

With US Presidential elections over, China may look at reducing steel exports: Tata Steel MD

PRICING UP. Pricing-wise, the metal hit "the lowest" around September, and prices have gone up since October

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With the US Presidential elections over, China could look at reducing steel exports as there are looming concerns over its trade options, TV Narendran, MD and CEO, Tata Steel, said. The Chinese have stopped approving new projects on steel, even if it is on replacing capacities, he added.

The Chinese are expected to cut production by "4 per cent or 40 million tonnes (mt)" and if that continues for another two-three years, some surplus metal which is finding its way into global markets will come down, said Narendran.

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MD and CEO, Tata Steel

ential election, I think China would be even more concerned about its trade options and I'm sure will take some action to reduce some of these excesses....I'm more positive on demand pricing," he said during a recent investor call.

While less than 1 per cent of China's direct steel exports are shipped to the US, its steelmakers are heavily



exposed to potential tariffs on goods such as containers, vehicles, engineering machinery, home appliances and elevators. So far, the global trade data available suggest Chinese exports are over 80 mt for January-August period, almost 20 per cent up year on year.

CAPEX APPROACH
Tata Steel had previously

guided for a ₹16,000-crore capex and the company is on track. "Our approach to capital projects is now more about doing all the detailed engineering, get the environment clearances ahead of going to the board for approvals because that gives us more certainty in the execution. Often, we take the board approval and then take longer than planned on environment clearances, etc." Narendran said.

In Q2, Tata Steel commissioned the 5-mt blast furnace at Kalinganagar, to scale up the high-margin business. A cold rolling mill is already running.

The company top brass said the entire complex (Kalinganagar) could cost about ₹3,900 crore; and as other associated facilities are commissioned, expansion

could be around ₹19,000 crore.

"Post Kalinganagar, Tata Steel would look to bring on stream two more facilities - one 0.8-mt steel plant in Ludhiana to be ready by 2026; and in Jamshedpur, it is setting up a 0.5-mt mill. The company would look at expanding capacities at Neelachal Ispat, which will take it to 5 mt (from 1 mt)," Narendran said.

PRICE MOVEMENT

According to him, pricing-wise, the metal hit "the lowest" around September. Since October, prices have gone up.

However, he is not confident of prices hitting the July peak, even if October-December is seen as a better quarter in terms of price movement.