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## **Balli Steel warns limited credit insurance continues to hamper steel market**

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Balli Steel has warned that the limited availability of credit insurance is continuing to have a serious impact on the global steel market. The current lack of credit insurance means that whilst the demand for steel has increased over the past quarter trading volumes have remained static.

Credit insurance is a critical element in the supply chain as it provides suppliers of raw materials with guarantees that outstanding balances will be paid in the event of a steel manufacturer failing. In turn, credit insurance also protects steel producers themselves in the event of manufacturers defaulting on contracts. Steel traders and distributors are also heavily reliant on this insurance to be able to buy and sell on the commodities market.

Mr Nasser Alaghband director of Balli Steel said that "The trade finance sector of the steel industry is heavily reliant on bank finance and credit insurance. In the past three months bank finance has returned to normal trading, however, insurers remain unwilling to provide business credit insurance. This bottleneck is crippling companies' abilities to trade with each other and could have far reaching consequences across the European economy just as the first signs of economic recovery are presenting themselves."

He added that "The restoration of free flowing credit insurance market is essential for normal trading in steel to be resumed. We have first hand experience of European steel distributors being unable to complete deals worth several hundred thousand pounds due to a lack of available insurance. This is bringing paralysis to certain sections of the steel market and is hampering economic recovery. We therefore believe where necessary governments and central banks should be willing to underwrite insurers to ensure business can resume."

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