

CHAIRMAN'S REPORT 2008-2009

STATE OF TRADE

This has been another year of survival mode for the steel industry. The repercussions of last year's crash have still not worked their way through the system. Many traders and stockists are still working through high price stock positions taking big hits every time they sell. It has been one of the most difficult years for all involved in the international steel trade. Steel production is down by as much as 40 – 50% in many countries and in some major producing countries, such as China, undisciplined production, where the production is more than underlying demand, has kept any sustained recovery at bay. There has been a continuation of small peaks and troughs throughout the year. My fear is that the longer this goes on the more and more casualties from amongst us will materialize. Bank finance has been difficult to obtain and credit insurers have been reducing or withdrawing cover. Business remains difficult but there are, hopefully, signs that a sustainable improvement in the steel industry is beginning to take place.

It is against this background that I present this report on ISTA's performance over the past year.

MEMBERSHIP

As at 30th September 2009, the end of the Association's financial year, membership stood at 93 (91 in the previous year). Some information on individual members appears in our handbook (issued at the time of the Annual Lunch) and on our website, www.steeltrade.co.uk.

TRADE ISSUES

A number of members were concerned at the way in which from autumn 2008 credit insurers reduced or even withdrew cover on members and on their customers often with little advance notice. A meeting was held at the offices of Euler Hermes in April 2009 at which they explained why insurers were acting in this way and how members concerned might assist, particularly by providing up-to-date financial information. ISTA remained concerned that there appeared to be a broad-brush withdrawal of cover by the main credit insurers – Euler Hermes, Atradius and Coface - from across the steel and construction sectors, with little apparent regard for long-standing commercial relationships and the strength of individual companies. When cover was available the premium charged was generally significantly higher than last year.

MEETING WITH GOVERNMENT & TRADE ORGANISATIONS

On 19th March 2009 ISTA held a bi-annual meeting with the Trade Department – now called BIS (Dept. of Business Innovation & Skills), formerly the Dept. of Business, Enterprise and Regulatory Reform. ISTA representatives reported on the state of the trade. BIS officials gave an up-date on EU anti-dumping measures; and advised that the Import Licence Branch at Billingham was being cut back because of a fall-off in non-steel licences.

ISTA continues to hold twice-yearly meetings with the National Association of Steel Stockholders. Our Director attended the Annual meeting of the Confederation of International Trading Houses Associations held in Basel in October. We maintain contact with the European Commission: last November ISTA gave another presentation to the 133 Steel Committee (now reorganised as the 133 STIS – Steel, Textiles & Industrial Sectors – Committee).

TRAINING & PRESENTATIONS

We held another successful Import Procedures & Processes course in October 2009. Moneycorp arranged a Foreign Exchange presentation on 31st March 2009. Ince & Co gave a presentation on legal issues on 1st July and Euler Hermes addressed members on credit insurance. No doubt a reflection of the times, two courses (on chartering and an Import Procedures course) were cancelled this year for lack of support. For the same reason, no mill visits were undertaken.

YOUNG ISTA

Geoff Arnold and Richard Shelley (Metalloyd Ltd) arranged the third Young ISTA networking event on 26th February 2009. It received welcome support from Metal Bulletin. It was attended by some 60 representatives of both ISTA trading companies and others from across the metals sector and supporting service industries.

PRESIDENT'S AWARD

The Winners of this year's President's Awards - trading and logistics - will be guests of the Association at Metal Bulletin's prestigious Steel Strategies Conference in New York in 2010. The interview panel comprised the President, Chairman and Director. They were impressed by the calibre of all entrants but particularly of the winners: Mr Enrico Glausch (Trading) (Coutinho & Ferrostaal GmbH) and Mr Jamie Jeffrey (Logistics) (Metalloyd Ltd). Presentations will be made to them by Mr Tony Singer, President, at the Annual Lunch on 4th December 2009.

ANNUAL LUNCH 2008

Another well-attended Annual Lunch was held at The Brewery in the City of London in December. Our chief guest was Mr Scott MacDonald, Divisional Director, Corus. Mr John Culshaw (Deadringers) was our guest entertainer. The sum of £6,170 was collected for the Chairman's Charity, Help for Heroes. Metal Bulletin, who assisted ISTA, donated a set of golf clubs for a raffle. We are all grateful to our sponsors for their support.

SUMMER EVENT 2009

I am pleased to record my appreciation to the Association's Deputy Chairman, Toby Gladstone, Stemcor, for arrangements made for our enjoyable summer event. This was an evening cruise on the Silver Barracuda on the River Thames on 1st July. ISTA is grateful to Metal Bulletin for their sponsorship for this event.

SCHOLARSHIP

Guided by a sub-committee comprising Jeff Kabel, Sara Davies and Alan Fowle, the Executive Committee has appointed Ms Laura Hare for a scholarship of £5000 p.a. for the duration of her materials and nuclear engineering course at Imperial College, London. The scholarship has been arranged under the Ironmongers' Company's University Scholarship Scheme.

In concluding this report, I would like to thank my colleagues on the Executive Committee and our Director, Hugh Bailey, for their support during this very difficult year.

Mel Wilde
Chairman
November 2009