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## Stimulus plans - TATA steel Thailand upbeat on prospects

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The government's Thai Khemkhaeng "Invest for Strength" stimulus package has given steelmakers hope in a gloomy scenario, even encouraging major manufacturer TATA Steel Thailand to sell only in the domestic market next year.

Mr Santi Chankolrawee president of TATA Steel said the company will next year sell its steel only in the local market thanks to the stimulus plan which will increase demand for steel in the country.

He said that "The economic stimulus package of the government has boosted the confidence of steelmakers."

He said steel manufacturers are banking on the Thai Khemkhaeng project, especially the water resource development which is part of the package.

He said the steel industry in Thailand is expected to recover soon, which is reflected in the stable price of steel compared with the plunging price in 2008 after the financial crisis fully hit the global economy.

He said steel used to record its highest price at THB 36,000 per tonne before the global economy was hit by the financial crisis, after which it dropped steeply to THB 15,000 to THB 16,000. All steelmakers suffered inventory losses. He added that "However, the steel price currently is THB 20,000 per tonnes. We expect this trend for the next one to two years."

Most of TATA Steel's revenue comes from the domestic market, accounting for about 90% and the rest from exports. The company prefers domestic sales to exports because of higher margin. However, the country's economic slowdown had forced the company to diversify risk by exporting to overseas markets.

The company expressed confidence in its revenue for fiscal year April 2009 to March 2010, with expectations of a net profit even though it recorded a net loss of THB 167.89 million in its first quarter ended June 2009.

TATA Steel (Thailand) predicts revenue for the fiscal year 2009 will reach THB 20 billion.

(Sourced from [www.nationmultimedia.com](http://www.nationmultimedia.com))

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