Latin America: Steel imports from China reach 6.3 million tons during Jan-Oct 2016

- In January-October 2016, China exported 90.7 million tons of steel. Of that amount, 6.3 Mt were shipped to Latin America.
- Chinese steel received by Latin America dropped by 21% compared with January-October 2015. In the same period, the total outflow to the world increased by 1%.
- The region’s share of Chinese steel exports reached 6.9% (vs. 8.8% in January-October 2015).

Alacero - Santiago, Chile, December 09, 2016. Between January-October 2016, the total exports of steel from China to the world -including finished (long steel, flat steel and seamless pipes) and steel-derivatives products (wire products and welded tubes) increased by 1% versus Jan-Oct 2015, reaching 90.7 million tons (Mt). Of this volume, 84.7 Mt were finished steel and 6.0 Mt were steel-derivatives products.

Latin America accounted for 6.9% of Chinese exports, reducing its participation by 1.9 percentage points versus January-October 2015 (8.8%), standing at third place as China’s preferred destination. China’s main destinations for steel exports are: South Korea (12.1 Mt, 13.3% of the global total) and Vietnam (10.0 Mt, 11.3% of the total).

While steel imports from China to the region have declined, this is not enough since they continue being a significant percentage of the region’s demand (≈13%). On the other hand, the Chinese government announced that it had achieved the goal of reducing installed capacity in 2016 (45 million), but this does not translate into a major change in the market.

**GRAPH 01**

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

![Graph showing monthly accumulated volume and annual variation of steel exports from China to Latin America.](chart_image)
During the first ten months of 2016, China shipped 6.3 Mt of steel to Latin America, which 5.6 Mt were finished steel and 657 thousand tons (Kt) were steel-derivatives products. This volume is 21% less than the 7.9 Mt (7.0 Mt of finished products and 865 Kt of steel-derivatives products) recorded in January-October 2015. The following chart shows that the total volume of Chinese steel received by the region in January-October 2016 decreased versus the high levels of 2015.

On the other hand, during Jan-Oct 2016 Latin America was the main global destination of steel-derivatives products from China with 675 Kt, 11.0% share of the total. The region is followed by the Philippines (320 Kt, 5.3% of the total) and United States (316 Kt, 5.3% of the total).

In October 2016, Latin America receive 570 Kt of steel from China, which 510 Kt were finished steel and 60 Kt were steel-derivatives products. This total is 22% lower than the one receive in September 2016 in which entered 727 Kt (675 Kt finished steel and 51 Kt of steel-derivatives products) and 28% less with 794 Kt (704 Kt finished steel and 90 Kt of steel-derivatives products) on October 2015.

> **Finished steel imports from China by destination**

The main destinations for Chinese steel (finished + steel-derivatives) in Latin American during January-October 2016 were Central America which received 1.6 Mt (25% of the region); Chile, 1.0 Mt (16%); and Peru, 805 Kt (13%).

In the first ten months, the countries that increased their imports of Chinese steel (in percentage terms) versus January-October 2015 were Central America (+13%), Peru (+4%) and Costa Rica (+130%). Costa Rica, has increased its participation receiving 5% of the total Latin American flow.

On the other hand, the countries that have reduce their imports of Chinese steel products versus January-october 2015 were: Venezuela (-54%), Mexico (-54%), Argentina (-47%), Brasil (-36%) and Ecuador (-36%). Currently they have shares of 3%, 7%, 1%, 11% and 5%, respectively.
> Imports from China by products

49% of the steel (finished and steel-derivate products) imported by Latin America from China during Jan-Oct 2016 were flat products, reaching 3.1 Mt. The most relevant products in terms of volume were:

> Other alloyed steel sheets and coils (894 Kt, 29% share of flat steel imported from China)
> Hot dip galvanized sheet (771 Kt, 25%)
> Cold rolled coil (483 Kt, 16%)

Long steel: China exported to Latin America 2.2 Mt, mainly concentrated in:

> Bars (1.2 Mt, 55% share of long steels)
> Wire rod (778 Kt, 35%)

The region received 275 Kt of seamless pipes (4% of the total).

Meanwhile, steel-derivate products represent 11% of total imports of Chinese steel in the region, with a volume of 657 Kt, where:

> Welded tubes (493 Kt)
> Wire (164 Kt)
> 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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