

**DIRECTORATE FOR SCIENCE, TECHNOLOGY AND INDUSTRY
STEEL COMMITTEE**

LATIN AMERICAN STEEL INDUSTRY

17 May 2007

Presentation by Mr. Luis Sotomayor, ILAFA. Steel Committee meeting on 17 May 2007, Istanbul, Turkey.

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Outlook 2006-2008



- **Macroeconomic facts:**

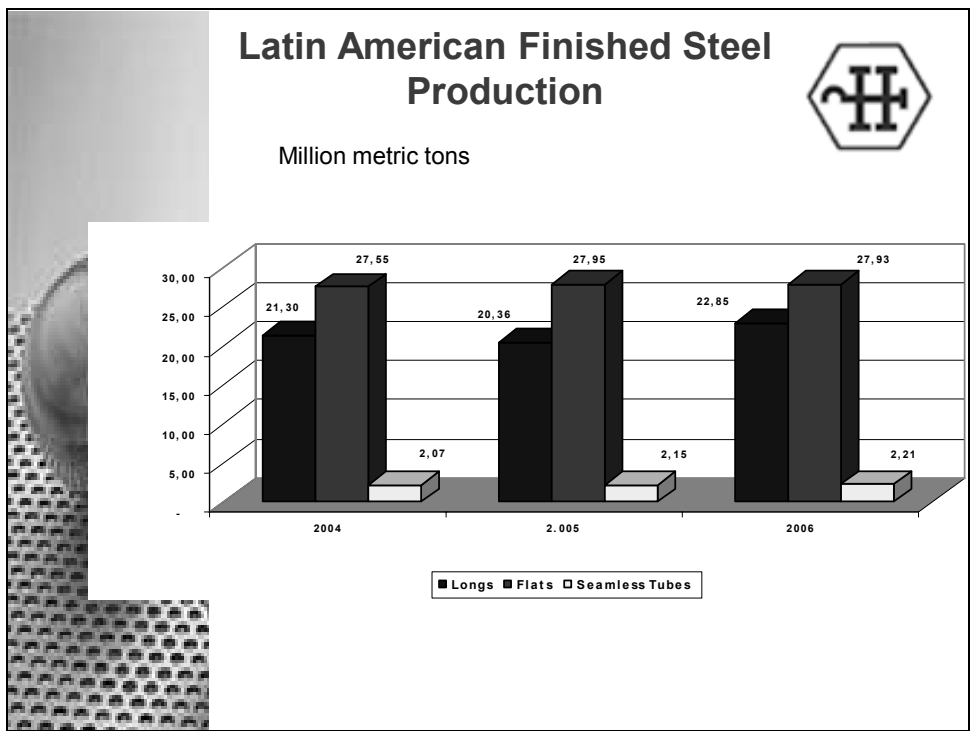
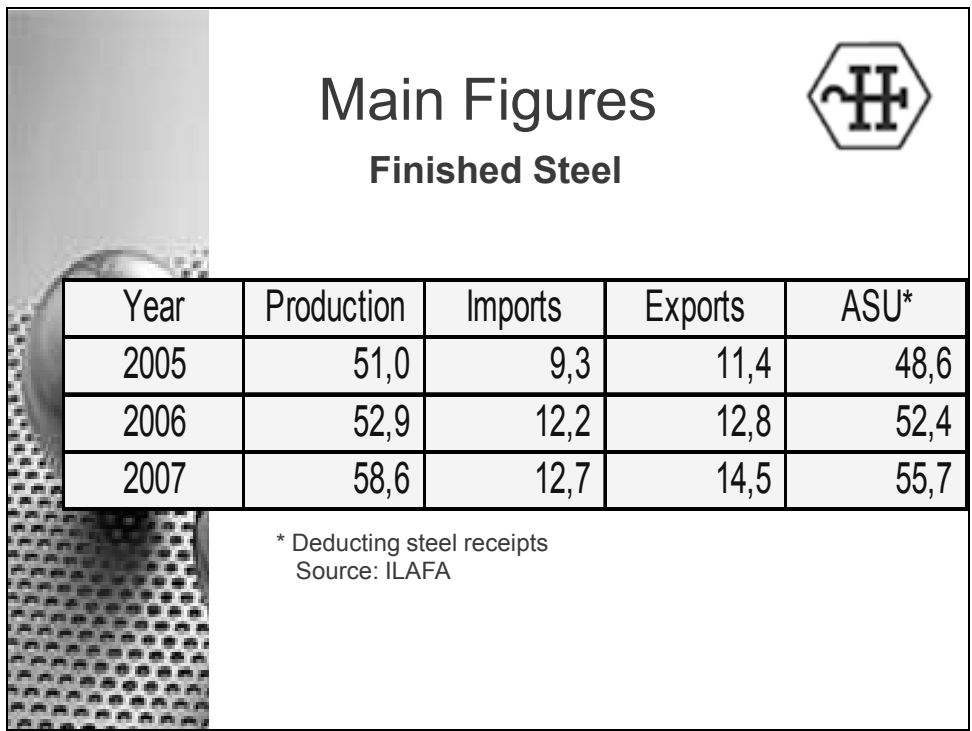
General Economic Indicators (% yoy)	2006	2007 (e)	2008 (f)
Gross Domestic Product (GDP)	5.3	4.8	4.1
Industrial Production (IP)	5.5	5.5	4.9
Capital Formation:			
Equipment and Machinery	5.0	11.0	5.7
Construction	5.7	6.3	4.8
Imports	15.1	12.2	9.4
Exports	8.4	8.3	7.4

