



# OECD Steel Committee Raw Material Workshop

Latin American Iron and Steel Institute  
Kuala Lumpur, Malaysia  
December 2008



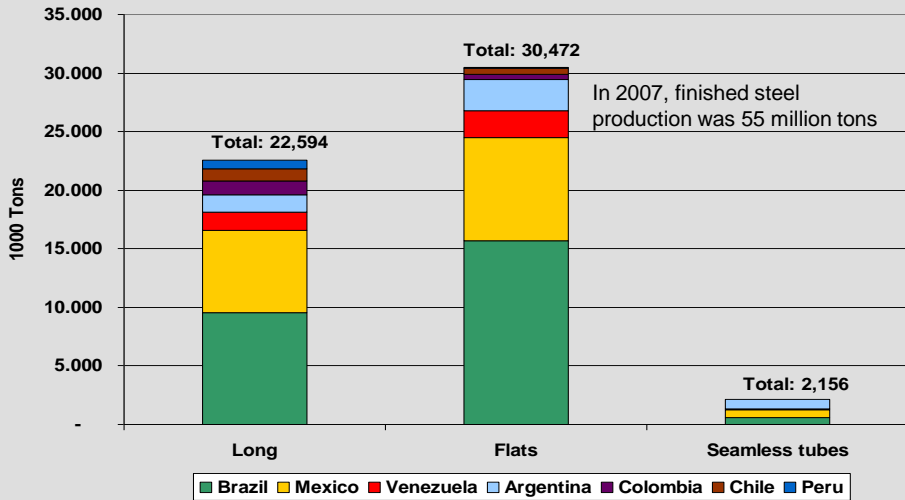
## Agenda

1. Steel market developments
2. Raw material considerations



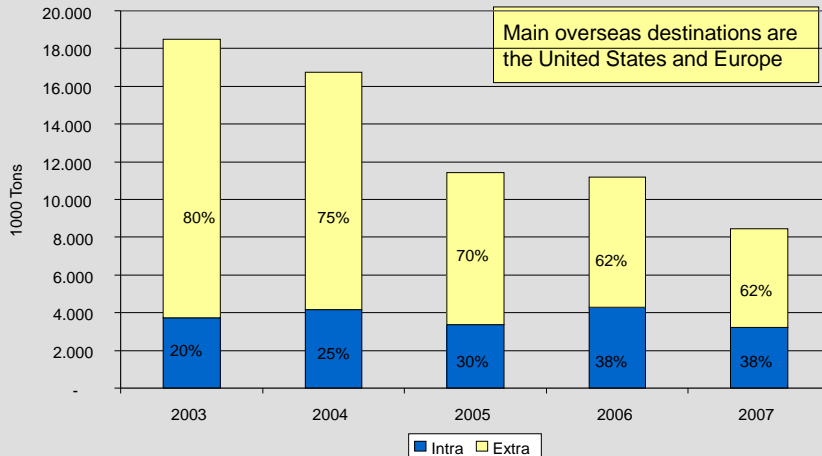
# Steel market developments

Latin American Steel Production 2007



# Steel market developments

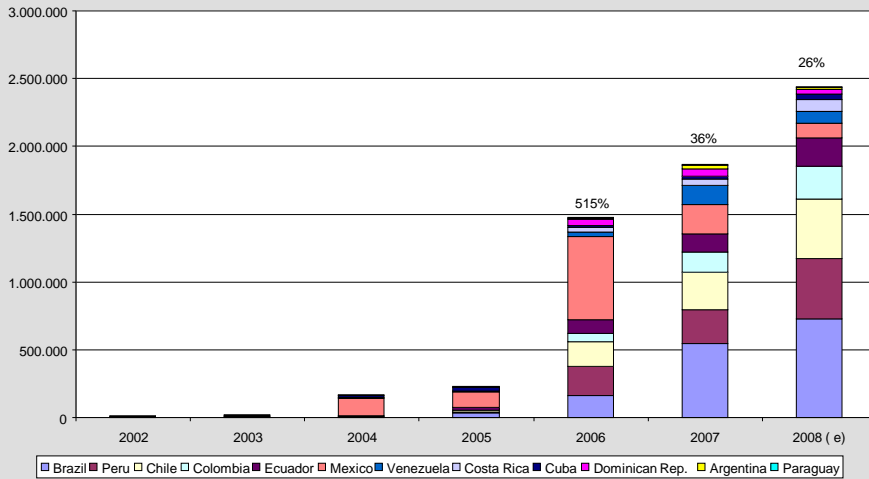
Steel Trade in Latin America: Exports Trend





