

The Latin America Steel Market: an Overview

Rafael Rubio
OECD Steel Committee – March 23 -24 – Paris, Fr.

The logo for 'alacero' features a stylized green leaf above the letter 'a', which is blue. The rest of the word 'alacero' is in green. The letters are bold and sans-serif.

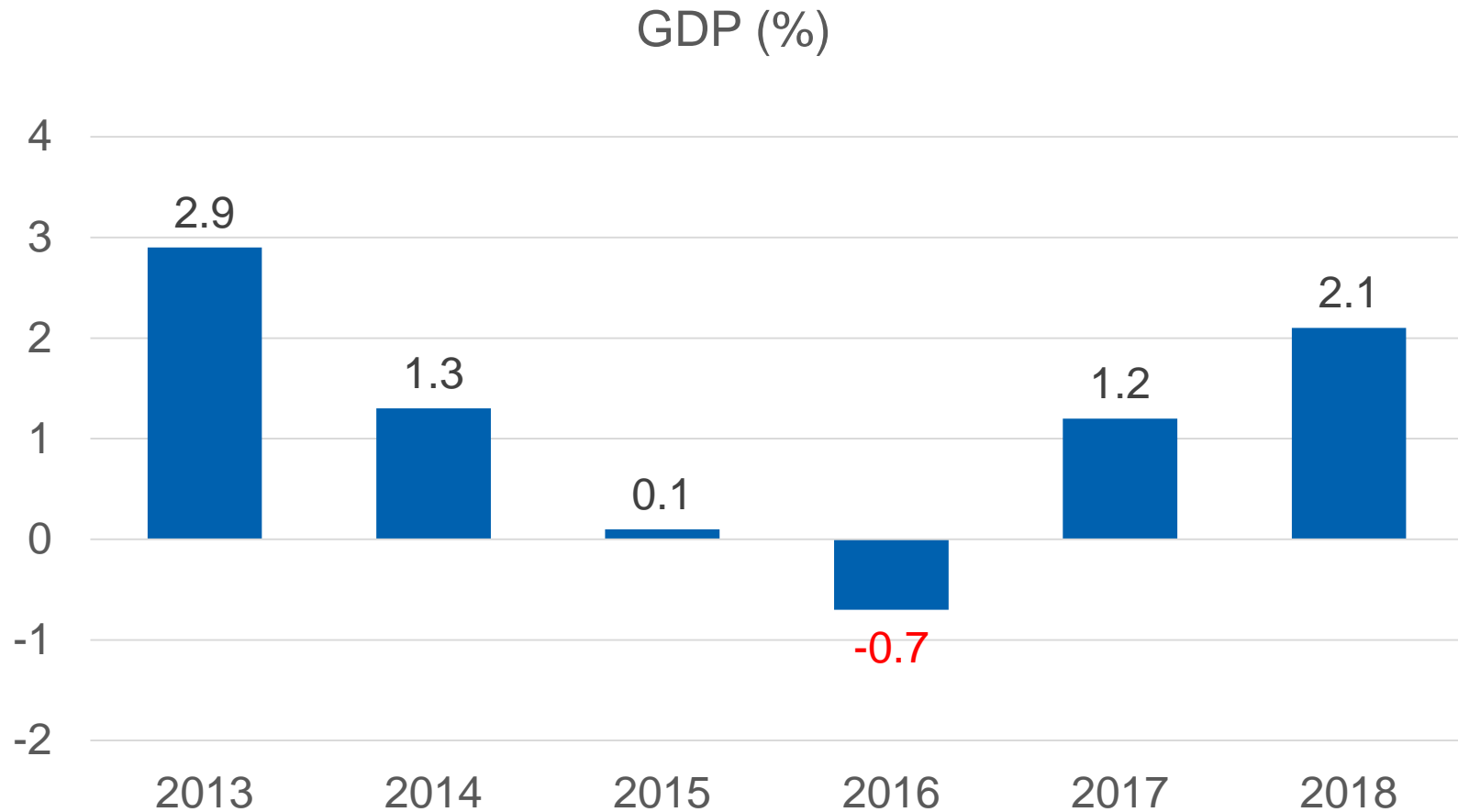
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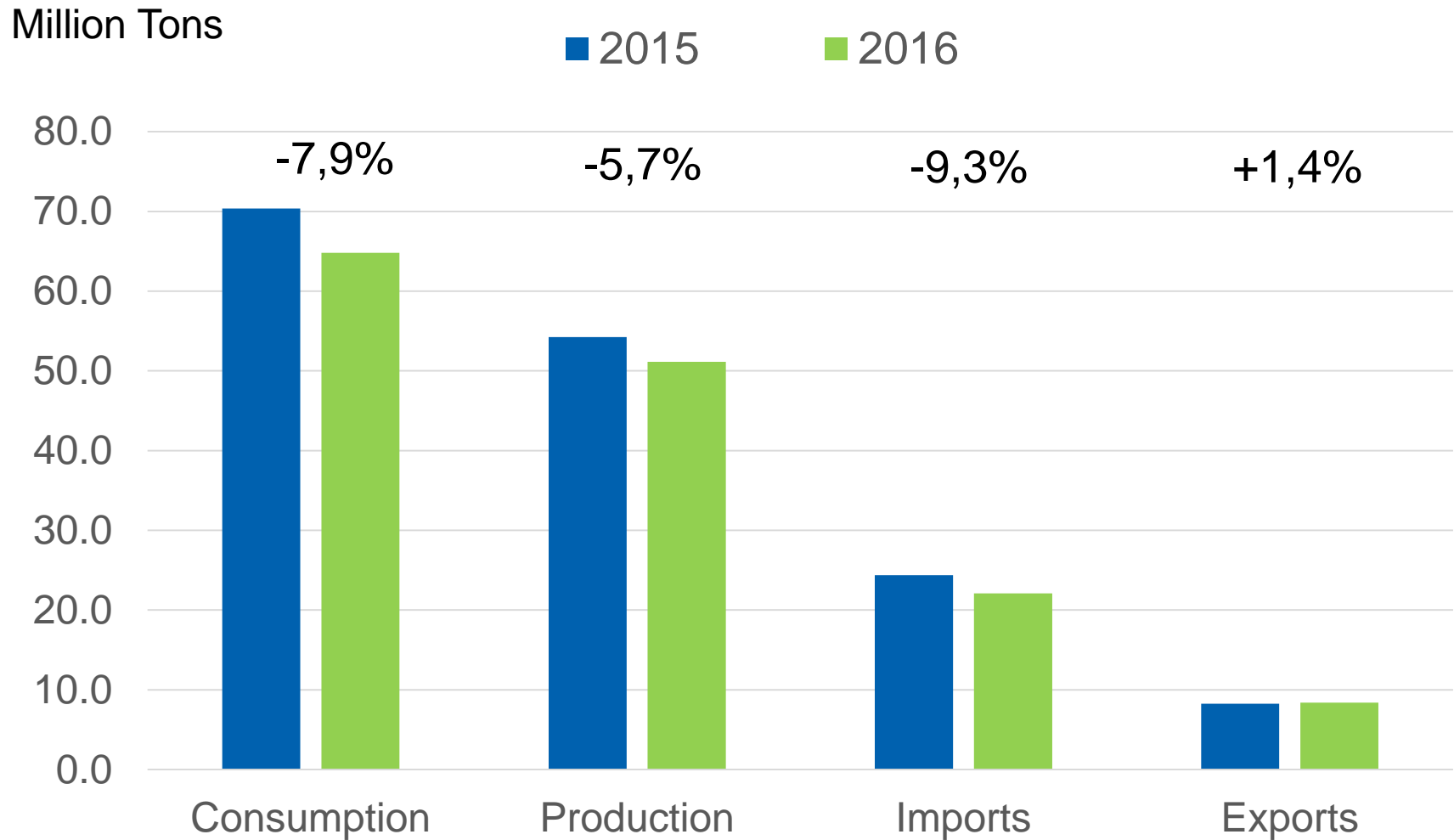
Introduction

