

Steel Production Grows 7% in Brazil, But Exports Fall 10%

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Raw steel production in Brazil grew 6.9% in the first half this year over the same period last year, totaling 17.44 million tons. Steel products output increased 3.3%, and semi-finished products, 21.9%.

According to the president at the Brazilian Steel Institute (IBS), Flávio Azevedo, more than 80% of the sector's production went to the three major consumer segments of the steel production chain: civil construction, automobile industry, and the capital goods industry.

The export volume decreased 10.3%. Foreign sales totaled 5.05 million tons in the first half, with a surplus of US\$ 3.66 billion. Azevedo explained that the reduction resulted from greater production and higher domestic sales.

"A significant share of products that are usually exported by national steel industries were destined to the domestic market, in which these three segments are generating strong demand," he asserted.

Imports, on the other hand, saw a 58.8% increase in volume in the first half, having reached 1.05 million tons. The figure represents growth of 77.8% in terms of imported value.

A significant share of the sector's imports is comprised of steel tracks, which are not manufactured in Brazil, according to Azevedo. Another part of the production is kept in stock in order to prevent shortage in the domestic market.

Raw steel production in the whole of 2008 should total to 36.27 million tons, growth of 7.4% in comparison with last year. Regarding domestic sales, the president at the IBS forecasts a 12.5% expansion this year, with a total of 23.12 million tons.

Exports should rise by 2.1% in comparison with the volume shipped in 2007 (10.31 million tons). In terms of value, however, the IBS projects an expansion of 16.7% for this year, to reach US\$ 7.7 billion.

Azevedo informed that steel prices in the international market are on the rise. "And prices are going up in Brazil as well, because inputs are appreciating. Iron ore has risen from 60% to 90%, depending on quality. Petroleum coke has appreciated by more than 200%," he stated.

Azevedo claimed that the outlook is positive for the second half of 2008, as well as for next year. "There will be no lack of steel consumers next year, and there will be no shortage of laminates or steel next year."

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