
Vietnam to add 1 million tonne steel capacity next month

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Three new steel plants starting production next month will add one million tonnes to Vietnam's annual output, putting even more pressure on the growing steel surplus.

Mr Nguyen Tien Nghi vice chairman of the Vietnam Steel Association said that local demand is only around 5 million tonnes a year, but annual supply will reach 8 million tonnes when the three new plants, all in the northern region, begin commercial operations next month.

Mr Nghi said that as a result, competition in the market will become much tougher noting that local steel producers are also threatened by cheap steel imports.

Around 35,000 tonnes of steel products were imported to Vietnam every month in the first five months and they were VND 500,000 to VND 700,000 per tonne cheaper than local products.

Mr Nghi said that steel consumption is estimated at 260,000 tonnes in May, down 14% from April. The decline in sales forced many steel producers to cut back on production and lower prices.

(Sourced from TBKTSG Online)

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