- 2016 started with pessimism and finished with optimism.
- 2017 started with optimism and is already uncertain.
- In 2017, the region, except Venezuela, are in positive GDP growth rates and the expectations is to strengthen in 2018.
- Brazil and Argentina are getting out of the crisis stage. Mexico, Chile and Colombia are in the “middle of the road” stage. Peru is the one with the best performance.
- Commodities are expected to grow 3%, the first in 6 years. Oil can reach US\$50 – 60.
- Still, there is need to deepened the economic reforms.

Latin America is moving towards recovery



Latin American steel market in 2016

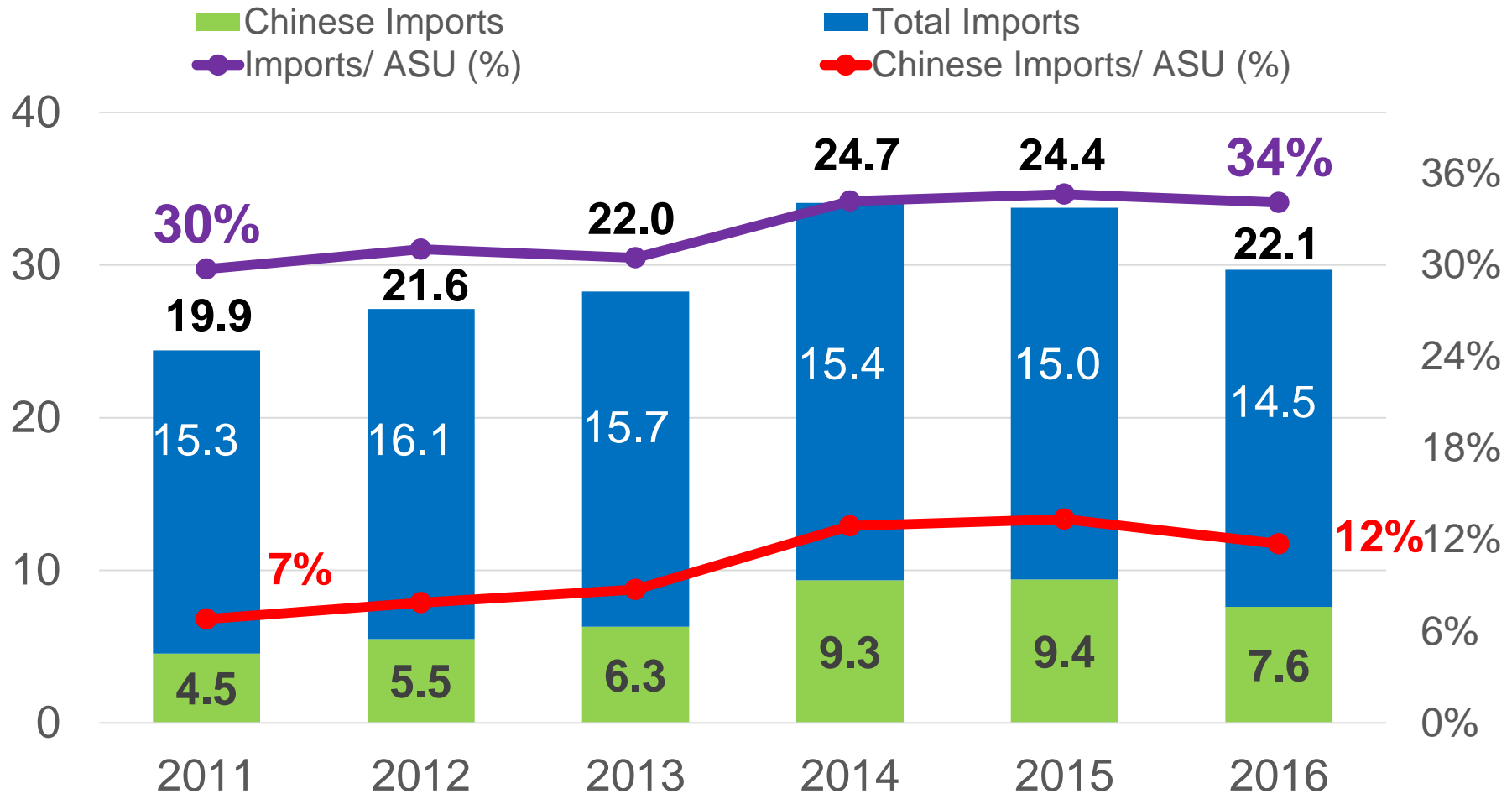


Source: Alacero.

