
VSA sees steel prices in Vietnam increasing till 2009 end

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Viet Nam Steel Association said that steel prices will continue to increase up to the end of 2009 due to the rising cost of pig iron on the global market.

According to the association, steel prices will keep rising this year, but at a modest rate. In the first few months of this year, prices dropped markedly, causing losses to steel producers, many of which had to halt production. However, towards the end of March, the situation reversed, a development attributed to the Government's stimulus package.

Demand for construction steel in July was 10% higher than the same month last year, driving up prices, which rose from VND 10.8 million to VND 11.5 million a tonne.

Mr Pham Chi Cuong chairman of VSA said that instead of tightening their belts due to losses in the first few months of the year, a number of steel makers, such as Thep Viet, Hoa Phat and VnSteel, had expanded production. He predicted that the industry would show positive growth this year against 2008.

Mr Cuong said that steel makers had raised prices in response to the rising cost of pig iron. He said firms also had to equate in higher costs for power, fuel, coal and salaries, in addition to rising import tariffs, which have increased from 5% to 8%. It is estimated that the industry will grow by 10% next year against this year.

(Sourced from www.vnagency.com.vn)

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