



**Malaysian Iron & Steel Industry Federation**  
Co. Reg. No. 76350P GST Reg. No. 001781899264



Malaysia Steel Association  
(Reg. No. PPM-007-10-07072010)  
Level 15, Lion Office Tower,  
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Tel: 603-33412322

## **PRESS STATEMENT NO AP REQUIREMENT FOR LONG STEEL PRODUCTS IMPORT**

With reference to the concerns on the rising price of building materials such as iron and steel, MISIF and MSA wish to clarify the following:

1. Importation of steel bars and rods is allowed **without the requirement of an Approved Permit (AP) since 2008**.
2. Importation of long steel products, specifically steel bars under the HS Code 7214, is mainly from **Free Trade Agreement (FTA) partners who enjoy free import duty** under the steel sector liberalisation policy since 15 November 2008.
3. Domestic steel prices (published by the MITI Weekly Bulletin) **move in tandem** with international steel price (Chinese steel price) and are largely subject to **global supply and demand dynamics**.
4. Steel price movement is mainly due to the **rise in raw material costs and cost of doing business** (such as utilities, transportation, etc.).
5. Steel products account for **approximately 3%** only of the total housing project cost.
6. MISIF and MSA are **not aware of any cartel dominance** in the iron and steel industry.

Steel bar prices rose in the first half of 2021, owing primarily to strong demand resulting from global economic recovery and hike in raw material prices, particularly scrap, iron ore and coking coal, due to supply tightness and global supply chain disruption. Coupled with the Chinese government's tight control over steel production and the removal of export rebate, the increasing raw material costs are reflected in rising steel prices. In addition, rising energy prices, such as a 64% increase in natural gas tariff in 2021 in Malaysia, as well as a surge in international freight costs also contributed to the increase in imported material costs and steel prices. Notably, domestic steel bar prices have been consistently below China prices. We wish to reiterate that the trajectory of domestic steel prices tracks the international price trend, particularly China steel prices, as China accounts for more than half of global crude steel production. Hence, **domestic steel bar manufacturers have no control over steel prices**, given that the domestic steel prices are subject to the global supply and demand dynamics. Steel bar users, such as contractors and housing developers, have been able to **import steel bars at zero import duty without the need for an AP since 2008**. We welcome engagements with relevant ministries and associations for further deliberation.

*Statement by:*

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## APPENDIX

**Table 1: Measures Introduced in the Construction Sector in 2008**

### Measures Introduced in the Construction Sector in 2008

Announcement Date	Measures
Liberalisation in steel industry 12 May 2008	<ul style="list-style-type: none"> <li>Abolishment of ceiling prices on steel bars and billets</li> <li>Allow import of long steel products without the requirement of an AP (Approval Permit) and abolishment of import duty for steel bars under the HS Code 7214.10 910 and 7214.20 910</li> </ul>

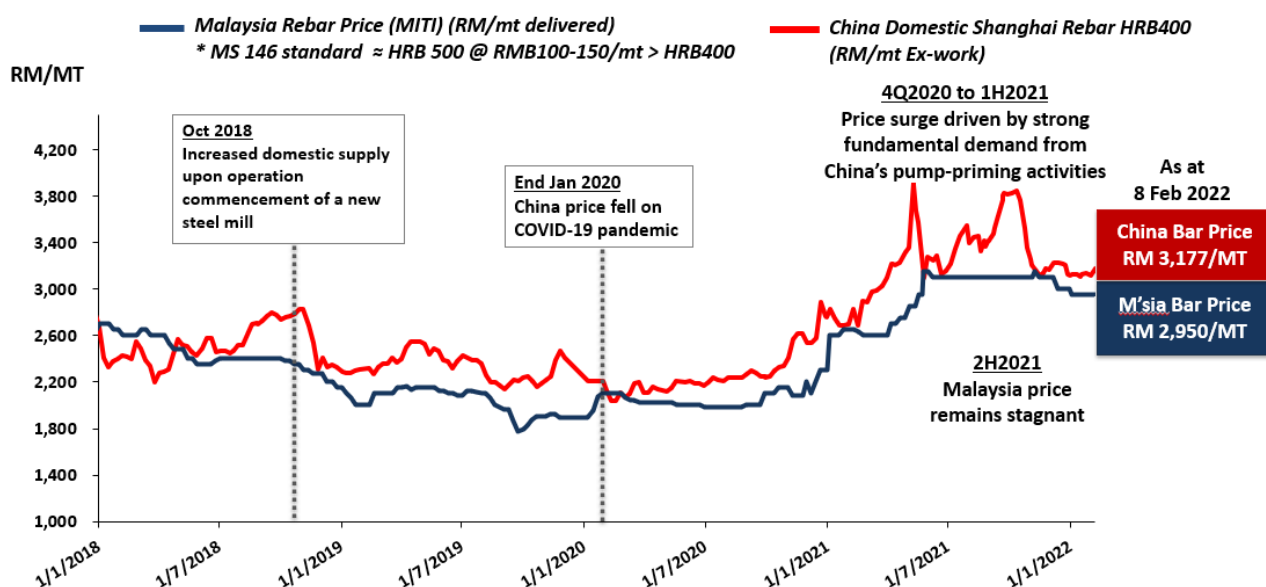
(Source: Bank Negara Malaysia Annual Report 2008 - Economic Developments in 2008 Page 28)