Imports keep increasing their share in ASU

Million tons

Imports/ASU



Source: Alacero

Unfair Trade Measures of Latin America

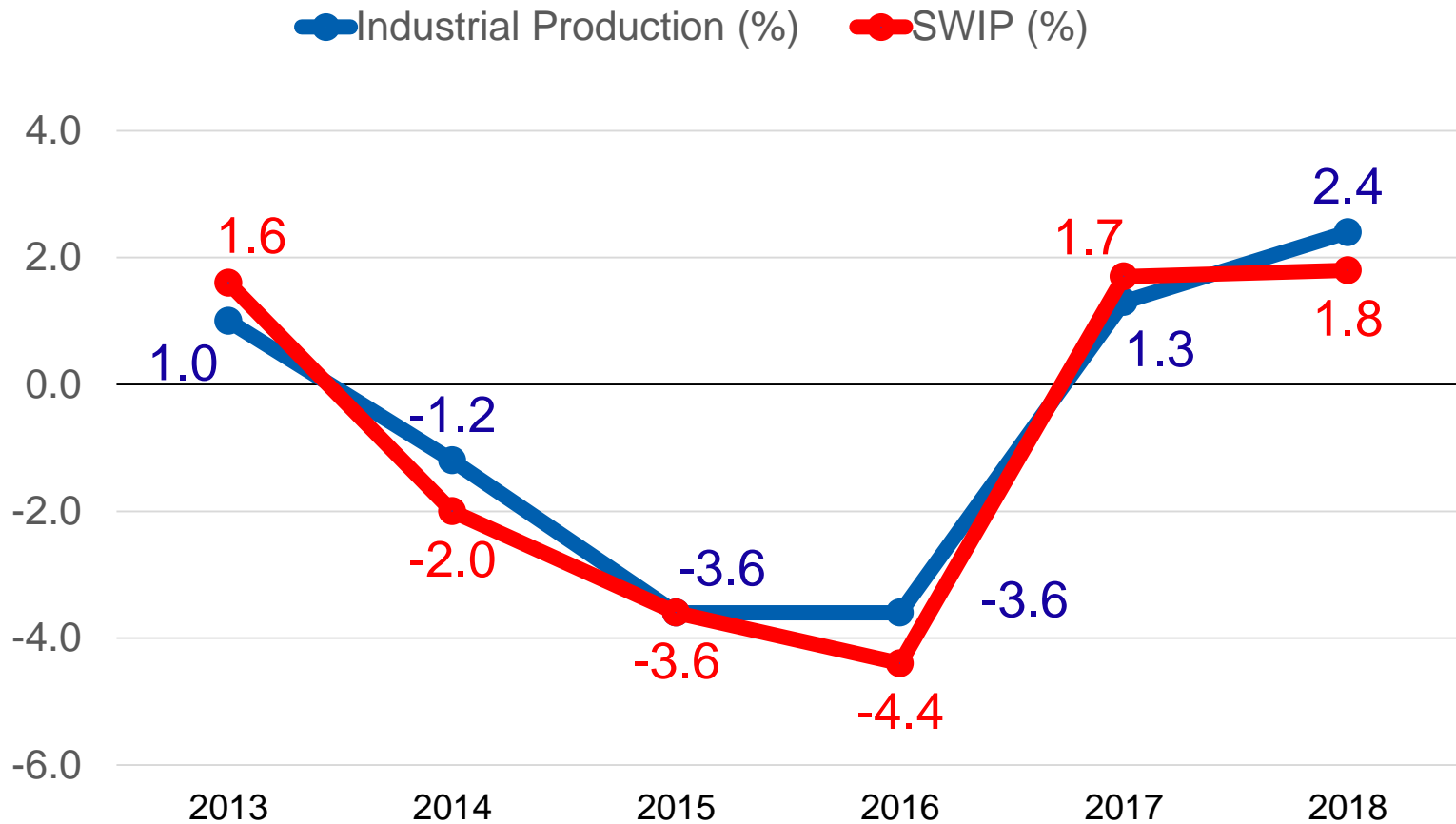
Country	In Process		In Force	
	Total	Against China	Total	Against China
Argentina	2	2	1	0
Brazil	7	6	15	12
Chile	2	2	2	1
Colombia	0	0	7	6
Honduras	0	0	1	1
Mexico	3	2	29	15
Peru	0	0	2	2
Dominican Rep.	1	1	2	0
Latin America	15	13	59	37

Latin America GDP Outlook

GDP Growth (%)

Country	2015	2016	2017
Latin America	0.1	-0.7	1.2
Argentina	1.0	-2.5	2.9
Brazil	-3.8	-3.5	0.2
Chile	2.3	1.6	2.0
Colombia	3.1	1.8	2.3
Mexico	2.6	2.2	1.7
Peru	3.3	4.0	4.3
Venezuela	-5.7	-18.6	-3.1

Steel Drivers in line with Expectations



Latam ASU Outlook for 2017

Million Tons

Country	2016	2017
Latam	64.8	66.4
Argentina	4.2	4.5
Brazil	18.2	18.7
Chile	2.8	2.7
Colombia	3.6	3.7

Country	2016	2017
Mexico	25.4	25.7
Peru	3.3	3.3
Venezuela	0.7	1.0
Other Latam	6.5	6.6

Other Latam: Bolivia, Cuba, Costa Rica, Dominican Rep., Ecuador, El Salvador, Guatemala, Honduras, Nicaragua, Panama, Paraguay, Trinidad y Tobago and Uruguay.

Latam ASU Outlook for 2017

Growth Rate (%)

Country	2016	2017
Latam	-7.9%	+2.5%
Argentina	-20.1%	+7.6%
Brazil	-14.4%	+2.8%
Chile	-1.4%	-0.7%
Colombia	-9.4%	+2.8%

Country	2016	2017
Mexico	+2.5%	+1.4%
Peru	-6.5%	+2.6%
Venezuela	-59.8%	+34.9%
Other Latam	-4.4%	+0.6%

Other Latam: Bolivia, Costa Rica, Ecuador, El Salvador, Guatemala, Honduras, Panama, Dominican Rep. and Uruguay.

Final comments

- Global and regional economic outlook is improving and that will promote the use of steel.
- Steel overcapacity is still an unresolved issue.
- The G20 Global Forum is a work-in-progress but there is a need to produce results.
- Global steel trade might be affected by the trade and tax policies of the Trump Administration.
- The Latin American region needs to deepened the economic reforms to reach a sustainable growth path.

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