
Domestic steel prices Vietnam to go up - Report

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VietNamNet Bridge reported that though the Vietnam Steel Association has committed to not raising steel prices until the end of July 2008, several of its members are planning new price increases.

In the South Vietnam, several steel producers have raised steel prices by VND 200 to VND 300,000 per tonne. Vina Kyoiei's rolled steel is now selling at VND 16.35 million per tonne to VND 16.55 million per tonne, while steel bars at VND 16.57 million per tonne. Pomina is selling rolled steel at VND 16.42 million per tonne and steel bars at VND 16.70 million per tonne.

Other still mills have not raised sale prices yet, but have expressed their concern about the sharp increases of ingot steel. Now foreign suppliers are offering ingot steel at USD 1,180 per tonne. Moreover, the VND's sharp decrease in value, which makes ingot steel imports more expensive, has also bolstered the difficulties for steel producers.

Mr Nguyen Tien Nghi deputy chairman of the Vietnam Steel Association said that steel mills are losing money with the current sale prices, which were calculated based on ingot steel prices at below USD 1,000 per tonne. He said that "As such, the money producers get from selling finished steel is not enough for them to import ingot. If steel mills do not import any more ingot steel they will not have enough material for steel production. The inventory stocks of ingot steel will be enough for production in Q3, which means that ingot steel will be lacking in Q4."

While local steel producers have to import ingot steel at high prices, local ingot steel producers still have to export their products. The ingot steel producers said that their products are cheaper than the imports, but local steel mills are not purchasing them.

According to the Ministry of Industry and Trade, 100,000 tonnes of ingot steel have been exported to China, Malaysia and Thailand so far this year. Of this amount, 26,000 tonnes was re exported while on its way to Vietnamese ports.

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