

## 2018: Expected strengthening of economic activity and steel demand in Latin American countries

Alacero - Cancun, Mexico, November 08th, 2017. After two days of interesting presentations, yesterday finished a new edition of the Latin American Steel Conference, Alacero-58 & ExpoAlacero 2017 bringing together more than 500 representatives of the Latin American steel value chain and from other regions.

During the event, prominent analysts and industry representatives spoke about the Latin America and world economic scenario. After 4 years of deceleration and crisis, the situation is reversing, in part due to Argentina and Brazil, better world trade conditions, the recovery of commodities and global growth.

According to the latest International Monetary Fund forecast, the region growth will be 1.2% for this year and 1.9% for 2018. Likewise, steel drivers in the region, such as industrial production, will be in line with economic expectations, averaging positive values for the first time since 2013.

A similar situation is experienced by the world steel industry: the latest estimates submitted by worldsteel show us a strong growth in world steel consumption for this year (+ 7.0% vs. 2016), reaching 1,622 million tons (Mt). It is explained by China's strong growth, which will consume 765.7 Mt in 2017, recording an increase of 12.4% vs. 2016. The United States and Canada, together, will end 2017 with a finished steel consumption of 111, 8 Mt, 4.7% more than in 2016. In the same way, the European Union (28) will grow 2.5%, reaching 162.1 Mt.

Another issue mentioned during Alacero-58 was Chinese exports to Latin America. An increase of 11% (8.5 Mt) is expected for 2018. In this way, imports have an increasing participation in Latin American consumption, which are mostly under unfair trade conditions causing serious damage in local industry. The Latin American industry has reacted, working with the respective governments, by using the instruments allowed by the World Trade Organization to counteract this situation that undermines the competition and the development of the countries.

Latin America will consume 67.2 Mt in 2017 (3.7% more than in 2016). Additionally, the expectations for 2018 are encouraging. The main markets of the region expect to grow in steel consumption; Mexico, Brazil, Argentina and Colombia predict increases of 3.0%, 7.0%, 5.3% and 4.0%, respectively in 2018. Overall, Latin America projects a growth of 4.0% vs. 2017.

Alacero reflected on the need to deepen economic reforms in the countries of the region, promote investments to grow faster and more sustainably, allowing Latin America to have a more dynamic steel demand.

As part of its closing ceremony, Alacero announced the formation of its Board of Directors and Executive Committee for 2018 period. The Executive Committee is composed by:

- President: Jefferson De Paula
- 1st Vice-president: Martín Berardi
- Secretary: Fernando Reitich
- Treasurer: Carlos Arturo Zuluaga
- Directors: Raúl Gutiérrez Muguera, Alexandre de Campos Lyra, Guilherme C. Gerdau Johannpeter and Máximo Vedoya

At the institutional level, the activities announced in last Alacero's Board meeting, held last May in Bogota, will be continued with respect to opening a similar office to the Santiago headquarter in the city of Sao Paul. These activities will continue in the coming months.

With this decision, it is estimated to meet several objectives, such as presence in a mayor region steel market, be located in a world-class industrial hub that will allow to intensify the work with the value chain of the industry, and be located in a center of a strong media coverage.

It was also announced that the next Alacero-59 Conference will be held in the city of Cartagena de Indias, Colombia, in November 2018.

### **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, whose production –of about 70 million annual tons– represents 95% of the steel manufactured in the region. 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