

SAMPLE

## Top News:

# Russia raises scrap export duties, prepares tariffs for billet and rebar

While most global steel markets enjoyed a break during the Christmas holidays, the eyes of most analysts and participants turned toward Russia, where the local authorities are pushing forward a number of measures to apply export duties for scrap and steel products, in order to protect the domestic market.

Russian federal anti-monopoly service FAS suggested in late December that all exports of steel products should be liable for duties, not just ferrous scrap, as implemented by the economic development ministry earlier in December.

FAS is responding to the request by deputy prime minister for construction and development Marat Husnullin in connection with rising domestic steel product prices. This follows a petition from construction industry representatives.

## SCRAP

The ministry agreed to raise the existing 5% ferrous scrap export duty to 15% and the minimal fiscal value to €45/tonne (\$55/t) from €15/t, for six months. This followed a request from the country's Pipe Industry Development Foundation (FRTF), representing major Russian steelmakers. The hike is aimed at securing sufficient and appropriately priced feedstock supply for Russian mills.

FAS argues Russia's domestic steel industry is deeply enmeshed in the global steel market, and is influenced by its trends directly. It describes Russian domestic steel prices gaining up to 30% in November and early December, with rebar prices rising 16% from end-October to early December, and flat products by 20%.

Despite this, local values do not exceed export prices, which grew even stronger in the same period, while domestic scrap prices have also gained 35% from the start of 2020, according to FRTF.

## BILLET / REBAR

As a result, and a temporary differentiated regressive measure for the six-month duration of the scrap export duty, FAS proposes export duties for steel billet at 13% but not less than \$73/t and 12% but not less than \$78/t for rebar.

This is necessary in order to prevent possible reallocation of income from scrap procurement companies to steelmakers. This would be the case if the scrap export duty hike leads to a lowering of domestic scrap prices while steel export prices continue to rise or stay at current levels, its explains.

Market participants tell Kallanish the decision on scrap and rebar duty implementation has been made, and will apply from February. "Billet matters will be discussed in January," a major producer's representative says. All steelmakers and traders pointed out that the scrap and rebar export duty may indeed constrain exports and bring domestic prices down, leading to higher billet export availability. This could possibly result in countervailing measures from billet importing regions, as such action may be interpreted as a subsidy.

"Ultimately this long-fought-for scrap export restriction designed to support Russian steelmakers may act against them," an industry insider says.

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Will upward price momentum continue into 2021?
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Is the late-year HRC price spike in the US sustainable?

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

W-o-w avg change	+0.75%
01 Jan 2021	\$ 158.90
31 Dec 2020	\$ <b>157.98</b> <b>low</b>
30 Dec 2020	\$ 158.05
29 Dec 2020	\$ 163.17
28 Dec 2020	\$ <b>163.58</b> <b>high</b>
<b>Average</b>	\$ <b>160.34</b>
18 Dec 2020	\$ <b>164.29</b> <b>high</b>
17 Dec 2020	\$ 158.50
16 Dec 2020	\$ 158.12
15 Dec 2020	\$ <b>157.37</b> <b>low</b>
14 Dec 2020	\$ 157.41
<b>Average</b>	\$ <b>159.14</b>

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31 Dec 2020	\$	<b>157.98</b>	<b>low</b>
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<b>Average</b>	\$	<b>159.14</b>	

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# Global Overview

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## North America

- Demand drives US sheet prices upward
- Rising skelp prices continue to push OCTG
- US scrap to remain bullish in January

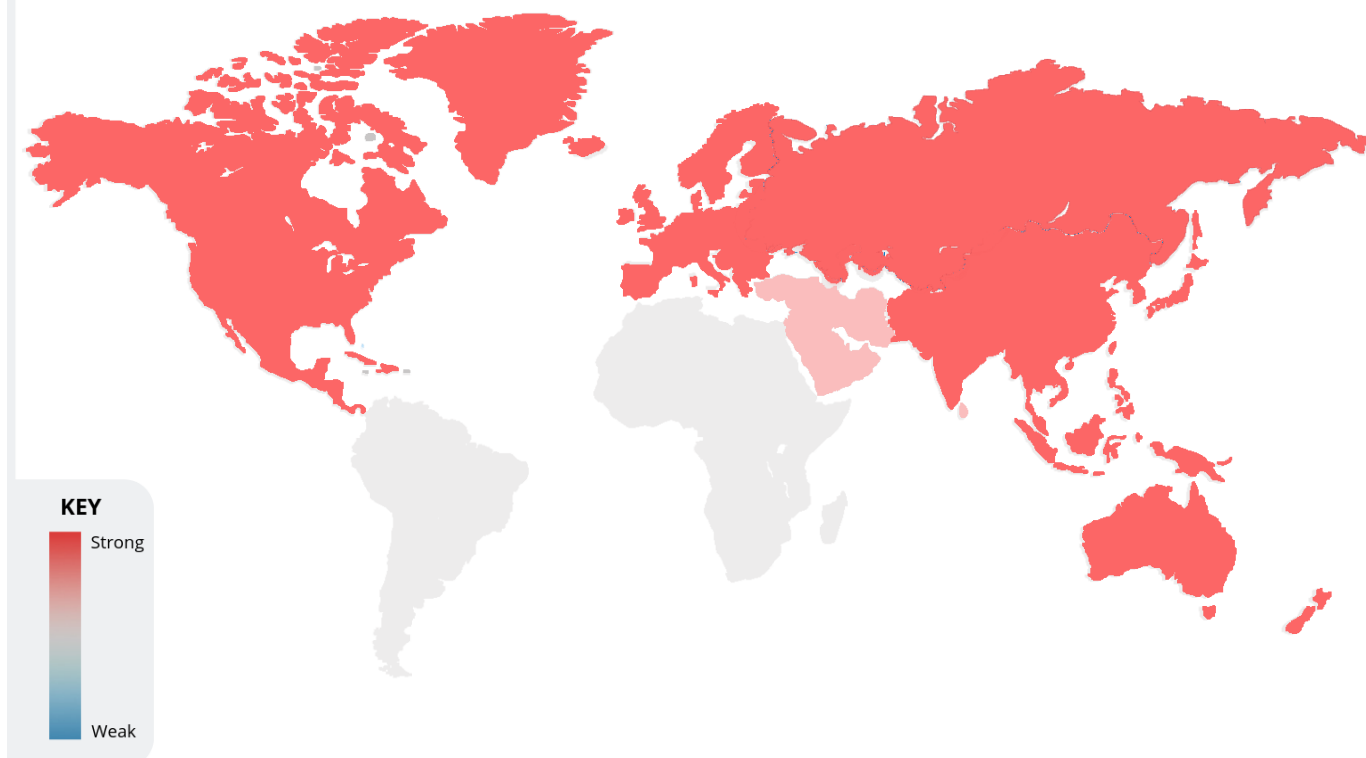
## Europe

- N.EU plate prices jump
- Eurometal welcomes Brexit deal
- Rebar buyers await more clarity after holidays

## Asia

- Chinese market prepares for new demand surge
- Iron ore softens slightly
- Indian demand slump eases

## KALLANISH STEEL WEEKLY GLOBAL SENTIMENT MAP



[See the interactive version online](#)

## Latin America

- Argentina limits scrap exports

## Middle East

- Turkish scrap market expects January hike
- Turkish dumping probe to support domestic HRC prices
- Hadeed increases rebar price yet again

## CIS

- CIS billet prices continue to find support
- Russia considers duty on all ferrous exports



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