

---

## Vietnamese banks to continue funding steel projects

*Sunday, 16 Nov, 2008*

VietNamNet reported that Vietnamese banks have promised to continue funding steel projects. However, analysts said that even banks' money cannot save the steel industry in the Q4 of the year.

The Vietnam Steel Association and 10 members of the Vietnam Banking Association have held a meeting to discuss ways to help steel enterprises to maintain production.

Mr Pham Huy Hung, General Director of the state owned Vietinbank, said that the bank would continue pumping capital into steel production, though the industry is facing big difficulties.

Mr Hung said that the bank's investment portfolio will be more selective. Vietinbank will only provide capital for projects related to ore mine exploitation, ingot steel and finished steel production.

Mr Hung said that in the context of the steel material price decreases in the world's market, the bank will only provide capital for enterprises which have cleared their stocks. The new capital can only be used to import cheap materials to make finished products.

As per report Vietinbank has provided over VND 1,000 billion for the steel industry, and the figure is expected to keep rising. The bank inked a contract on loaning USD 72 million to the Vietnam Coal and Mineral Industries to invest in the Lam Dong bauxite aluminum complex.

Analysts still have doubts if the capital from banks can help rescue the steel industry. They said that the biggest problem now for steel producers is not capital shortage but the big stocks. The biggest problem now for steel producers is big stocks of commercial steel. Statistics show that by the end of October, Vietnam had 1.84 million tonnes of ingot and finished steel, which is enough to meet the demand of the whole country for 4 to 5 months.

As demand remains weak, it is expected that it will take many months for them to clear their stocks. Though the Ministry of Finance has lowered the steel export tax to 0% in order to stimulate exports, Vietnamese producers are not much interested in exporting steel as the world's prices have been sliding.

The members of the Vietnam Steel Association, who think that the best thing to do now is to do nothing, have reached an agreement on keeping the sale price at 40% higher than the world's prices. However, analysts say that the measure will not help.

For more news visit at [www.steelguru.com](http://www.steelguru.com)