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## Vietnamese steel demand growth will slow in 2007

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Vietnam industry analyst forecasted that, Vietnam's steel demand growth may more than halve this year as the government tries to curb inflation.

Mr Jati Santiono senior technical manager at the Southeast Asia Iron & Steel Institute said that "Vietnam has a big problem with inflation and apparent steel consumption growth may slow to 15% and demand surged 43% in 2007 to 10.2 million tonnes.

Mr Santiono said that "The Malaysian government announced they may cut mega projects, so demand will fall. In Thailand, things are not settled politically, which may affect demand."

Mr Nguyen Tan Dung PM of Vietnam is trying to restrain consumer prices that rose 25.2% in May 2008 by putting the fight against inflation ahead of promoting economic growth. The central bank has raised borrowing costs to the highest since 1998.

Mr Vo Hong Phuc minister of planning and investment on June 6 said that Vietnam will cut state spending 10% this year to cool price gains. According to an announcement state owned enterprises must get prime ministerial approval to invest in property or financial markets.

Mr Irene Cheung a strategist at ABN Amro Bank NV told Bloomberg Television that "They have to tighten policy much more sharply. Their inflation rate is much higher. In the case of Vietnam, it's 25%."

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