

Latin America: Steel imports from China reached 412 thousands tons during January 2018

- In the first month of the year, China exported to the world 4.4 million tons (Mt) of steel. Of that amount, 412 thousands tons were shipped to Latin America.
- Chinese steel received by Latin America contracted 50% compared with January 2017.
- The region’s share of Chinese steel exports reached 9.0% (vs. 11% in Jan 2017).

Alacero - Santiago, Chile, March 13th, 2017. In January 2018, Chinese steel exports sent to the world, -which includes finished steel (long steel, flat steel and seamless pipes) and steel-derivatives products (wire and welded pipes)-, decreased 39% versus January 2017, reached 4.4 million tons (Mt) of steel. Of this total, 3.9 Mt were finished steel and 502 thousands tons.

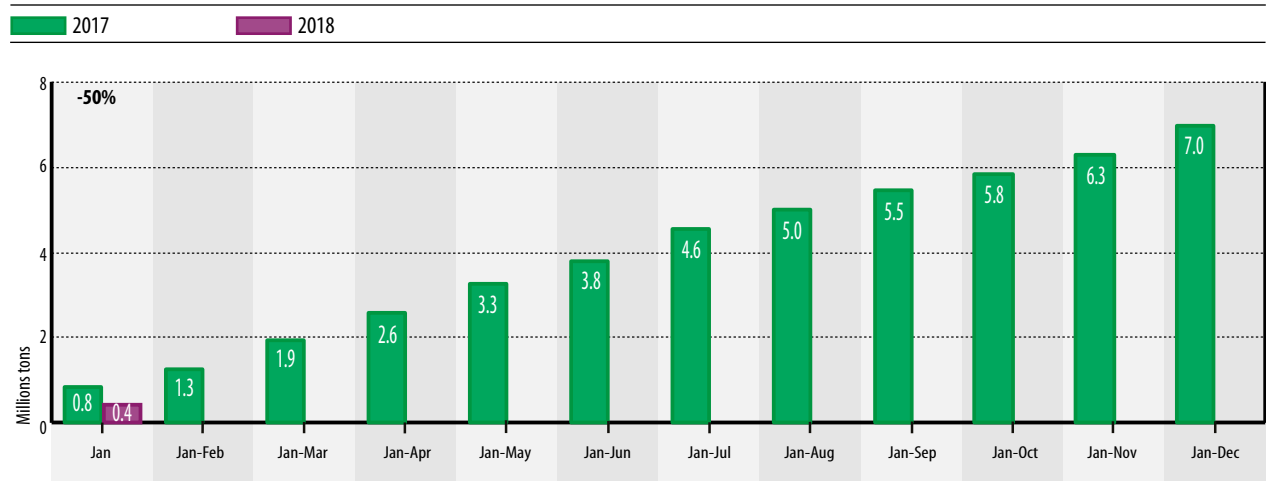
Latin America accounted for 9.0% of total global exports, reducing its participation in two percentage points versus Jan 2017 (11%) and standing at second place as China’s preferred destination. The region is preceded by South Korea with 563 thousands tons (13% of the global total).

In January 2018, Chinese steel exports to the region contracted 50% compared to January 2017 (822 thousand tons), reaching 412 thousand tons of steel (362 thousand tons were finished steel and 50 thousand tons were steel-derivatives products).

Although the Asian giant announced that will cut their steel production by 30 Mt in 2018, there is a possibility that China will starts exporting more to Latin America following the announcement of last Thursday by the United States President Donald Trump regarding the imposition of 25% of tariffs on steel imports. It’s estimated that this decision may cause a diversion of trade to the region. For this reason the governments and industries of each country should be alert to a sudden and unexpected growth of imports.

GRAPH 01

FINISHED AND STEEL-DERIVATIVES PRODUCTS EXPORTS FROM CHINA TO LATIN AMERICA. MONTHLY ACCUMULATED VOLUME AND ANUAL VARIATION (%)



Source: Alacero - GTIS - WTA (China customs)

In the case of steel-derivatives products during January 2018, Latin America received 50 thousand tons from China, representing at the first place of the global destination (10% of the total). The region is followed by the Philippines (41 thousand tons, 8% of the total) and South Korea (31 thousand tons, 6% of the total).