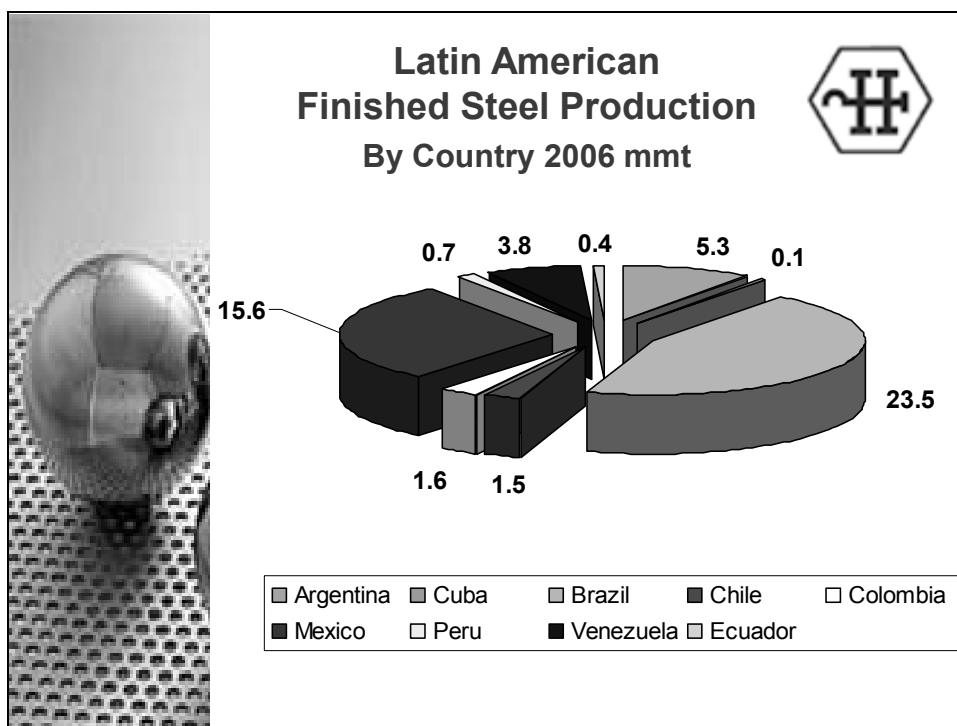
Source: ECLAC

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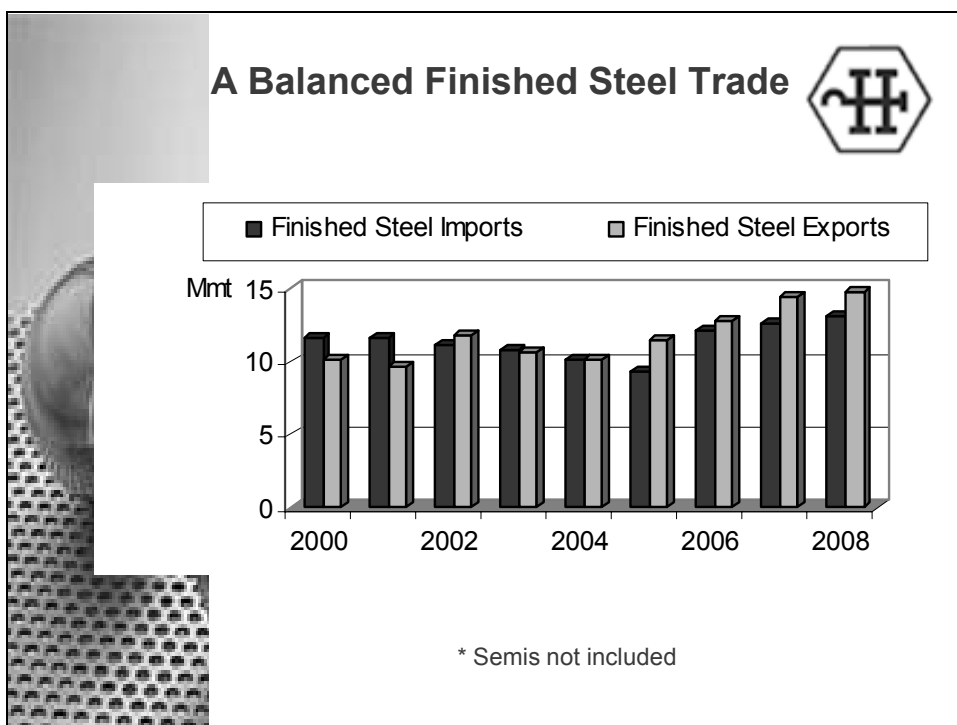
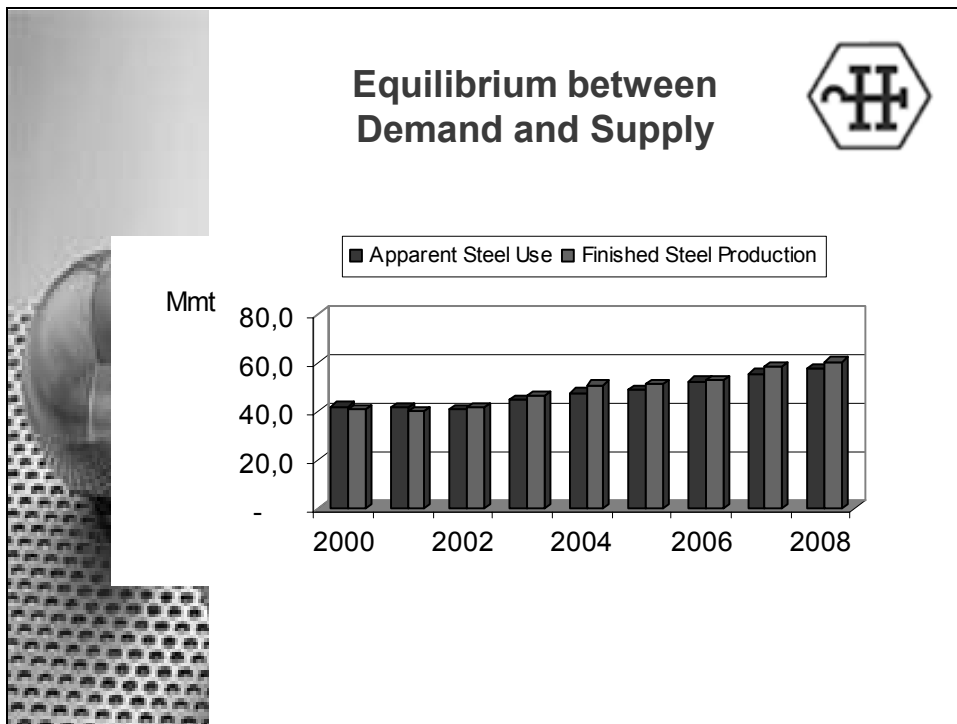
- I. Macroeconomic Facts
- **II. The Latin American Steel Industry**







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A Competitive Industry




- ILAFA members WTO
- Natural Resources
- Environment
- Modernization

Latin American Steel Industry Consolidation




Rank	Company	MMt	Share	Accum.
1	Arcelor Mittal	17.5	28%	28%
2	Ternium	9.8	16%	43%
3	Usiminas-Cosipa	8.7	14%	57%
4	Gerdau Group	8.2	13%	70%
5	CSN	5.1	8%	78%
	Others	13.4	22%	100%
Total Latin America		63		


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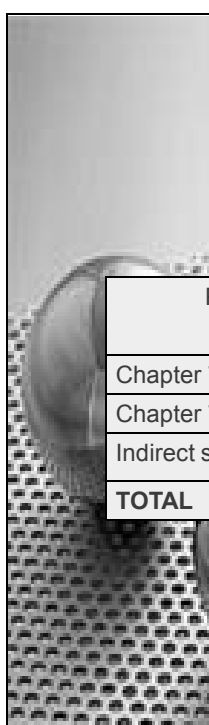
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- **V. Concerns**




Concerns



- ILAFA members do not receive subsidies
- Latin America cannot compete with unfair trade
- Growing Chinese exports to the region



