



Cooperation- Competition- Success Together
VIETNAM STEEL ASSOCIATION

OVERVIEW OF VIETNAM STEEL INDUSTRY 2018- OUTLOOK FOR 2019

April 10-11th, 2019
HoChiMinh City, Vietnam


Website: www.vsa.com.vn



Cooperation - Competition - Success Together
VIETNAM STEEL ASSOCIATION

Contents

1. Introduction of Vietnam Steel Association

2. Overview of Vietnam Steel Industry in 2018

3. Outlook for 2019

4. Conclusion



Cooperation- Competition- Success Together
VIETNAM STEEL ASSOCIATION

INTRODUCTION OF VIETNAM STEEL ASSOCIATION



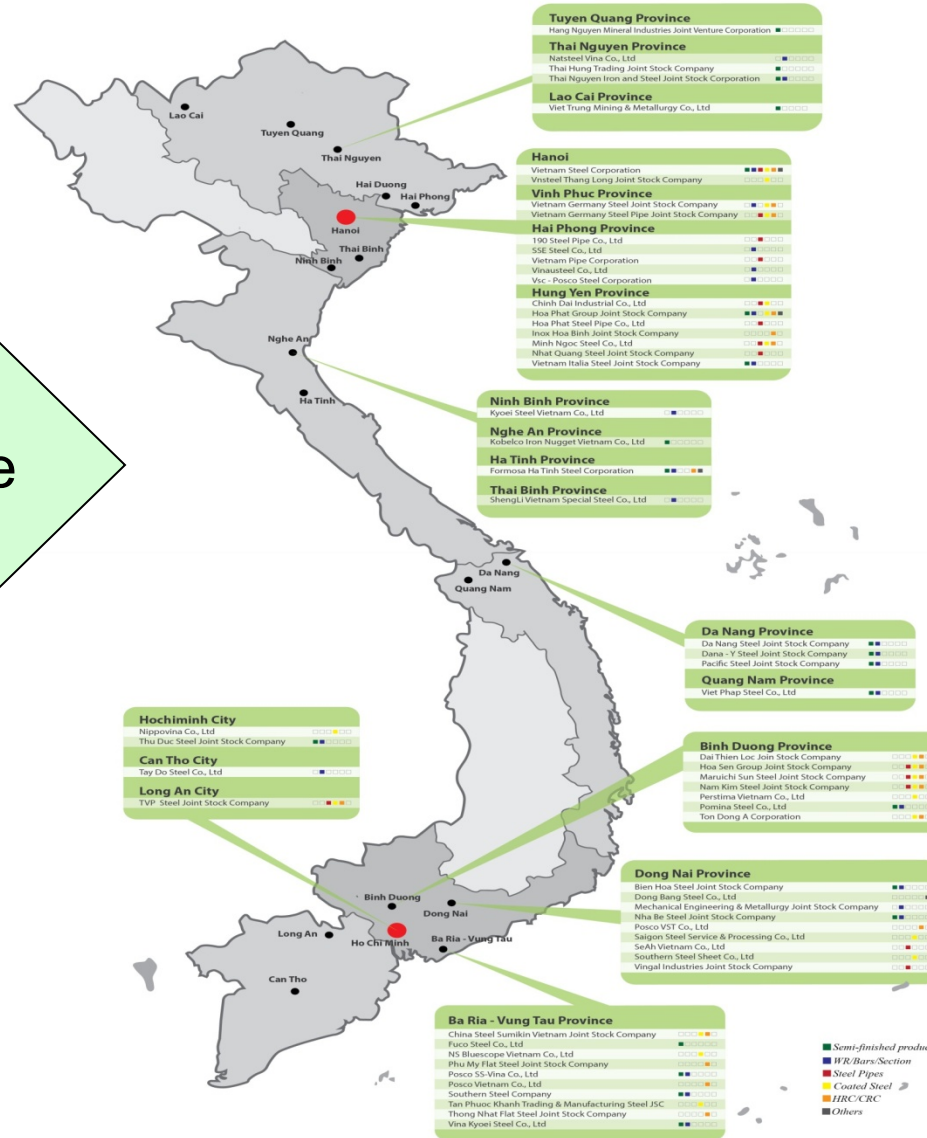
Website: www.vsa.com.vn

1. VIETNAM STEEL ASSOCIATION

- ❑ Vietnam Steel Association (VSA) is the social profession organization and voluntary participation.
- ❑ VSA currently has more than 110 members including Steel Producers; Trading companies/Representative Offices & Others.
- ❑ VSA members participate in all activities of VSA with the philosophy “**Cooperation - Competition - Success Together**”.
- ❑ VSA is a strong bridge to joint enterprises in steel sector; between the domestic steel industry with the South East Asia Region & global.

1. VIETNAM STEEL ASSOCIATION

VSA's Members located nationwide



1. VIETNAM STEEL ASSOCIATION

- ❑ From the establishment, VSA has joined to the SEAISI and become an active member of SEAISI, Asia Iron and Steel Council (AISC).
- ❑ VSA has had close relationship with SEAISI members and Steel Associations of other countries in the region such as Taiwan Steel & Iron Industry Association (TSIIA), Korea Iron & Steel Association (KOSA), Japan Steel & Industry Federation, etc.
- ❑ After 19 years since the establishment, VSA has remarkably contributed to the development of the Vietnam steel industry.
- ❑ Currently, Vietnam has become the biggest steel market in the South East Asia.



