



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

DSTI/SU/SC(2006)41
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INDIA

LATIN AMERICAN IRON AND STEEL INSTITUTE (LAFIA)

Joint India/OECD/IISI Workshop, New Delhi (India), 16-17 May 2006.

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Latin American Steel Industry

OCDE/IISI Steel Conference
Latin American Iron and Steel Institute
ILAFA
New Delhi, India
May, 2006



Agenda

- Latin American steel: a private business
- OECD SSA negotiations
- Outlook



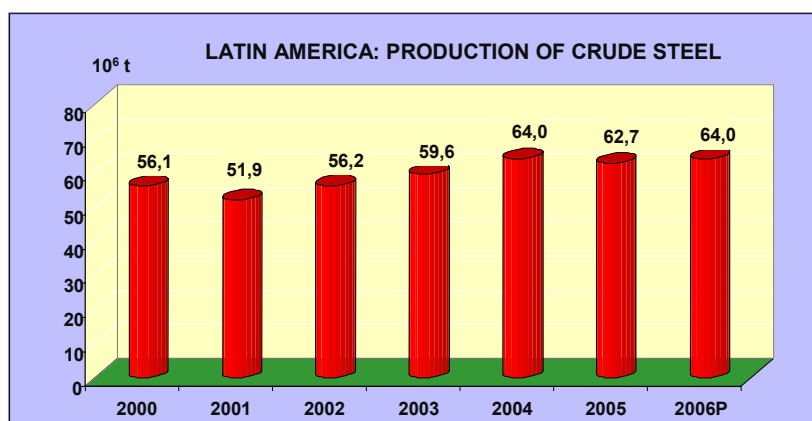
A private and competitive business


- Over the last 20 years, the steel sector in Latin America has seen a dramatic process of modernization built around the consolidation of a private industry with the world's best practices.
- 98% of the total steel companies ownership is private by 2006.
- Latin America's steel industry shows investments that reach US\$ 21 billions since 1993 within an environment free of governmental subsidies.
- The Latin American region is an open market for steel trade.



Steel Production

- In 2005, the **Latin American crude steel production** reached 62.7 million tons.





Steel Trade

Steel Trade

Steel exports grew by 9.2% to the record volume of 23.8 million tons, with a high percentage of slabs and billets.

- **Steel imports grew** 6.3% to 13.4 million tons.
- **Intra-regional steel trade** grew to 6.9 million tons representing 29% of the total export of steel products –a favorable outcome in relation to the 22% of 2004.





Consolidation path

- Latin American steelmakers are fully integrated in the world-wide movement towards consolidation.
- This process is increasing the competitiveness of the industry through better utilization of existing synergies



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SSA Negotiations

- The Latin American steel producers support the continuation of the OECD SSA process, since our industry remains strongly in favor of the development of disciplines oriented towards the elimination of subsidies.



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- Latin American steel: a private business
- ILAFA's position on the SSA global agenda
- Outlook



2006 Forecast

- The outlook for 2006 shows Latin American economies growing on average at 4.1% GDP.
- This performance will be beneficial for steel consuming activities such as construction, which is expected to grow by 10%, machinery and equipment by 7%, durable consumer goods by 7%, and automakers by 11%.
- As a result of this, **Apparent consumption of finished steel products** will grow by 6%, to 55 million tons.



Medium Term

- For the medium term, and in an open market scenario, the outlook remains positive.
- On the demand side, the strong economic fundamentals of the region and the need for physical infrastructure, combined with low per-capita consumption (127 Kg/inhab), will be supportive of a fast growth of steel consumption.
- On the supply side, the industry is ready to keep pace with the market because it has a core of modern and competitive companies, as well as a good availability of basic raw materials.



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