

1-24-1996

Steel Industry Reports Trade Surplus of US\$1.4 Billion in 1995

LADB Staff

Follow this and additional works at: <https://digitalrepository.unm.edu/sourcemex>

Recommended Citation

LADB Staff. "Steel Industry Reports Trade Surplus of US\$1.4 Billion in 1995." (1996). <https://digitalrepository.unm.edu/sourcemex/3544>

This Article is brought to you for free and open access by the Latin America Digital Beat (LADB) at UNM Digital Repository. It has been accepted for inclusion in SourceMex by an authorized administrator of UNM Digital Repository. For more information, please contact amywinter@unm.edu.

Steel Industry Reports Trade Surplus of US\$1.4 Billion in 1995

by LADB Staff

Category/Department: Mexico

Published: 1996-01-24

The devaluation of the peso at the end of 1994 appears to have created significant benefits for Mexico's steel industry, which reported a large trade surplus during 1995. According to statistics issued in mid-January by the iron and steel industry chamber (Camara Nacional del Hierro y el Acero, CANACERO), the steel industry's exports reached US\$2.4 billion in 1995, an increase of 192% from 1994. At the same time, the steel industry's imports totaled only US\$968 million last year, a decline of 65% relative to 1994, resulting in a trade surplus of US\$1.4 billion, or about 4.4 million metric tons for the steel industry.

According to columnist Alva Senzek of *El Financiero* International weekly business newspaper, the steel industry's trade surplus has allowed President Ernesto Zedillo to resist protectionist pressures from the Mexican steel industry. Senzek noted that the Zedillo administration, in its Dec. 11 federal register (*Diario Oficial*), issued an executive order reinforcing a previous decision not to pursue an anti-dumping case against US suppliers of hot-rolled steel plates. Meantime, according to the CANACERO report, Mexico's total steel production during 1995 amounted to a record 12 million MT. CANACERO did not offer a comparison figure with 1994. In 1993, steel output reached 9.2 million MT.

The organization estimated Mexico's total steel production capacity increased to 14.7 million MT in 1995, compared with 12.7 million MT in 1993. According to a recent report released by the Organization for Economic Cooperation and Development (OECD), the increased steel production was driven both by the export market and by domestic demand. The report said Mexico's domestic steel consumption increased by 18.4% during 1995, including 5.8 million MT of raw steel and 3.9 million MT of finished products. Indeed, in a separate but related report, Grupo Banamex- Accival reported that Mexico's nine largest steel companies were planning to spend a total of US\$1.2 billion for expansion programs in 1996 and 1997.

The expansion is expected to bring the productive capacity of the steel sector to about 18 million MT annually by the year 2000. The report, which cited CANACERO, said investments by the steel industry between 1989 and 1994 totaled US\$2.5 billion. In 1995, steel companies were limited somewhat by the impact of the peso devaluation in December 1994, but were still able to invest about US\$677 million for expansion projects.

According to the report, the largest investments in the next two years are planned by AHMSA, which is scheduled to spend about US\$310 million. Part of AHMSA's investment will be devoted toward increasing production of galvanized steel sheets to 80,000 MT in 1996, which is used for construction, automobiles, refrigerators, and other appliances. Grupo Ispat, also known as Imexa, expects to spend US\$250 million for expansion projects, while Hylsa is expected to spend about US\$200 million. Other companies that plan major expenditures are Industrias Monterrey (IMSA),

Grupo San Luis, Sicartsa, Mexinox, Tamsa, and Simec. (Sources: El Financiero International, 01/08/96; Associated Press-Dow Jones, 01/16/96; Excelsior, 01/17/96; Reforma, 01/22/96)

-- End --