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Steel Industry Forecasts Record Production in 1996

by LADB Staff
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The Mexican steel industry is expected to set record production levels in 1996, spurred partly by increased demand from the domestic construction industry and other key sectors of the economy. According to estimates released in early August by the iron and steel industry chamber (Camara Nacional de la Industria del Hierro y el Acero, CANACERO), Mexican steel manufacturers are expected to produce about 12.9 million metric tons of steel in 1996, surpassing the record 12 million MT set in 1995.

Mexico is the second-largest steel producer in Latin America, surpassed only by Brazil. According to CANACERO, a large percentage of Mexico's steel production last year was channeled to overseas customers, as the devaluation of the peso in late 1994 created favorable conditions for Mexican exporters.

However, CANACERO president Julio Cesar Villarreal told reporters that demand from domestic buyers has begun to recover, supplanting some of the sales to overseas buyers. In fact, Villarreal noted that despite the increased output in January-July, Mexican steel exports during that same period declined by 4% from a year ago to 1.4 million MT. According to CANACERO, exports should continue to decline gradually during the rest of the year, perhaps dropping by as much as 10% in the fourth quarter.

Still, Villarreal said that the reduced exports will not affect the industry's profit margin. "We are pleased with this opportunity to sell more of our products on the domestic market," he said. Villarreal said the steel industry expects the domestic market to continue to expand in the near future. As a result, steel manufacturers have committed more than US$1 billion for expansion and the upgrade of existing plants. (Sources, Excelsior, 08/13/96; Novedades, 08/19/96, 08/26/96)

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