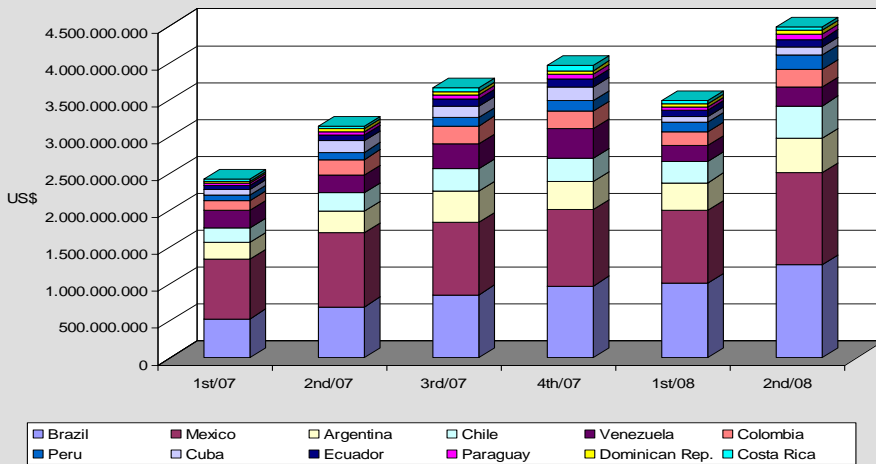
# Steel market developments

China Steel Exports to Latin America (tons)



# Steel market developments

China Indirect Steel Exports to Latin America





## Steel market developments

- Main risks
  - World overcapacity
  - Trade barriers
  - Trade diversion
  - Massive Chinese exports to Latin America
  - China capacity expansions and exports
  - China export affecting customer base



## Steel market developments

- Regional expectations about the crisis indicated a stable market by the second half of 2009
  - 72% believe global demand will recover by the second half of 2009
  - 54% believe steel price trend will change during the second half of 2009
  - 90% believe steel prices will not reach levels like those of 2007 before 2010
  - 77% expect raw material prices trend to slow down in 2009
  - 65% consider production cuts from leader producers are key for the steel market
  - 82% consider lower demand the greatest threat
  - 74% expect governments to ensure a competitive environment for local producers



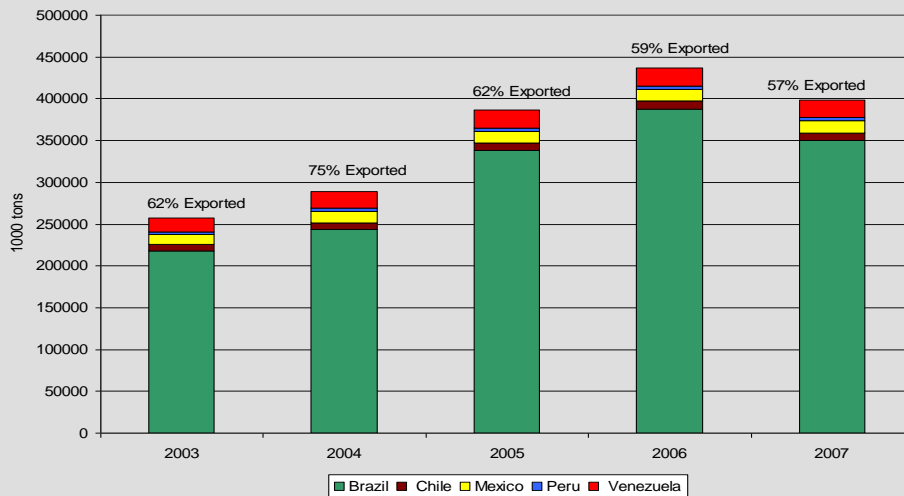
## Agenda

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2. Raw material considerations