Finished steel imports from China by destination

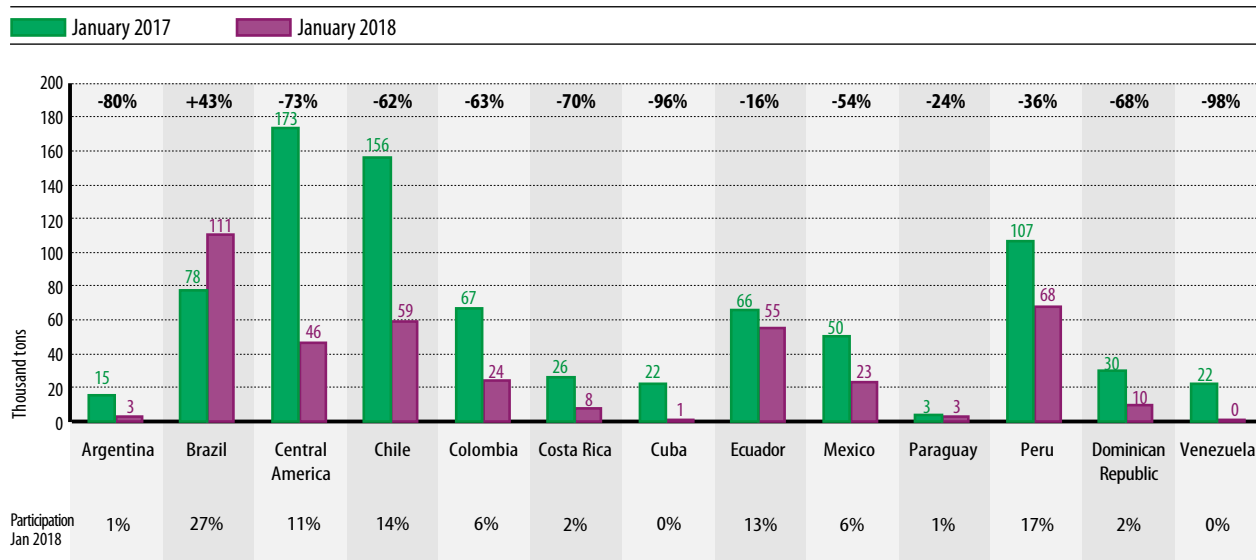
The main destinations for Chinese steel (finished + steel-derivatives) in Latin American during January 2018 were: Brazil which received 111 thousand tons (27 % of the region); Peru with 68 thousand tons (17%); and Chile, 59 thousand tons (14%).

During the first month of the year, Brazil was the only country that increased its import of Chinese steel versus January 2017 (43% more).

On the other hand, the countries that have reduce their imports of Chinese steel products versus January 2017 were: Venezuela (-98%), Cuba (-96%), Argentina (-80%) and Central America (-73%).

GRAPH 02

FINISHED AND STEEL-DERIVATIVES PRODUCTS IMPORTS FROM CHINA BY DESTINATION (ANNUAL VARIATION %)



Source: Alacero - GTIS - WTA (China customs)

Imports from China by products

Flat steel were the main products imported by Latin America from China during January 2018, reaching 302 thousand tons (63% of total). The most relevant products in terms of volume were:

- Hot dip galvanized sheet (79 thousand tons, 26% share of flat steel imported from China)
- Other alloyed steel sheets and coils (70 thousand tons, 23%)
- Cold rolled coil (61 thousand tons, 20%)

Long steel: China exported to Latin America 47 thousand tons (26% of the total), mainly concentrated in:

- Wire rod (23 thousand tons, 48% share of long steels)
- Bars (19 thousands tons, 40%)

The region received 13 thousand tons of seamless pipes (2% of the total).

Meanwhile, steel-derivate products represent 9% of total imports of Chinese steel in the region, with a volume of 50 thousand tons, where:

- Welded tubes (39 thousands tons)
- Wire (11 thousands tons)

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.

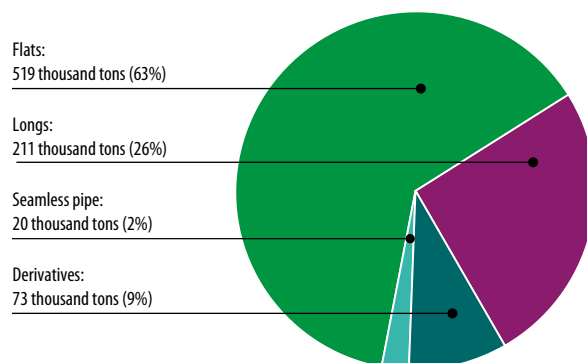
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GRAPH 03

STEEL: EXPORTS FROM CHINA TO LATIN AMERICA BY PRODUCT

January 2018



Source: Alacero - GTIS - WTA (China customs)