**Table 2: Movement of Natural Gas Tariff for Category L Users**

Period	1Q2021	2Q2021	3Q2021	4Q2021	2021
<b>Natural Gas tariff (RM/mmBtu)</b>	22.09	26.75	29.95	36.31	Up from RM22.09/mmBtu on 1 January 2021 to RM36.31/mmBtu on 31 December 2021
<b>% change</b>		21%	12%	21%	64%

**Graph 1: Domestic Steel Price Movement versus International Steel Price**

### MALAYSIA vs INTERNATIONAL STEEL PRICE (RM/MT)



(Source: Mysteel, MITI Weekly Bulletin)



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**Graph 2: Movement of Ferrous Scrap Price**



(Source: Platts, Steel Business Briefing)

**Graph 3: Movement of Iron Ore Prices**



(Source: Platts, Steel Business Briefing)

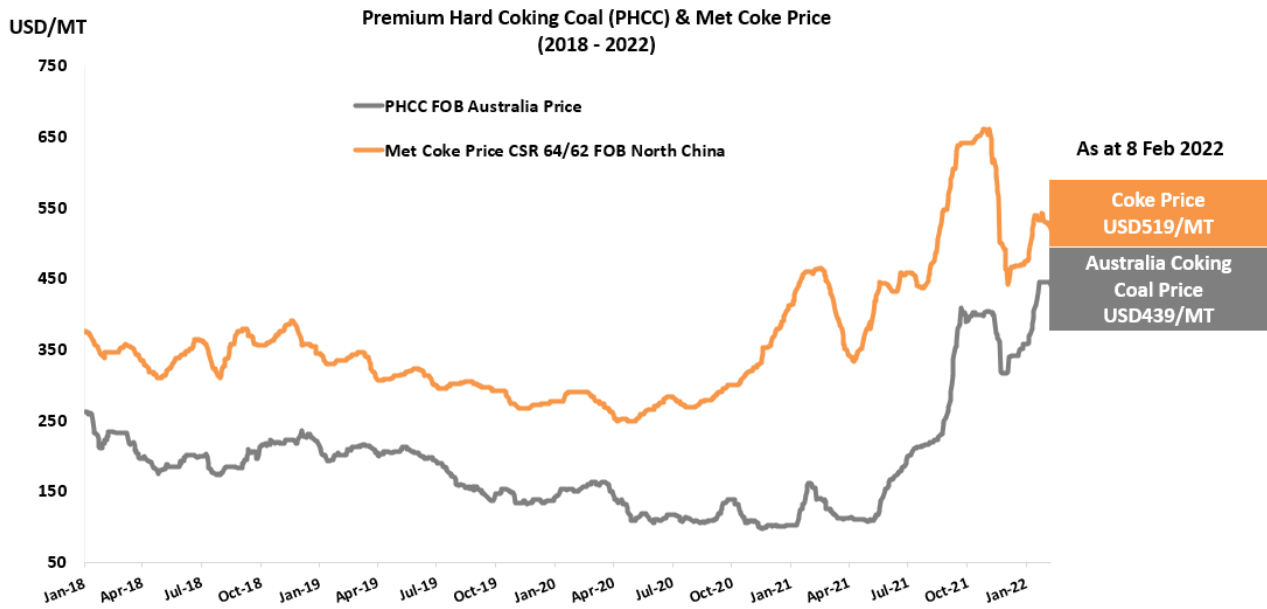


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**Graph 4: Movement of Premium Hard Coking Coal & Met Coke Prices**



(Source: Platts, Steel Business Briefing)