

Latin America: During the 1st semester of the year, China's exports grew up 13% in volume and 35% higher in its average price

- > 3.8 million tons shipped to Latin America
- > 13% increase in volume
- > 35% grew in the average price value

Alacero - Santiago, Chile, August 04th, 2017. During the first semester of the year, China exported to the world 39.6 million tons (Mt) of steel, which 36.4 Mt were finished steel and 3.2 Mt of steel-derivatives products. This volume is 29% less than recorded in January-June 2016, with 55.9 Mt.

Meanwhile Chinese steel exports to the world declined, Latin America received 3.8 Mt of steel, growing 13% versus Jan-Jun 2016 (3.4 Mt). Of that total 3.4 Mt were finished steel and 415 thousands tons of steel-derivatives products.

The main destination for China in the region were, Central America with 782 thousands tons (11% lower than Jan-Jun 2016), Chile 712 thousands tons (33% up), Peru 546 thousands tons (211% more) and Brazil with 466 thousands tons (75% more).

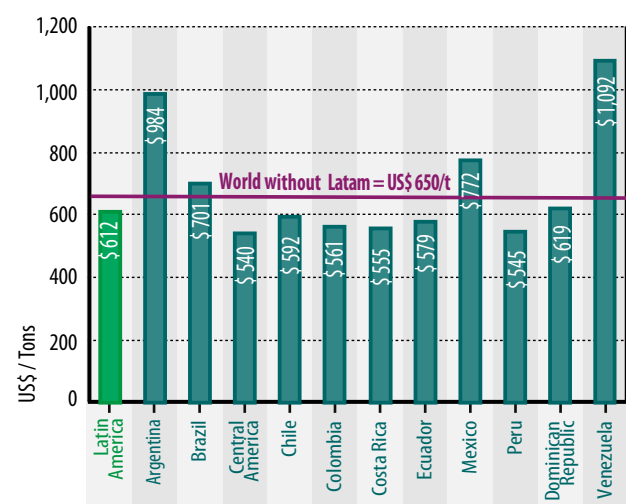
Average price: Chinese exports to the world and to the region

During the first six months of the year, the volume received by the region from China corresponds to a value of US \$ 2,334 million, equivalent to an average price of US\$ 612 per ton, 35% higher versus same semester of 2016 (US\$ 453 per ton). For its part, Chinese steel exported to the world (excluding Latin America) was to a value of US\$ 23,285 million with an average price of US\$ 650 per ton.

Several countries in the region face significantly lower import prices than the rest of the world, as is the case of Central America (with an average price of US\$ 540/ton, 17% below the average for the rest of the world), Peru (US\$ 545/ton and 16% lower), Costa Rica (US\$ 555/ton, 15% less), Colombia (US\$ 561/t, 14% lower) and Chile (US\$ 592/t 9% less).

GRAPH 01

FINISHED STEEL: AVERAGE PRICE OF CHINESE EXPORTS TO LATIN AMERICA, JAN/JUN 2017



Source: Alacero based on GTA/Chinese Customs data

Quarterly analysis of Chinese exports

Figure 02 shows, since 1°Q 2014 to 2°Q 2017, the movement in the volume and price of Chinese steel (finished + derivatives) exported to Latin America and the rest of the world.

It can be seen until the second quarter of the year, the average prices of Chinese exports to Latin America decreased by 6% compared to the 1°Q 2014, while those applied to the rest of the world did 10%. Meanwhile, volumes shipped by China to Latin America were 8% below, while for the the rest of the world these have increased by 12%.

The Graph 03 shows the evolution average price per quarter that steel exports (finished + derivatives) have experienced from China. It can be observed that during the first quarter of 2016 the lowest value was reached, while for the following semesters there is a recovery in average prices in Latin America and the rest of the world.

Also, it's observed since the second quarter of 2016, the average price of China's exports to Latin America are below the value of the rest of the world.

Flat products to Latin America

During Jan-Jun 2016, China shipped to Latin America 2.6 Mt of flat products, concentrated 67% of the steel exports, 45% more than Jan-Jun 2016.

