See the interactive version online](#)

## South America

- CSN restarts BF
- LatAm finished steel production back to pre-Covid levels

## Middle East

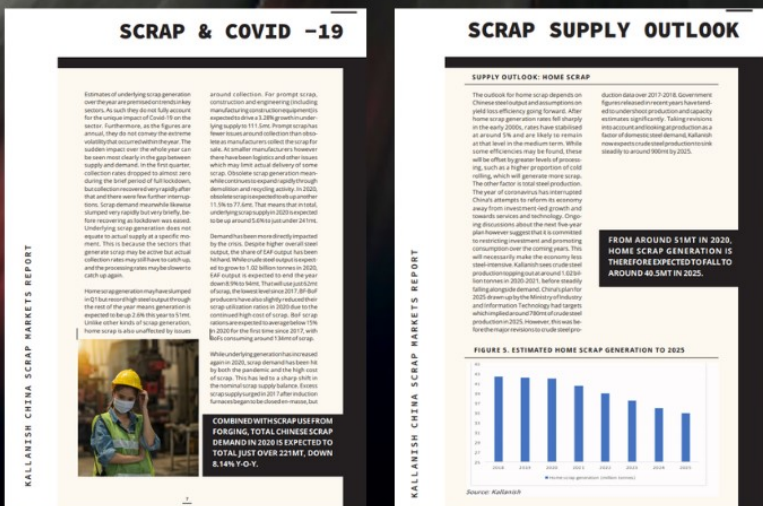
- Turkish scrap prices explode
- Latin America demand supports Turkish rebar
- Turkish HRC prices continue to rise

## CIS

- CIS billet prices track scrap jump
- Some CIS HRC suppliers withdraw after price hikes



# CHINA SCRAP MARKETS REPORT 2020



*This exclusive report provides a basis on which to understand the sector and its global impacts, as well as a set of expectations for how the sector will grow and develop in the coming years.*

# ORDER FORM

## Subscribe to Kallanish Steel Weekly today

### Start your subscription to Kallanish Steel Weekly (KSW) today

Kallanish Steel Weekly is a new weekly publication from Kallanish Commodities.

The pricing options for 12 month subscriptions are available below.

To sign up complete the form below and return to us.


Standard: Kallanish Steel Weekly US\$ 1500 / €1300

Premium: Kallanish Steel Weekly US\$ 2100 / €1850

### KSW Content:

The publication is filled with market information, charts and graphs.

- Supplied in PDF
- Pricing Table
- 5-6 pages
- Special features
- Prices to watch
- Word of the week
- Global heat map



### Start my subscription

Yes, please start my subscription so that I can read the Kallanish Steel Weekly. Please choose your option below:

Option 1: Standard KSW US\$ 1500

Option 2: Premium KSW US\$ 2100

<p>Name <input type="text"/></p> <p>Job Title <input type="text"/></p> <p>Company <input type="text"/></p> <p>Address <input type="text"/></p> <p>City <input type="text"/></p> <p>Phone <input type="text"/></p> <p>Email <input type="text"/></p>	<p>Payment type: <input type="checkbox"/> Pay by invoice <input type="checkbox"/> Pay by credit card</p> <p>Credit card: <input type="checkbox"/> Visa <input type="checkbox"/> AMEX <input type="checkbox"/> Mastercard</p> <p>Card number <input type="text"/></p> <p>CCV <input type="text"/> Exp <input type="text"/></p> <p>Name on card <input type="text"/></p> <p>Signature <input type="text"/></p>
---	--

Please tick below:

I confirm I am signing up for a 12 month subscription to KSW

I have read and agreed to the Kallanish Terms and Conditions.

Signature: \_\_\_\_\_ Date: \_\_\_\_\_