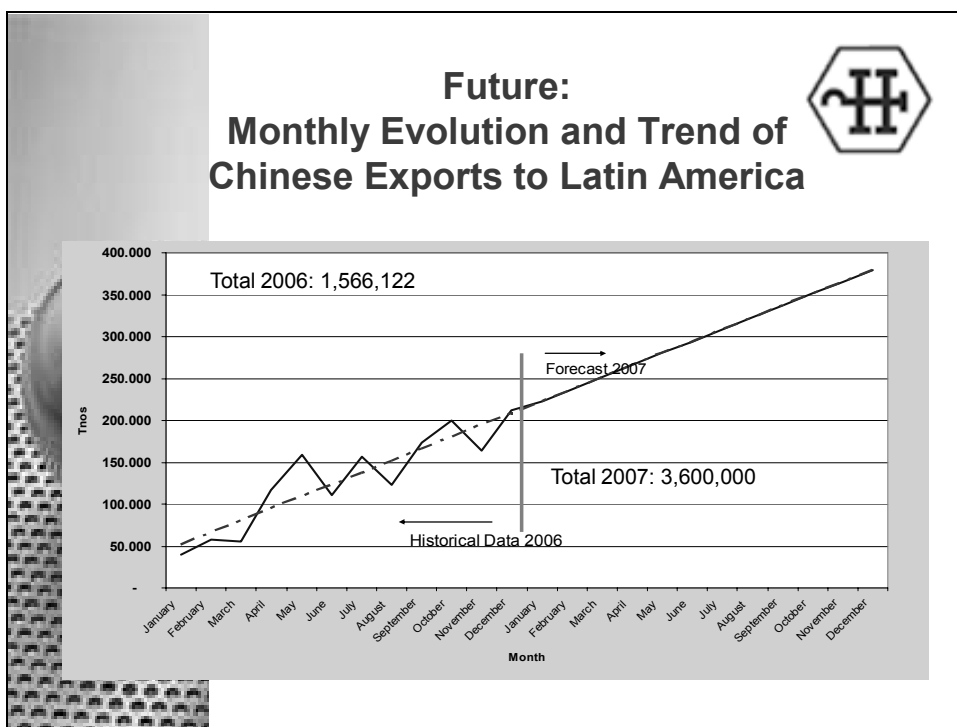
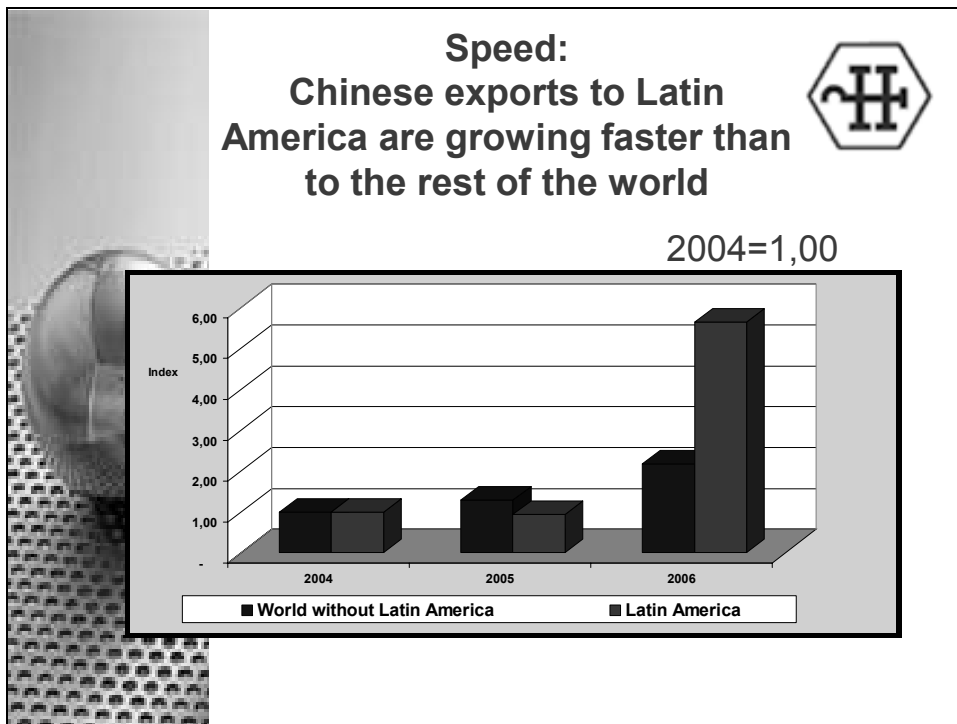
Volume: A Growing Steel Trade Deficit




Latin American Steel Trade with China (Tons, 2006)


Products	Latin American Trade		
	Imports	Exports	Balance
Chapter 72	1,566,122	614,591	(951,531)
Chapter 73	843,716	41,716	(802,000)
Indirect steel trade*	2,545,469	73,790	(2,471,679)
TOTAL	4,955,307	730,097	(4,225,210)

* Steel contents
 Source: China-Latin America Steel Trade Statistical Yearbook 2004-2006.
 ILAFA (www.ilafa.org)





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Final Comments



- **Latin American steel companies aligned with world industry trends, committed to WTO rules, privatized and without subsidies**
- **A balanced steel market**
- **A region that will not cause injuries to other steel markets**
- **Constructive and permanent dialogue could prevent Latin America and China trade disputes**