Chinese flat steel imports to the region were an average price 8% price than for the rest of the world, US\$ 615/t. However, its value has increased 29% compared to Jan-Jun 2016 which was US \$ 476/t, while the price faced by the rest of the world (excluding Latam) increased 42% in the same period, registering US\$ 672/t.

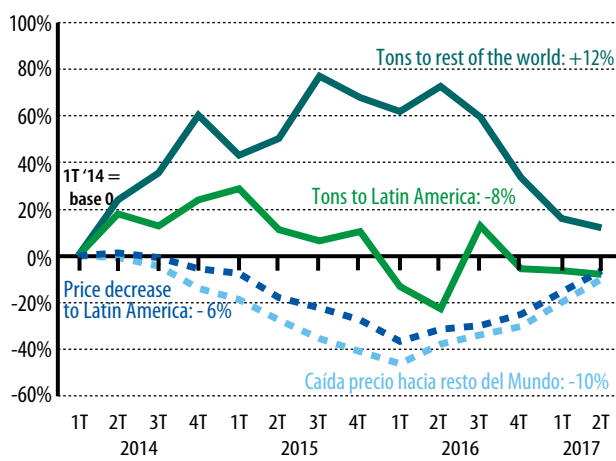
Chile, Central America and Brazil, were the three largest importers of flat steel from China receiving 582 thousand, 466 thousand and 393 thousand tons respectively.

GRAPH 02

FINISHED STEEL: EVOLUTION OF CHINESE EXPORTS TO LATIN AMERICA AND R-O-W

Volume (tons) and price per ton (US\$/ton) – Variations vs 1Q 2014

Legend:
■ Latin America - Tons
■ Latin America - US\$/Tons
■ World without Latam - Tons
■ World without Latam - US\$/Tons

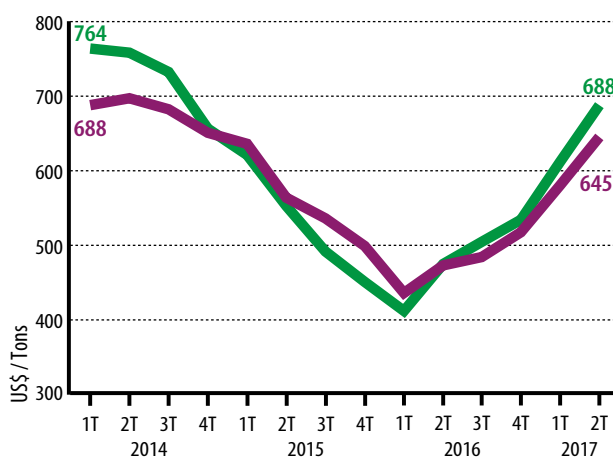


Source: Alacero based on GTA/Chinese Customs data

GRAPH 03

AVERAGE PRICE EVOLUTION OF CHINESE STEEL EXPORTS TO LATIN AMERICA AND THE REST OF THE WORLD

Legend:
■ Latin America
■ World without Latin America



Source: Alacero based on GTA/Chinese Customs data

For their part, the following countries have presented lower prices than for the rest of the world: Peru (-19%, US\$ 543/t), Colombia (-16%, US\$ 565/t), Costa Rica (-15% with US\$ 568/t) and Ecuador (-15%, with US\$ 571/t). While Venezuela, Argentina, Paraguay and Mexico are the only destinations that face a higher value than for the rest of the world. (See Chart 04)

During the first semester of 2017, other alloyed steel sheets and coils (765 thousand tons) and hot dip galvanized sheet (634 thousand tons) were the most significant exports from China to the region, showing a drop of 110% and 51% compared to Jan-Jun 2016, respectively.

Long products, seamless tubes and steel derivatives to Latin America

In the same period, exports of long products from China to Latin America reached 719 thousand tons, 19% of total steel (finished + derivate) received from that country.

The average price was US\$ 491 per ton, 1% higher than the one observed for the rest of the world (US\$ 485/t) and 47% higher than Jan-Jun 2016 (US\$ 355/t).

