

USA has been one of the most favourite destination of Indian cold rolled and galvanized products. Many steel mills are exclusively catering to US market. DM & Associates has been a major importing company of these products for the last few years. Infact, last year, they had the highest share of US imports of galvanized steel products from India, around 20 %.

Mr. Daniel Martin, the man behind DM & Associates, has been a 'steel man' for quite a few years. VP (Commercial) for USINOR (established USINOR as a quality supplier to the US market), co-founder of SATRAMET (a trading company specialized in CIS business, was the first one to import Russian HRC in the USA), Acquired and managed several steel service centers, Vice President of Trade ARBED (Responsible for the marketing of flat rolled products and all CIS trading activities) the list is long and impressive.



Recently, Mr. Martin was in India to visit steel mills and assess the capability of Indian mills to cater to US market on a long term basis. Here are the excerpts of his exclusive interview with our editor D. A. Chandekar



## Guest of the month Daniel Martin

**Q. How do you feel about Indian steel mills' capabilities to meet the global demand in general & US demand in particular with the capacities being increased?**

**A.** India has been a net exporter for many years and with the on-going expansion projects, it will remain as such for many years to come even with a projected growth of Indian GNP of 7%. This has been an industry problem worldwide since the late 50's. New capacity has always been installed ahead of demand. Particularly when financial markets fall in love with our industry which is the case today.

As regards quality, Indian steel suppliers have proven in the past that they have the capability to supply the US market as well as the rest of the world with quality products. Some suppliers have developed added value niche products which they are able to sell to the USA and the EU. The quantity exported is smaller but the profit margins are much higher. This shows that India has the technical know how and the facilities to produce and export higher quality products which will lessen the competition with exporters of other countries and generate higher returns.

Quantity available for export has not been a problem, infact the problem has been a lack of coordination between the producers. The large quantities of products exported to the US at times lead to several

anti-dumping and countervailing suits.

Exports to the US		
HRC :	1999	4,70,000
	2000	823,000 (followed by AD action)
HDG :	2002	3,95,000 ,
	2003	2,04,000
	2004	715,000
Anti Dumping & Countervailing duties on Indian products		
HR Plates :	13 to 42% AD duties	
HR Coils :	9 to 75% AD and CV duties.	

**Q. India being the major Galvanized steel exporter to US, how long would you forecast this privilege the Indian mills would enjoy? Do you feel any threat of anti dumping duty being imposed on India in near future?**

**A.** The level of HDG export to the USA is sustainable as long as the US mills are profitable. Under current anti dumping laws, one has to prove "injury" to win an AD case which would be difficult to do today. The year 2004 was the most profitable year ever for the US steel industry. However, Indian suppliers should not take this for granted and should have a better coordinated action with regard to the US market. If you recall, India was close to lose its Section 201 exemption in 2003 because of excess imports of HDG at the time.

**Q. Do you think the antidumping duty on Indian HRC would be reversed by US?**

**A.** I doubt that the AD duty on Indian HRC will be eliminated in the foreseeable future. I cannot recall a

case ( for steel) when this happened. The steel lobby is too powerful in Washington.

**Q. What is your forecast about the growth of US market in the year ahead & India's share in Galvanised Steel demand ?**

**A.** US market : I expect the US market to recover within the next few weeks. The US mills showed a lack of restraint last summer and increased prices to the point where the differential between US and world prices was so big that it was profitable , despite high transport costs, for mills as far as Malaysia, Thailand, Taiwan and China to export large quantities to the US. We are now seeing a sharp reduction of imports and high inventories are being liquidated. However we are getting close to the

summer when the activity is historically down and we might have to wait until late Q3 to have any significant market improvement. There will not be much Indian export to the US until then.

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**Q. Your comments on competition with US steel mills ?**

**A.** The US Steel industry has

performed extremely well because of 2 factors: the tight world market of 2004 and the consolidation of the US steel industry which should be credited in part to the implementation of Section 201 by the Bush administration. For the first time the US market is enjoying greater stability due to the fact that 3 companies control 75 % of the flat rolled market. Yes, there is room for Indian products in the USA which is and will remain a net importer of around 25 to 30 millions tons p.a. but this should be done in a more orderly fashion than in the past or India will be shut out totally. A good approach is to build new plants to produce steel grades and sizes not so readily available from US producers. I witnessed a few of these projects during my recent trip to India.

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