Cooperation- Competition- Success Together
VIETNAM STEEL ASSOCIATION

OVERVIEW OF VIETNAM STEEL INDUSTRY 2018

2. OVERVIEW OF VIETNAM STEEL INDUSTRY 2018

TABLE OF 2018 VIETNAM ECONOMIC INDICATORS

Macro-economic indicators	2015	2016	2017	2018	2019 (F)
GDP growth rate (% YOY)	6.68	6.21	6.81	7.08	6.8
GDP (USD billion) at current price	193.50	205.52	220	240	250
GDP per capital (USD)	2,109	2,215	2,385	2,587	2,788
Exchange rate (VND/USD)	21,669	22,159	22,451	22,613	23,200
Foreign Trade					
- <i>Export growth rate (%)</i>	<i>8.1</i>	<i>8.6</i>	<i>21.1</i>	<i>13.8</i>	<i>8.0-10.0</i>
- <i>Import growth rate (%)</i>	<i>12</i>	<i>4.6</i>	<i>20.8</i>	<i>12.81</i>	<i>11.7</i>
- <i>Trade Balance (USD billion)</i>	<i>3.2</i>	<i>2.6</i>	<i>2.7</i>	<i>7.2</i>	<i>-2.0</i>
FDI attraction (USD billion)	14.5	15.8	17.5	19.1	N/A
Inflation (%)	2.05	1.83	3.53	3.54	3.5-4.0

2. OVERVIEW OF VIETNAM STEEL INDUSTRY IN 2018

REVIEW OF VIETNAM ECONOMY IN 2018

- ❖ GDP in 2018 increased by 7.08%, the highest growth since 2011, surpassing the Government's target of 6.7%;
- ❖ The inflation was 3.54% below the target of 4% set by the National Assembly;
- ❖ Export turnover reached nearly US\$ 245 billion, a rise of 13.8% compared to 2017;
- ❖ Import revenue in 2018 reached an estimate of US\$ 237 billion, moving up by 11.5% from the previous year. So that, trade surplus of US\$ 8 billion in 2018 (*FOB price exchange*);

2. OVERVIEW OF VIETNAM STEEL INDUSTRY 2018

OUTLOOK FOR VIETNAM ECONOMY IN 2019

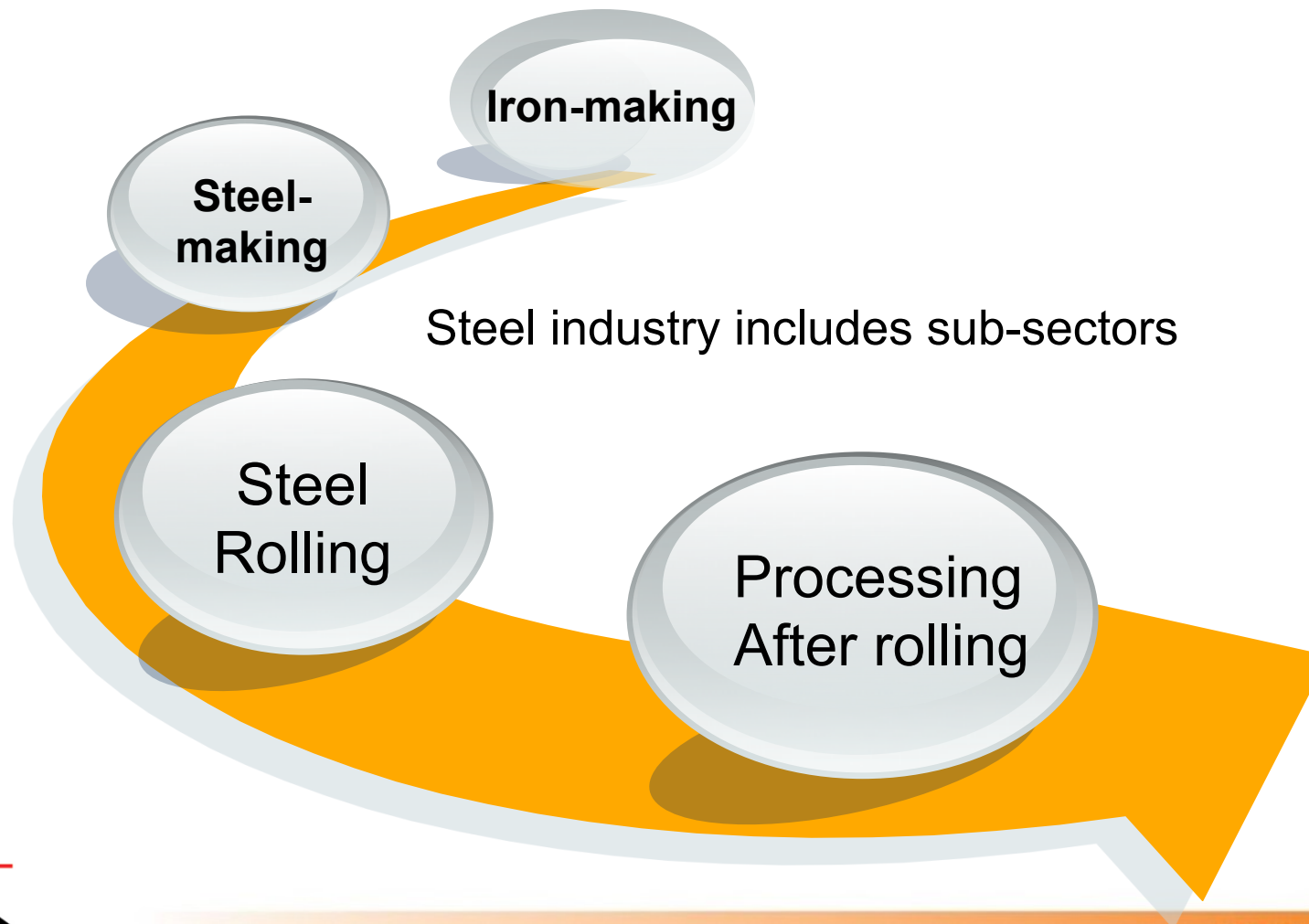
The main objectives of Vietnam Government in 2019 are: Macro-economic stability; Controlling inflation; Restructure economy and creating new model of growth.

