

Perspectives of the Latin American steel industry

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The observation of the world steel statistics of 2004 substantiates that the performance of this Latin American sector places the region on a very outstanding position.

During the first nine months of the current year, world raw steel production surged by 9% in relation to the same period of 2003, and Latin America saw its output row by 7.6% to 57.3 million tonnes. Such rise is important for Latin America and significant within world context, as without considering China's output expansion of over 22%, the rest of the world accounts for only about 5%.

In relative terms, only Asia experienced a stronger regional growth, which must be ascribed to the effect of China's upsurge.

A more detailed analysis focused on the production of metallics in general, adding the pig iron produced by integrated plants, that of independent producers plus all pre-reduced metallics (DRI and HBI) also provides a privileged position for the region.

Considering the wide range of Latin America's competitive factors, much could be said on the Region's potentiality in the next years: Abundance of iron ore; manganese ore that sustains the importance ferroalloy production pole, and vast reserves throughout the continent of non-metallic ores for fluxes.

The existence of reducing agents,

such as mineral coal and natural gas grants the region a reasonable competitive advantage for steelmaking in relation to other regions of the world; Venezuela, Bolivia, Argentina, Brazil, Peru and Colombia have natural gas reserves of over 6.2 billion cubic meters. A network of continental gas pipelines, linking networks between countries of the South American bloc would create an infrastructure of high synergy value for the development of the region's metal production potential.

In 2003, the participation of Latin American countries in mineral output reached 300 million tonnes, almost one fourth of the world production. In consequence, the region is the runner-up behind Asia (again because of the China effect) ranking higher than all other mineral producing regions.

Furthermore, the region appears even more prominent if we analyze its iron ore exports: Latin America accounts for 35% of exports. Four countries (Brazil, Venezuela, Peru and Chile) exported over 202 million tonnes of iron ore in 2003. Based on a Latin American integration strategy with insightfulness of the complementary of our resources, we could add value to our export goods and meet the current world demand of any kind of metal.

The region does extremely well as to the long-term sustainability dimension being one of the most

promising ones at world level regarding the efforts it deploys since the Kyoto Protocol to reach stabilization at an acceptable CO₂ level. Besides furthering the use of natural gas, Latin America is in the position of contributing at large scale to the utilization of biomass. Degraded soils or uncultivated land should be utilized to cultivate forest resources in a short high-productivity economic cycle.

For instance, the independent charcoal-based pig iron production in Brazil is reaching the impressive volume of 10 million tonnes in 2004. How much more could be produced by a system supported by our combined financial resources to be invested in forestation, the development and application of optimum forest management techniques including the improvement of forest species, as well as the best wood processing and coal making methodologies, and then apply cutting-edge steelmaking technologies in an environmentally safe cycle to produce metallics.

In conclusion, Latin America should be conceived as an economically integrated oneness whose infrastructure serves as the export platform for meeting the demand of a metallics and steel-thirsty world, as a clear and unequivocal demonstration of its management capability of renewable and other resources, consistent with an economic model that is the engine of the economy and the remedy for poverty.

