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## Vietnamese steel consumption to stagnate in 2008 - Report

*Friday, 19 Sep, 2008*

According to Vietnam Steel Association, Vietnam's steel consumption will stagnate in 2008 after the central bank raised interest rates to fight inflation and the government curbed investment at state owned companies.

Mr Dinh Huy Tam general secretary of VSA said that "The steel industry has been hit hard by the government's policies to curb inflation."

Mr Tam said that "The lending rate of 21% is too high and it is also not easy to seek loans. If the central bank doesn't reduce the interest rate, many steel producers will face bankruptcy."

The State Bank of Vietnam has raised interest rates three times this year to 14%, allowing banks to charge a lending rate of 21%.

Vietnam consumed 10.2 million tonnes of steel in 2007, up by 3 million tonnes from a year earlier. About 60% of steel is imported. Steel sales in August 2008 tumbled to the lowest monthly level in five years after the government ordered state owned companies to halt nonessential construction projects.

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