► **For 2019, the National Assembly of Vietnam has approved the targets for socio-economic development:**

- GDP growth rate: 6.8%;
- Export growth rate: 8-10%;
- Trade deficit: maintained at 2% of total export revenue;
- CPI below 4%;

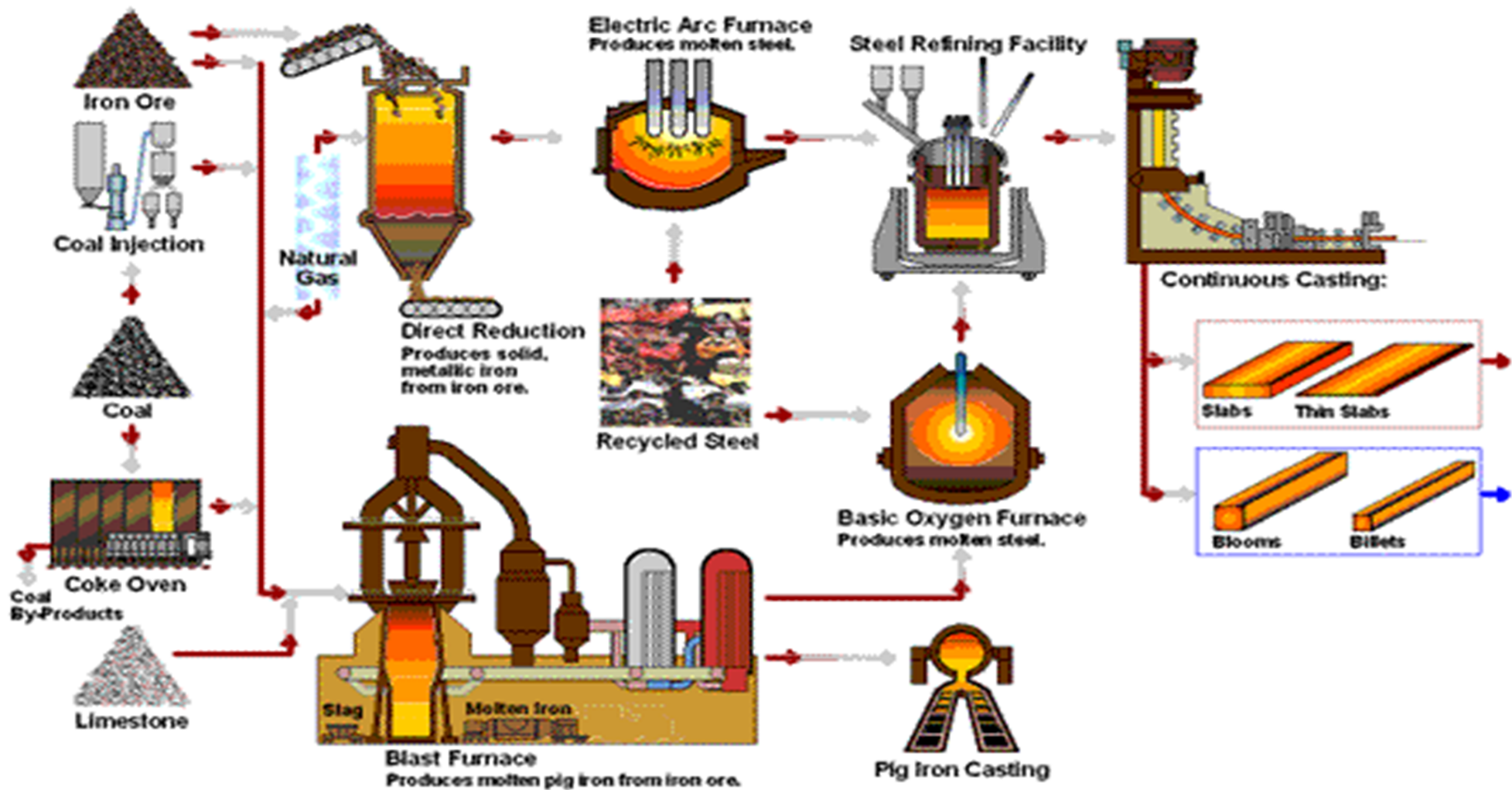
2. OVERVIEW OF VIETNAM STEEL INDUSTRY 2018

- After more than 50 years of development, Vietnam steel industry has become an important industry in the economy.



