

## Industry leaders and government inaugurate the 59th Latin American Steel Congress in Cartagena de Indias

Alacero - Cartagena de Indias, November 6th, 2018.

About 400 leaders and representatives of the global value chain will be discussing sustainability and competitiveness of the sector, new realities in global and regional trade and other major challenges facing the steel industry. With the prospect of ending 2018 growing slightly above that registered in 2017 in crude steel production in Latin America, the 59th edition of the Latin American Steel Congress begins today, 6/11 in Cartagena de Indias.

For the President of ANDI Bruce Mac Master, the challenge in the steel sector of all countries towards the future is enormous. The topics that will be discussed during the 59th Alacero Congress are related to the future of the sector, to the commercial war, the issues of diversion of trade and the way we are going to face the situation that is being presented.

According to the president of Alacero, Jefferson de Paula, Latin America is heading for a second year of recovery, despite the scenario of uncertainties that especially dominated countries in the region such as Argentina, Brazil and Mexico during the first half of the year. "These circumstances, coupled with the volatility of financial markets, exchange rate variations and increasing global protectionism, have led to slower economic activity in the region," says De Paula.

For the next year, Alacero expects that the continent will continue on the path of growth depending on the implementation of economic agendas that prestige the transformation industry at a time of beginning of new governments in Mexico and Brazil, in addition to the presidential elections in Argentina. The expectation is of a 2% growth in the region, mainly due to possible more consistent economic recoveries in Brazil, Mexico and Colombia. "While positive, Latin American economic data remain very timid when compared to the potential of the region," De Paula points out.

Despite the extremely challenging scenario with the expansion of protectionist measures worldwide and the uncertainties in the political and economic scenarios of several countries in the region, crude steel production in Latin America is expected to reach 66.3 million tons, an increase of 3.2% over last year. Regarding the demand for rolled steel, Latin America should expect for a growth of 1.3% compared to 2017, reaching 68.5 million tons. Hot rolled production is expected to reach 52.8 million tons, an increase of 3.2% over last year.

### Industry Challenges

According to the president of Alacero, the steel industry is one of the pillars of economic and social development in Latin America and although the region is on a high trajectory, current levels of per capita steel consumption in the region remain well below the world average. For the coming year, the expectation is an increase of just over 2 million tons in the apparent consumption of steel in the region.

In order to face the scenario of great challenges and raise the growth rates in steel production and consumption, Alacero highlights the importance of trade defense measures. "These actions are fundamental to restore the competitiveness of our regional market," says De Paula.

For Alacero's president, despite a moderate recovery that began last year and maintained in this year of

2018, it is extremely important to combat the market distortions caused especially by China. "Global and regional industry continues to be strongly affected by excess installed capacity in the world and China is the biggest contributor to this factor. The Chinese steel industry continues to be a non-market economy, benefiting from subsidies and affecting competitive conditions in the global marketplace."

In this context, Latin American steel companies face "fair play" when competing against Chinese companies and their governments that flood the continent with steel that is dumping. Certainly, Colombia is one of the countries most affected by Chinese imports. Last year imports accounted for 17% of consumption and in the period between January and March 2018, 13%. In the rest of the main countries also the participation of the Chinese imports in the consumption decreased. The exception was Brazil, where participation increased from 4.5% in 2017 to 5.5% between January and March 2018.

"More than ever, we are committed to actions that increase our competitiveness. As far as Alacero is concerned, let us stand firm in our efforts to combat unfair trade, especially Chinese products. Forty-four of the 66 anti-dumping or steel-related safeguards actions in Latin America are against China," says De Paula.

He also highlights other battle fronts of the entity such as the joint efforts of Alacero and national associations with their respective governments to also stimulate the flow of business between the countries of the continent and seize the moment of economic recovery to solve historical and common problems between the countries of the region, especially with regard to infrastructure.

### **Technology and Innovation**

Another topic of great relevance that will be discussed at the Congress is to recognize the importance to the steel industry of knowing the new technologies and business models.

"We know we need to be more and more innovative so we do not get out of a new industrial revolution. We already have companies in the so-called industry 4.0, but there is still a lot to be done. It is necessary to stimulate advances throughout the chain," says Jefferson de Paula.

If there are risks in automation, such as the entry of new materials that compete with steel, there are also great opportunities. Concrete possibilities of waste reduction, customization, efficiency and transparency. Thanks to the incorporation of industry concepts 4.0, there are already numerous examples of important results in supplier and inventory management, maintenance and logistics, among others.

"Innovation is the slogan to be able to insert ourselves sustainably in this new world. And we firmly believe in our ability to adapt to the new demands of the global market and also in the importance of our role as a transformative agent to contribute to the growth of the communities where we have presence," claim De Paula.

### **Topics on the Agenda**

Among the topics that will be discussed at Alacero 2018 are the necessary advances for the sustainability and competitiveness of the steel industry, the new global trade policies, the prospects for steel consumption and the Latin American market.

Further information on the activities of Alacero 2018 can be obtained through the link <https://cartagena59.alacero.org/en/activities-program> ●●

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## Glossary

*Crude steel:* Steel in its most basic form, coming from the continuous casting process, (slab, billet etc.). To obtain the qualities necessary for usage, this kind of steel needs to pass posterior processes, like rolling etc.

*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, prepainted, stainless steel, chrome-plate sheets, hot dip galvanized sheet etc.) and seamless tubes.

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

## About Alacero

Alacero - Latin American Steel Association - is the non-profit civil association that brings together the steel value chain of Latin America to promote the values of regional integration, technological innovation, excellence in human resources, safety at work, corporate responsibility and socio-environmental sustainability. Founded in 1959, it is integrated by more than 60 producing and related companies from 19 countries in Latin America and the world, whose production is close to 70 million tons per year. Alacero is recognized as a Special Consultant Organization by the United Nations.