Latin America received 2mt of finished steel from China

Latin American Steel Association – Alacero announced that Latin America received 2 million tonnes of finished steel from China at a total value of USD 1,337 million. This implies an average price of USD 659 per tonne.

According to the information provided by the Chinese Customs Authority, in the same period, China sent to the rest of the world (ex Latin America) 19.8 million tonnes at a value of USD 14,030 million, resulting in an average price of USD 708 per tonne. Consequently, Latin America received finished steel from China at an average price 7% lower than the rest of the world.

The commercial behavior of the Chinese companies decreasing prices and rising volume remains the main risk to the productive and financial activity of the regional steel industry. Many of these operations involve unfair trading conditions, as reflected in the increasing number dumping investigations that are underway in Latin America (25 in process and 41 effective).

During the first nine months of 2014, Central America was one of the most affected destinations. It ranks as the third largest port of entry of the region and received products at an average price of USD 580, 20% below the rest of the world and 13% below the Latin American average. Peru, Ecuador, Colombia and Chile also recorded particularly low average prices. On the other hand, Argentina, Cuba and Venezuela (although with reduced import volume) are receiving finished steel from China at a significantly higher price

than that observed for Latin America and the rest of the world.

The evolution in volume of the Chinese exports since the Q1 of 2013. It describes that until the period July to September 2014, Chinese exports to Latin America accumulated volume increase 113%, despite a slight decrease between the Q2 and Q3 of this year. In the same period exports to the world increased by a less significant proportion (70%). While in the same interval, the average price for the rest of the world registered a drop of 10%, in the case of Latin America price decrease deepened to 14%, maintaining a downward trend.

The deepening and steady growth of this trend was considered and debated during the Latin American Steel Congress, Alacero-55, that took place in Mexico City last November. China as a major producer and exporter of steel in the world as well as its strong weight in the global overcapacity problem, were among the central topics of the Congress.

According to WTO guidelines, In face of the great harm that the Chinese unfair trade practices cause to Latin America (in terms of losses of local jobs and disincentives to investment), the leaders of the regional industry reiterated their call to local governments to work fast and decisively to assure a level playing field.

Among finished steel imports to the region from China, flat products concentrated 67% of the total, long products, 27% and seamless pipes, 7%. Between January to September 2014, 4 million tonnes of flat products arrived from China to Latin America at a price 18% lower than that recorded for the rest of the world. Brazil and Chile (the two largest importers of Chinese steel) registered prices 14% and 19% lower than the rest of the world, respectively. On the other hand, among the markets in the region, only in Argentina (though with low volume) shows prices above the average: USD 826 per tonne. Ecuador and Peru registered average prices of USD 595 and USD 605 per tonne respectively, the lowest of the region.

Long products market describes a different situation. During the first nine months of 2014, Chinese exports to Latin America of these products (27% of the steel received from the Asian giant) recorded an average price per tonne of USD 571, slightly higher (2%) than that observed for the rest of the world. In Brazil, the most important importer of the region, average price was 15% higher than for the rest of the world.

Latin America receives seamless pipes from China at an average price per ton of USD 1,247, down 5% than the rest of the world. But in the case of Brazil, this ratio is reversed, since seamless pipes are arriving at an average price 19% above the world mean.

POSCO gets $ 400 million contract from Oman steel plant

POSCO Engineering & Construction, a unit of South Korean steelmaker POSCO has won USD 400 million contract from Oman based Sun Metals to build a steelmaking and rolling mill plant at Sur industrial complex in the north east of the sultanate.

A statement from POSCO E&C said that the plant will have a capacity to manufacture 2.5 million tonnes of billet, steel bar and special steel. Work will soon start on the project and is likely to be completed by the middle of 2016.

Mr. Hwang Tae Hyun CEO of POSCO said after signing the contract with Mr. Sivarajan, the director of Sun Metals that "The project will be carried out with the support of the Oman government."

POSCO ENGINEERING

Mr. Tae Hyun said that POSCO E&C is the world's only construction company that can carry out the whole construction process of an integrated steelmaking and rolling mill under Pepcom (project execution en bloc throughout the entire project cycle, including project planning, engineering, procurement, construction and operation and maintenance).

He said that this entire project in Oman will be undertaken under Pepcom arrangement, which is one step more advanced from simple EPS.