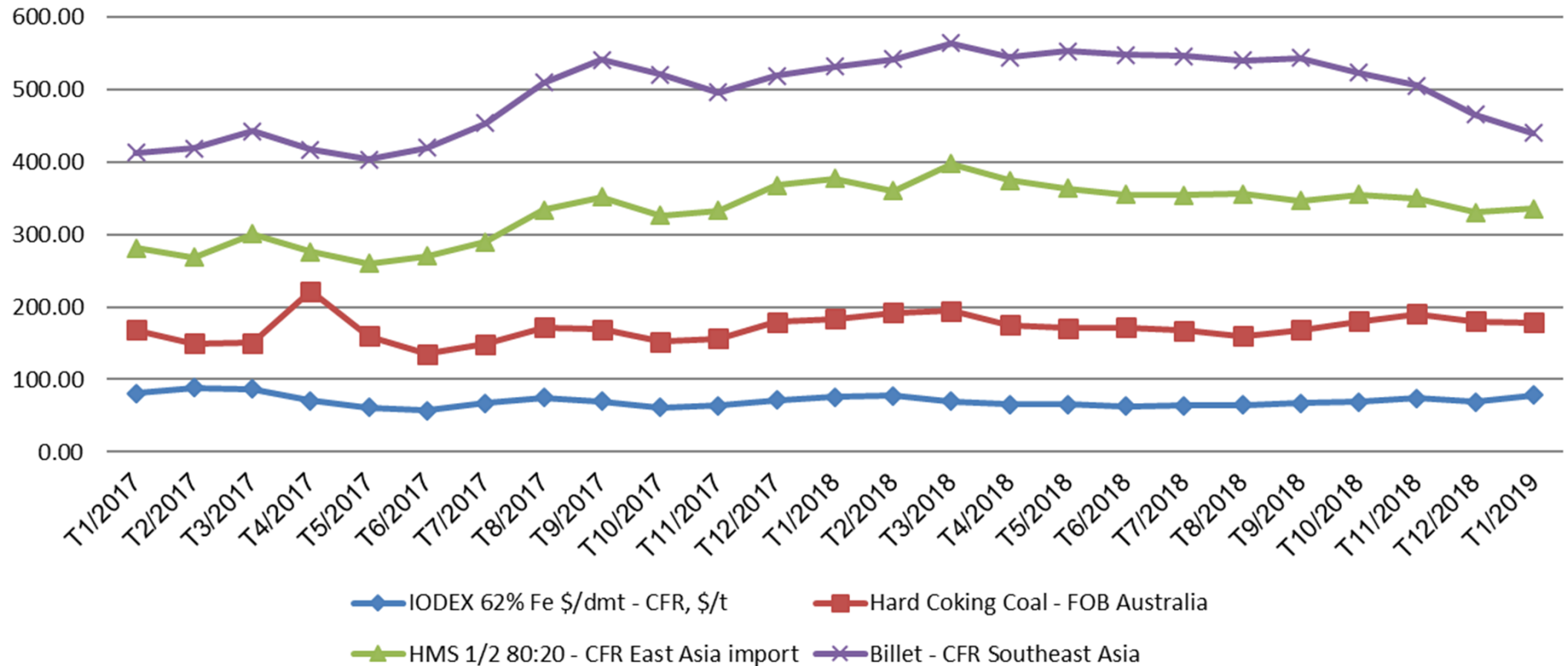
2. OVERVIEW OF VIETNAM STEEL INDUSTRY 2018

Metallurgy processes – Technology lines in Vietnam



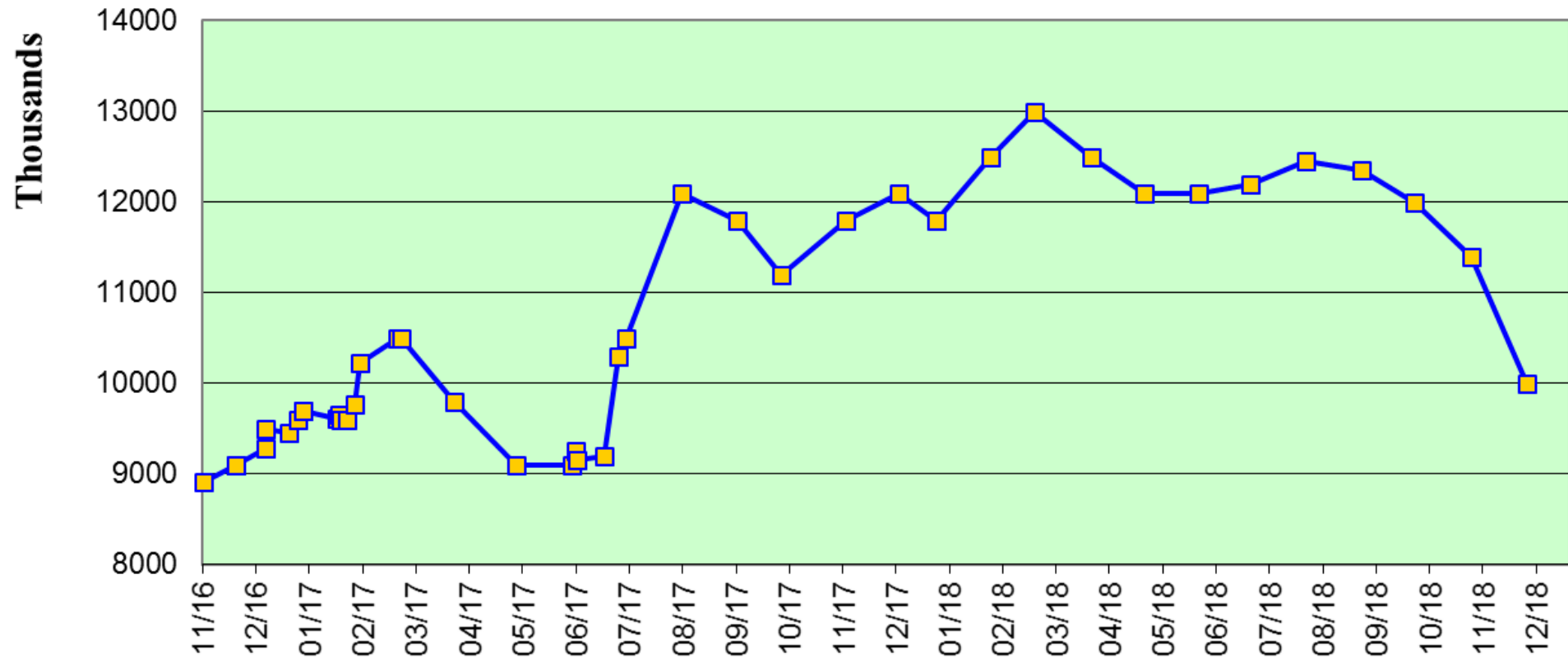
2. OVERVIEW OF VIETNAM STEEL INDUSTRY 2018

