

Alacero's Board: Economic recovery to be expect in 2017 and 2018, strengthening steel demand

Alacero - Santiago, Chile, May 24, 2017. On Tuesday, May 17, the semi-annual meeting of Alacero was held in the city of Bogotá, Colombia, which was presided over by Jefferson de Paula, President of Alacero, and had a wide participation of the members of the Board.

On this occasion, the topics dealt on the agenda were, on the one hand, the global and regional economic and steelmaking scenario, and on the other, issues related to further strengthening the presence and public participation of Alacero.

At the end of the meeting, Ms. Imelda Restrepo de Mitchell of the National Association of Entrepreneurs of Colombia participated with a presentation on "Colombia's economic situation in the Latin American and World context."

Regarding industry issues, it was stress that the world economy changed (Brexit, Trump, etc.) with strong orientations towards protectionism and the weakening of globalization. The growing debt of countries, fiscal weakness and the new monetary policy, the volatility of exchange rates, etc. were also mention.

It is estimated that the global economy will grow by 3.3% in 2017 and 3.6% in 2018. Latin America, meanwhile, returns to the path of growth (modest but positive) with 1.1 % in this year and 2.0% in 2018.

With regard to the steel market, we discussed the latest forecast of worldsteel demand, which estimates a total of 1,531 million tons (Mt) for 2017, 1.3% above 2016; And 1,548 Mt for 2018, 0.9% compared to 2017.

For Latin America, the estimated growth of steel demand is 2.5% for 2017 with 65 Mt and 3.9% for 2018 with 69 Mt, underpinned by a better economic performance of the countries of the region.

It was also discussed the problem of overcapacity, which remains the main challenge facing the industry and where China is at the center of the problem. Information was also updated on the limited progress of the G20 Global Forum on Excess Capacity.

It was reported that the countries of the region continue to face imports under conditions of unfair trade, mainly against Chinese steel products. There are currently 59 actions in force, 37 against China and 14 actions in progress, of which 12 are against China.

Among the topics to be develop in the following months, are the steel value chain in the face of the challenge of protectionism and the Chinese threat, WTO negotiations on the concept of China non-market economy and the identification of subsidies from the Chinese government to their industries.

In summary, the global and regional economic scenario has been improving and everything indicates that 2017 and 2018 will be years of better growth than the recent ones. This is favorable for the steel demand, but it is estimate that the market will continue to be affected by overcapacity, Chinese exports and the volatility in prices and profitability.

With the issues related to Alacero, the Report of Work of 2016 was presented, which details the general activities of the organization, as well as that of its respective work committees.

A meeting was also held with the Regional Secretaries to coordinate and strengthen the work between the national chambers and Alacero.

Within the strategy of continuing to strengthen the activities and projection of our organization, the Board approved to transfer the headquarters of the association located in the city of Santiago de Chile to the city of Sao Paulo, Brazil. This is expected to meet several objectives, such as the presence in the main steel market of the region, located in a world-class industrial center that will allow to intensify work with the industry value chain and be located in a strong impact center and media coverage. This will be done during the year and it is estimated that by the beginning of 2018 this transfer has already taken place.

Finally, the advances for the next Conference of Alacero was presented, this event is to be held in the city of Cancun, Mexico from 6 to 8 November, with the title: Latin America and its Iron and Steel Industry in a New World.

The conference program highlights topics such as “Steel and the Fourth Industrial Revolution”, “Latin America in the face of the New World Economic and Political Order”, “the New Challenge of the Value Chain: China Manufacturing 2025”, “The Circular Economy and The Steel” and the “Global, Regional and Mexican Steel Market”.

We took the opportunity to invite all our readers to Alacero-58 in Cancun, Mexico.

About Alacero

Alacero –the Latin American Steel Association– is the organization that brings together the Steel Value Chain of Latin America to promote the values of regional integration, technological innovation, corporate responsibility, excellence in human resources, safe working environments, and social and environmental sustainability. Founded in 1959, Alacero is formed by 49 companies in 12 countries of Latin America, whose production of about 70 million annual tons. Alacero is a Special Consulting Organization to the United Nations and is recognized as International Non-Government Organization by the Republic of Chile, host country of Alacero’s headquarters.

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