## Raw material considerations

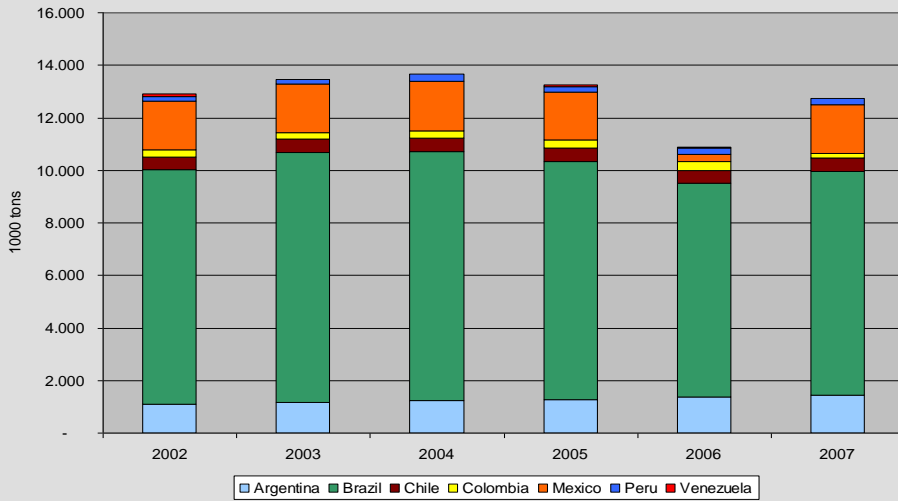
Iron Ore Production in Latin America





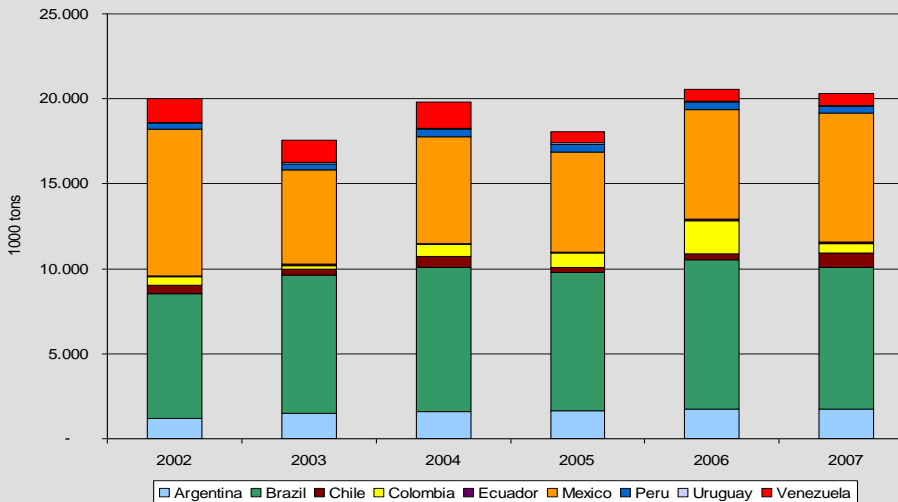
# Raw material considerations

Coke Consumption in Latin America



# Raw material considerations

Scrap Consumption in Latin America





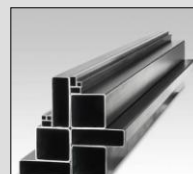
## Raw material considerations

1. Recyclability index in Latin America is lower than in developed countries
2. Scrap use is energy efficient and environmentally friendly
3. It is a priority in our region to increase the scrap use and, therefore, the recyclability index.



## Raw material considerations

4. To fulfil this purpose we propose :
  - a ) A legal framework to ease steel durable goods availability when they are in disuse or abandoned
  - b) Ferrous scrap should be considered as waste and not as residual
  - c) Elimination of the tax on local scrap commercialization





## Raw Material Export Restrictions

### Raw Material Export Restrictions

Raw Material	Country
Coke	China, Ukraine
Ferroalloys of chromium, nickel, molybdenum and tungsten	China
Iron ore	India
Manganese	China
Molybdenum	China
Nickel	China
Rare earth elements	China
Tungsten	China

*European Commission Staff Working Document SEC(2008) 2741*



## Raw material considerations

Comparative advantages + Technological improvements = Competitive steel production