CHART OF STEELMAKING RAW MATERIALS PRICES IN 2019



2. OVERVIEW OF VIETNAM STEEL INDUSTRY 2018

DOMESTIC STEEL BILLETS PRICE IN 2018

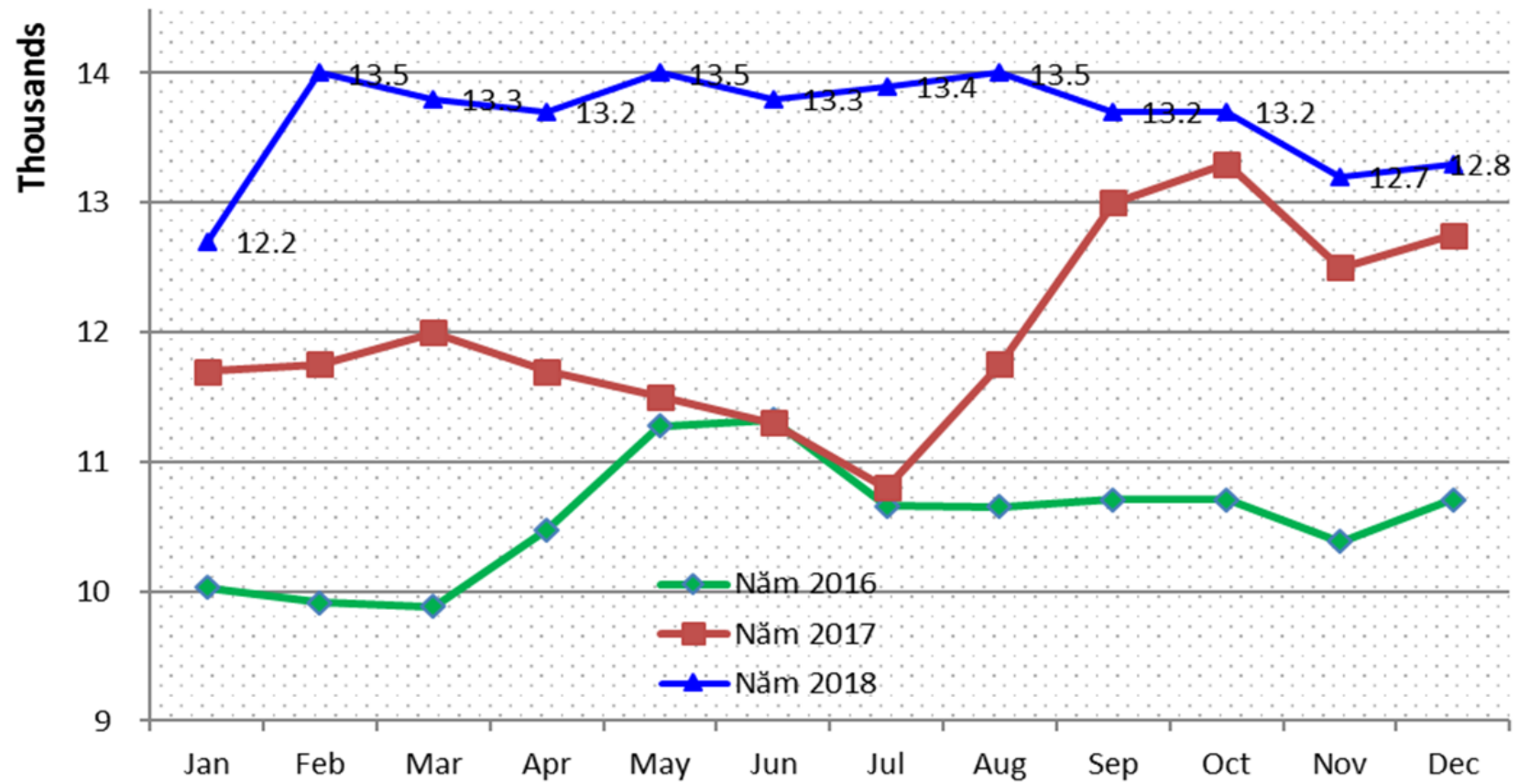


Source: Data from VSA members reports

2. OVERVIEW OF VIETNAM STEEL INDUSTRY 2018

DOMESTIC CONSTRUCTION STEEL PRICES IN 2018

('000 VND/tons)



Source: Data from VSA members reports

2. OVERVIEW OF VIETNAM STEEL INDUSTRY 2018

- ❖ The year 2018 was considered a challenging year for Vietnam's steel industry.
- ❖ For the whole year 2018, crude steel production of Vietnam reached **more 15 million** tons, ranking 16th position in world crude steel production.
- ❖ Specifically, the production and consumption of finished steel products increased by **16% and 3%** y-o-y respectively, details as the next slide.

