

## Brazil's Steel Production Falls 4%, But Export Revenues Grow 26%

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The Brazilian ironworks industry should have 26.4% greater export revenues in 2005 than in 2004, according to estimates by the Brazilian Ironworks Institute (IBS, Instituto Brasileiro de Siderurgia).

The sector hopes to have revenues of US\$ 6.7 billion with foreign sales up to the end of 2005. The volume of products shipped abroad should also grow, around 5%, and reach 12.6 million tons.

The greater growth in revenues than in export volume, according to the IBS, is due to the export of greater volumes of finished products, and lower exports of semi-finished products. Brazilian ironworks revenues on the foreign market should be record this year.

Next year the sector hopes to grow even more, to around 13 million tons. The world consumption should expand between 4% and 5%, pulled by China. The growth in consumption by the Chinese may rise as high as 10%. Revenues with foreign sales, however, should drop. The IBS believes there may be an international reduction in the price of steel.

"The behavior of foreign steel prices is a great worry to Brazilian ironworks due to the downwards tendency, caused largely by the behavior of China, which has gone from being a steel importer to a steel exporter," stated the president at the IBS, Luiz André Rico.

Brazilian ironworks production should drop 4.1% this year when compared to 2004, according to the IBS, and should reach 31.6 million tons.

Figures supplied by the institution show that there has been a reduction in consumption on the domestic market, mainly in civil construction. The president of the IBS, however, is optimistic with regard to 2006. He believes that production should grow 4.1%.

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