

 **KARACHI:** The prices of Iron ore and metallurgical coal (the two basic raw materials for Iron and Steel making) declined in international market, as reported by Platts magazine, on 29/5/2013. The prices of iron ore plummeted by US\$ 4.0/t in a single day.

There is a continuous downward trend in the iron ore prices in the International market. The 62% iron ore index dropped to US \$ 114.75 CFR North China on 30/05/2013 as compared to US \$ 134.0 a month ago i.e. on 30.04.2013. There is a decline of US\$ 19.25 per ton in one month.

The prices now are at the lowest level for almost 8-months. Similarly, the prices of Metallurgical Coal has declined from US\$ 147.0 per ton FOB, Australia to US\$ 137.5 per ton, a drop of US\$ 9.5 per ton.

The analysts believe that this is a high time the steel mills bought raw materials i.e. Iron Ore and Metallurgical Coal as the prices are at the lowest ebb. Keeping in view above statements Pakistan Steel Mills, because of delay in opening of Rs.3 billion L/C cannot avail the golded opportunity and save millions to Government Exchequer. NBP has always wholeheartedly supported PSM which is deeply appreciated.

Furthermore, it is stated that Pakistan Steel Mills has to pay Rs.310 million to KESC, Rs.510 million to SSGC for the bills of April, 2013. In addition to this 2-months salary has to be paid to the employees of Pakistan Steel Mills.

Moreover, it is imperative to mention here that if god forbidden Pakistan Steel Mills faces electricity and gas disconnection the mill will come to a complete halt and it will need a mammoth effort to regain the current production levels along with daily loss of Rs.70 million.

Therefore, it is in the best interest of Pakistan Steel Mills that the approved L/C of Rs.3 billion may be released immediately to avail the opportunity of favorable international market conditions and to save Pakistan Steel Mills from disastrous condition. Similarly, disconnection of gas, electricity and water should never be contemplated in view of its drastic effects worth billion lost on its already ageing plant/machines/production process.

Courtesy: BR