2. OVERVIEW OF VIETNAM STEEL INDUSTRY 2018

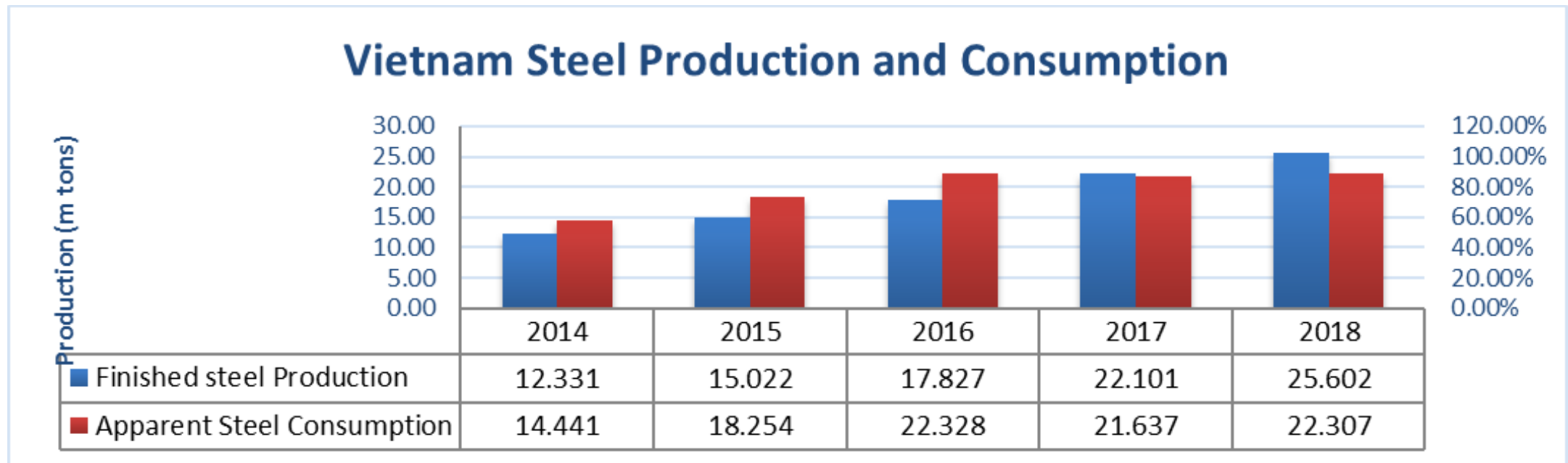
Table of Finished Steel Production in 2018

Unit: 1,000 tons

Products	Production		
	2017	2018	y-o-y (%)
Finished Steel Products	22,101	25,602	16
<i>Bars</i>	7,277	8,140	12
<i>Rod in Coils</i>	2,096	2,302	10
<i>Sections</i>	551	651	18
<i>HRC, Plates</i>	1378	3,439	150
<i>Cold Rolled Coils</i>	3,825	3,867	1
<i>GI & Colour Coated Sheets</i>	4,667	4,710	1
<i>Welded Steel Pipes</i>	2,307	2,493	8

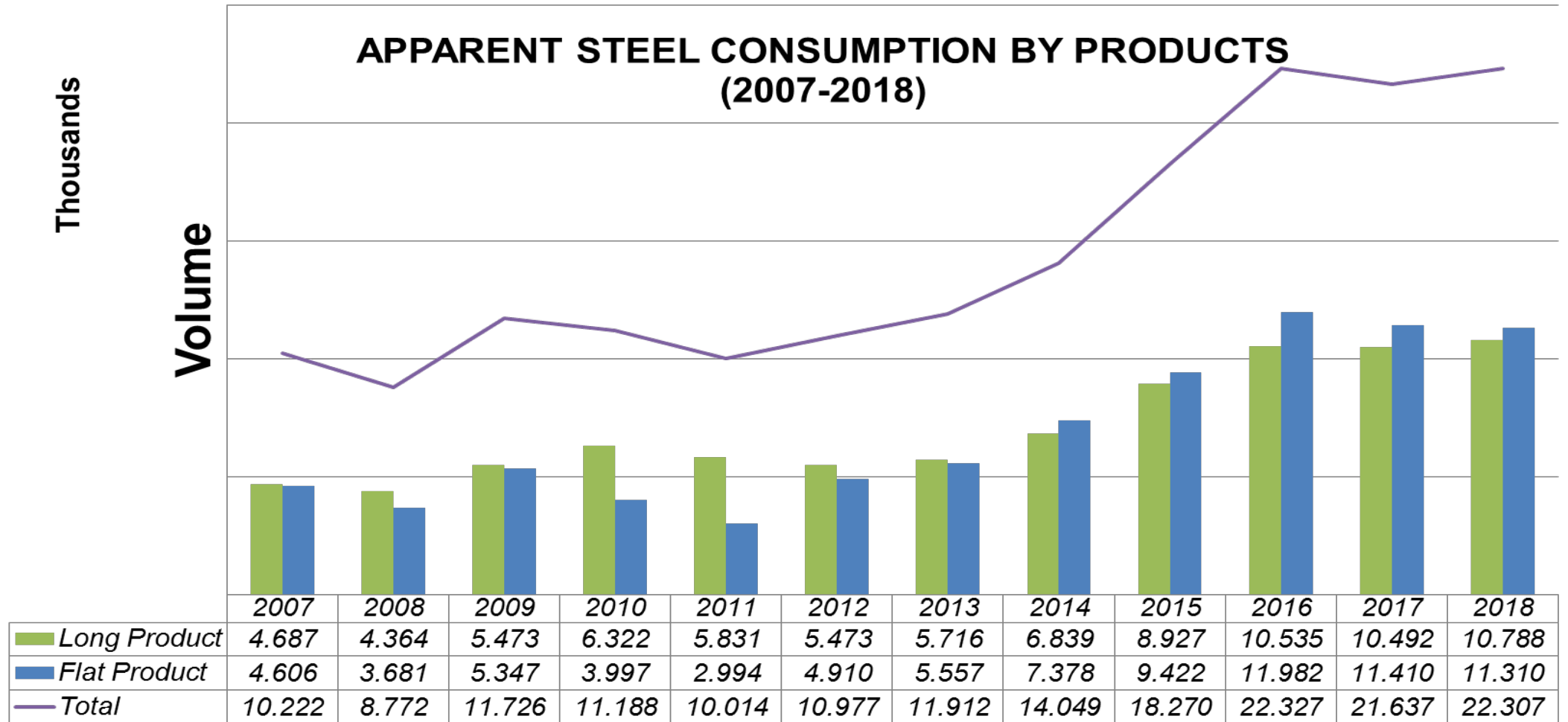
2. OVERVIEW OF VIETNAM STEEL INDUSTRY 2018

