
VSA warns of domestic steel industry harm due to price hike

Friday, 03 Jul, 2009

According to the Vietnam Steel Association, Vietnam had imported nearly 200,000 tonnes of coil steel by June 15th 2009, 70% from ASEAN countries. It had sale prices that were VND 500 to VND 700,000 per tonne lower than domestically made products in some cases.

VSA has pointed out that the increasingly high prices of domestic products have created favorable conditions for China made and ASEAN sourced steel to flock into Vietnam. It added that countries all apply measures to encourage exports, which have made their sale prices competitive.

Meanwhile, domestic producers have been hurrying to raise sale prices since seeing the market warm up as a result of the government's demand stimulus packages. The demand for construction materials, including steel, has become higher as a lot of big construction projects have been kicked off.

In the first 3 months of 2009, the prices of construction steel were stable at VND 10.2 to VND 10.3 million per tonne. However, the prices have been increasing since early April, because of the ingot steel price increase of USD 20 to USD 30 per tonne, scrap steel price increase by USD 15 to USD 30 per tonne and the ingot steel import tax increase by 3%. Coil steel has been raised to VND 10.6 to VND 10.8 million per tonne, steel bar to VND 10.9 to VND 11.3 million.

It is clear that the massive imports of steel from ASEAN countries recently have put many difficulties on domestic steel producers. However, VSA has advised its member companies not to raise sale prices of steel further.

Mr Pham Chi Cuong chairman of VSA said that government agencies need to strictly control the origin of imports. ASEAN sourced steel products are allowed to be imported only if they have 40% or higher of ASEAN made content and meet requirements in technology. He added that VSA will ask government agencies to consider whether the massive quantity of imported steel is causing the stagnation of local production.

(Sourced from www.vietnamnet.vn)

For more news visit at www.steelguru.com