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## Excess steel supply could prevent recovery - Ternium CEO

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BNamericas quoted Mr Daniel Novegil CEO of Ternium as saying that he is worried that demand will not sustain itself in the near future and justify the recent decision of many Latin American steel producers to restart blast furnaces on signs that economies are recovering from the current recession.

Mr Novegil added that "My concern is that steel manufacturers produce more than needed and this excess capacity winds up undercutting this incipient recovery that we are currently going through."

During his presentation, he said that out of the 119 blast furnaces around the world he has monitored, 74 were shut down during the toughest moments of the recession this year and last. But since then, 36 have resumed production.

He added that "Today, the world's excess production amounts to a third of its installed capacity or 600 million tonnes per annum. This could prompt a bubble similar to the pre crisis period."

He said that the markets with the most excess capacity are Japan, Europe and the nations of the former Soviet Union. He added that "These three regions combined have half of the world's excess capacity."

Meanwhile, Mr Novegil made it clear that at present the relationship between supply and demand in Latin America is more or less balanced. He added that another growing concern among steelmakers is the flood of inexpensive imports from countries outside of Latin America.

(Sourced form [www.bnamericas.com](http://www.bnamericas.com))

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