The chart of production and consumption of finished steel products in 2018, details as below:



Source: Vietnam Steel Association

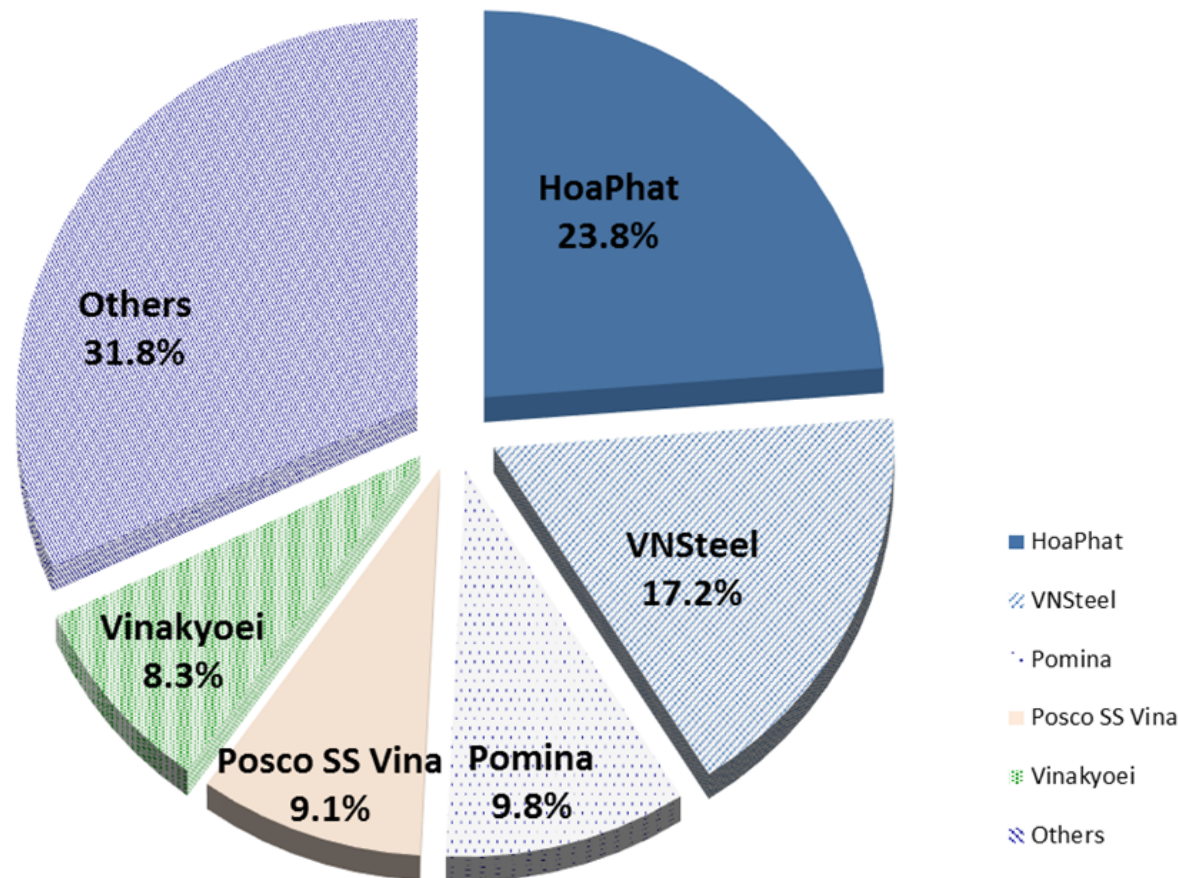
2. OVERVIEW OF VIETNAM STEEL INDUSTRY 2018



