

Headline	Steel manufacturers in a tight spot
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Steel manufacturers in a tight spot

BY **ESTHER LEE** AND **JOSE BARROCK**

Local steel manufacturers have found themselves in a tight spot again. Steel product manufacturers in the downstream segment have been exploiting loopholes in local anti-dumping regulations to bring in flat steel products, specifically cold rolled coil (CRC), at prices too low for local steel manufacturers to match.

More tonnage is being dumped in Southeast Asia after the US imposed tariffs on all imported steel products, and the European Union put up a steel safeguard.

In a nutshell, there is a plentiful supply of cheaper imports for Malaysian downstream players.

At present, CRC originating from China, South Korea and Vietnam is subject to five-year anti-dumping duties, from May 24, 2016, to May 23, 2021.

However, there are provisions that allow importers to apply for duty exemptions, notably for tin mill black plate and CRC for automotive end-use, say industry experts.

Those familiar with the industry say some importers have taken advantage of these provisions by bringing in CRC that is normally used in the automotive industry and supplying it to other industries.

They add that some importers are bringing in alloy added steel, which is not subject to duties, thereby bypassing both the import and anti-dumping duties. This makes matters worse for the local steel manufacturers.

Mycron Steel Bhd executive chairman Tunku Datuk Yaacob Khyra says too much CRC is being imported into the country on a duty exempted basis.

"This is evident from the insignificant CRC import duty being collected by the Malaysian government, in an environment where CRC imports represent 62.3% of the total CRC consumption of the country. CRC is clearly being imported on a 'duty exempt' basis and on a massive scale," he explains.

Yaacob says statistics show that CRC imports increased by 8%, from 814,000 tonnes to 876,000 tonnes, between 2014 and 2017,



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Yaacob urges the authorities to stop issuing duty exemptions and approved permits to importers that manipulate the system

while locally produced CRC saw a 34% decline from 798,000 tonnes to 528,000 tonnes over the same period.

Victor Hii, managing director of flat steel sheet manufacturer YKGI Holdings Bhd, also expressed his concerns, saying, "The increase in CRC imports not only circumvents import duties but also causes irrevocable damage to local CRC manufacturers like us."

Malaysian Iron and Steel Industry Federation (Misif) president Datuk Lim Hong Thye weighs in, saying that there has been an upsurge in imports of downstream flat products such as galvanised iron and aluzinc products in recent times.

"The surge in imports of downstream flat products from China started more than a year ago. The price differential and volume of imports are big enough [that they are] hurting local downstream flat product manufacturers," he adds.

Lim says Misif encourages its members to file trade actions directly with the Ministry of International Trade and Industry. He adds that he will highlight the issue to Miti during relevant meetings.

Just last week, the ministry announced that it was initiating an anti-dumping investigation into the imports of galvanised iron from China and Vietnam. This could provide a reprieve for steel players that are in the

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business of manufacturing galvanised iron. CSC Steel Holdings Bhd vice-president of the commercial division Kenny Ten says the tariffs imposed by the US on all steel imports and the EU's subsequent action to put up a steel safeguard have led to excess tonnage being dumped in Southeast Asia.

"We must protect our domestic economy," he asserts.

Yaacob urges the authorities to stop issuing duty exemptions and approved permits to importers that manipulate the system. "[They] are blatantly abusing and manipulating the CRC specifications, namely by stating extra width, grade requirements, [through] illegitimate tax-exempt CRC imports under Afta (Asean Free Trade Area) and [by claiming] false end usages.

"The manipulation and misrepresentation



HARIS HASSAN/THE EDGE

Lim: The price differential and volume of import are big enough [that they are] hurting local downstream flat product manufacturers

of specifications and grade are [done] to circumvent paying import and anti-dumping duties to the government and to avoid supporting the national steel industry."

He points out that the domestic CRC industry is already being weighed down by an increase in the price of electricity and natural gas, consumption taxes and minimum wage requirements, which could be raised further.

Local CRC players have initiated a new anti-dumping petition on additional specifications, grades and extra widths of CRC, which has seen a significant increase in imports from South Korea, Vietnam and China.

They have also asked the government to substantiate and authenticate the legitimacy of the duty exemption given to CRC from Vietnam under the Asean Trade in Goods Agreement. E