Central America, the largest importer of Chinese long steel in the region (216 thousand tons), registered an average price of US\$ 42 per ton, 13% lower than r-o-w and 39% higher than Jan-Jun 2016 (US\$ 301 per ton).

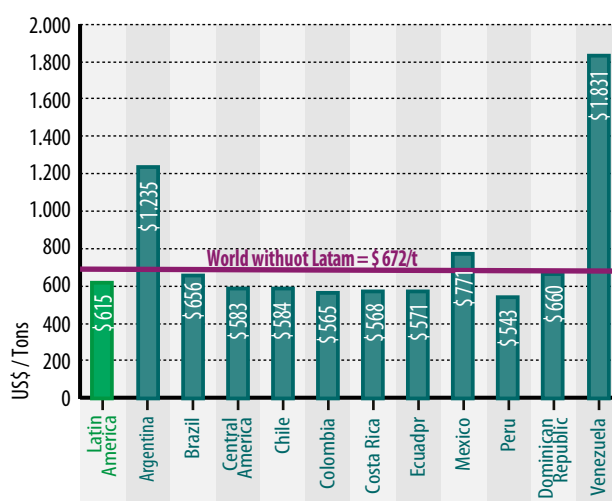
Wire rod (369 thousand tons) fell 13% compared to Jan-Jun 2016, while imports of Chinese bars (278 thousand tons) were 63% lower.

The main product imported in the period was bars (1.4 Mt), decreasing 12% and wire rod (938 thousand tons), 28% less than 2015.

Seamless pipes during Jan-Jun 2017 counted for 3% of total steel (finished + derivate) shipments from China to the region, a volume of 128 thousand tons (18% drop y-o-y). The average price faced by Latin America was US\$ 866 per ton, 18% lower than for the rest of the world (US\$ 1,053/ t). See Table 01.

GRAPH 04

AVERAGE PRICE OF FLAT STEEL CHINESE EXPORTS TO LATIN AMERICA, JAN/JUN 2017



Source: Alacero based on GTA/Chinese Customs data

CHART 01

MAIN REGIONAL DESTINATIONS: AVERAGE IMPORT PRICE PER TON (US\$) JANUARY/JUN 2017

Destiny	(US\$/ton)			
	Flat	Long	Seamless pipes	Derivate steel
World				
without Latam	665	485	1,041	846
Latin America	615	491	866	725
Argentina	1,235	814	1,542	1,070
Brazil	656	690	2,390	1,100
Central America	583	420	752	593
Chile	584	556	712	649
Colombia	565	450	748	734
Ecuador	571	468	751	814
Mexico	771	579	1,550	968
Peru	543	485	670	652
Dominican Rep.	660	415	861	622
Venezuela	1,831	515	784	863

Source: Alacero based on GTA/Chinese Customs data

Finally, the share of the steel-derivatives products is 11% of the total exports of Chinese steel to the region during Jan-Jun 2017, with a volume of 415 thousand tons (342 thousand tons correspond to seamless pipes and 73 thousand tons of wire). This volume was 7% lower than received versus Jan-Jun 2016.

Latin America is the top destination for Chinese exports of these products. The average price of steel-derivatives products in those months was US\$ 725 per ton, 16% lower than observed for r-o-w with US\$ 863 per ton and 18% more than level recorded in Jan-Jun 2016 (US\$ 617/t).

> Glossary

Finished steel: Refers to steel included in one of these 3 groups: Long products (e.g.: reinforcing bars, bars, wire rod, light sections, heavy sections, rails), flat steel (e.g.: sheets and coils, coated sheets, pre-painted, stainless steel, chrome-plate sheets, hot dip galvanized sheet etc.) and seamless tubes.

Steel- derivatives products: Refers to the products that come from finished steel (welded tubes being the most significant item).

Central America: Considers Guatemala, Belize, Honduras, El Salvador, Nicaragua, Costa Rica and Panama.

Ton: A unit of weight or volume of sea cargo, equal to a metric ton (1,000 kg).

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.

–

Contact

comunicaciones@alacero.org

(56-2) 2233-0545, ext. 23