Source: Vietnam Steel Association

2. OVERVIEW OF VIETNAM STEEL INDUSTRY 2018

Chart of Major Long Products Producers

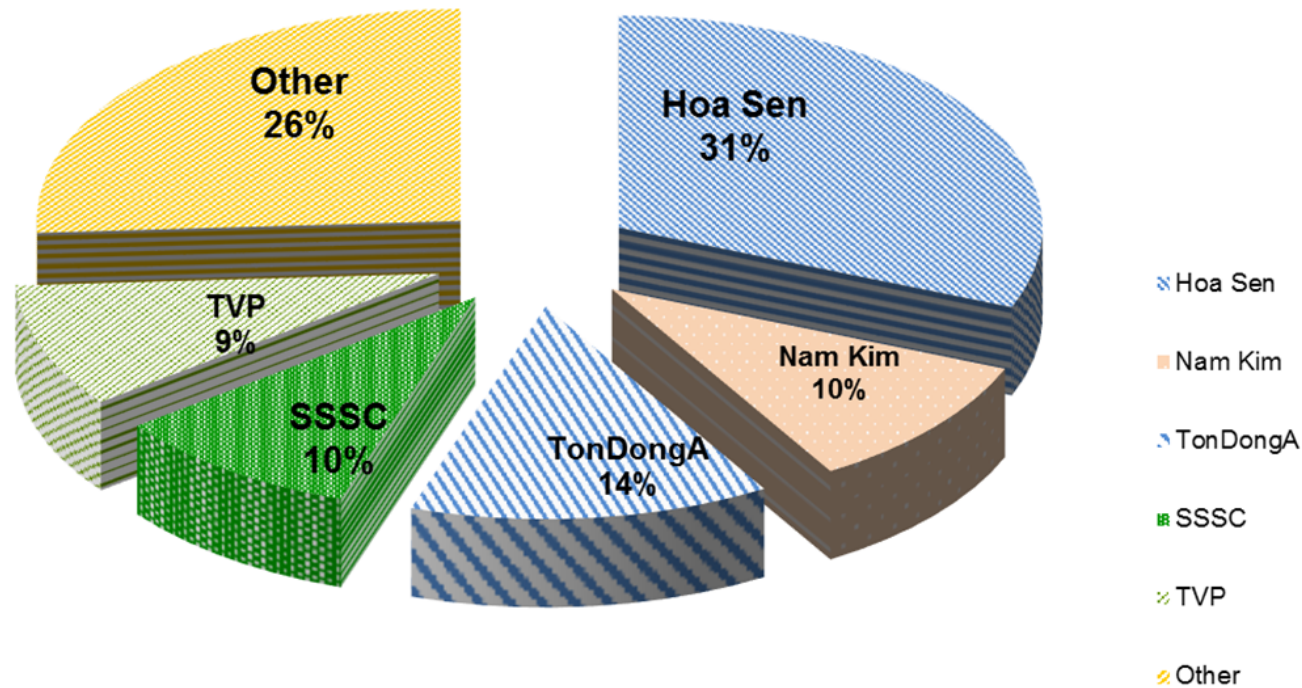


Source: Data from VSA members reports

Source: SEAISI

2. OVERVIEW OF VIETNAM STEEL INDUSTRY 2018

Domestic Market share of TOP 5 Metallic & Color Coated Sheets producers



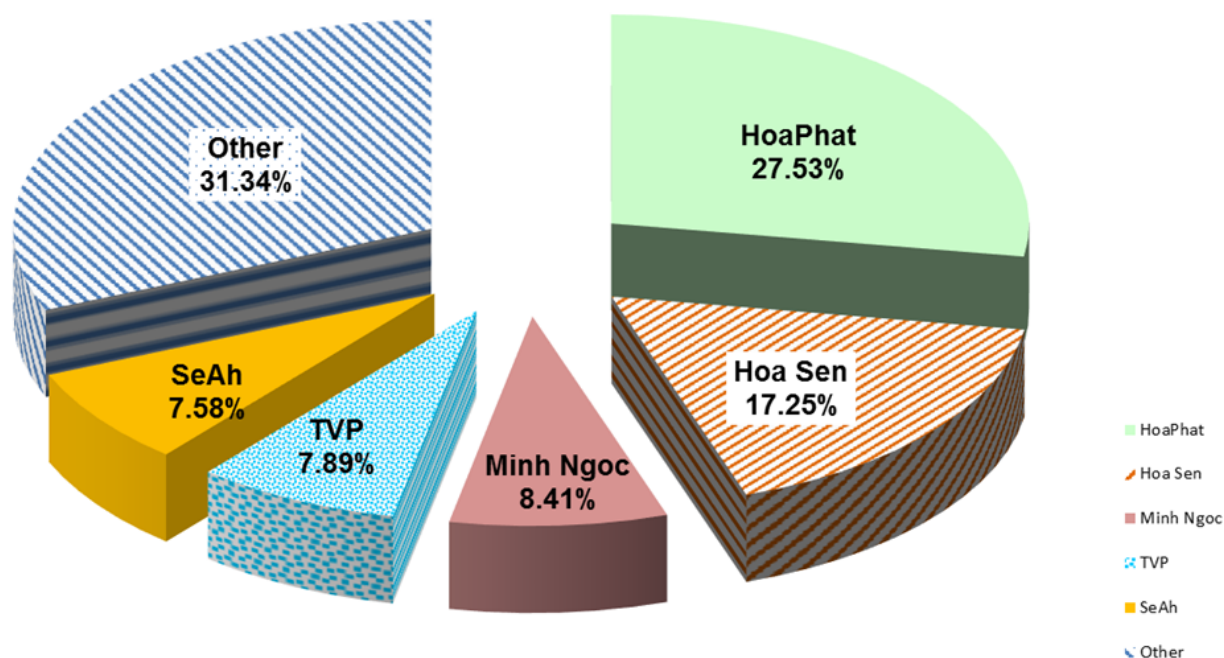
Source: Data from VSA members reports

Source: SEAISI

2. OVERVIEW OF VIETNAM STEEL INDUSTRY 2018

Market share of TOP 5 Welded Steel Pipe Producers

Chart of Major Steel Pipes Producers



Source: Data from VSA members reports

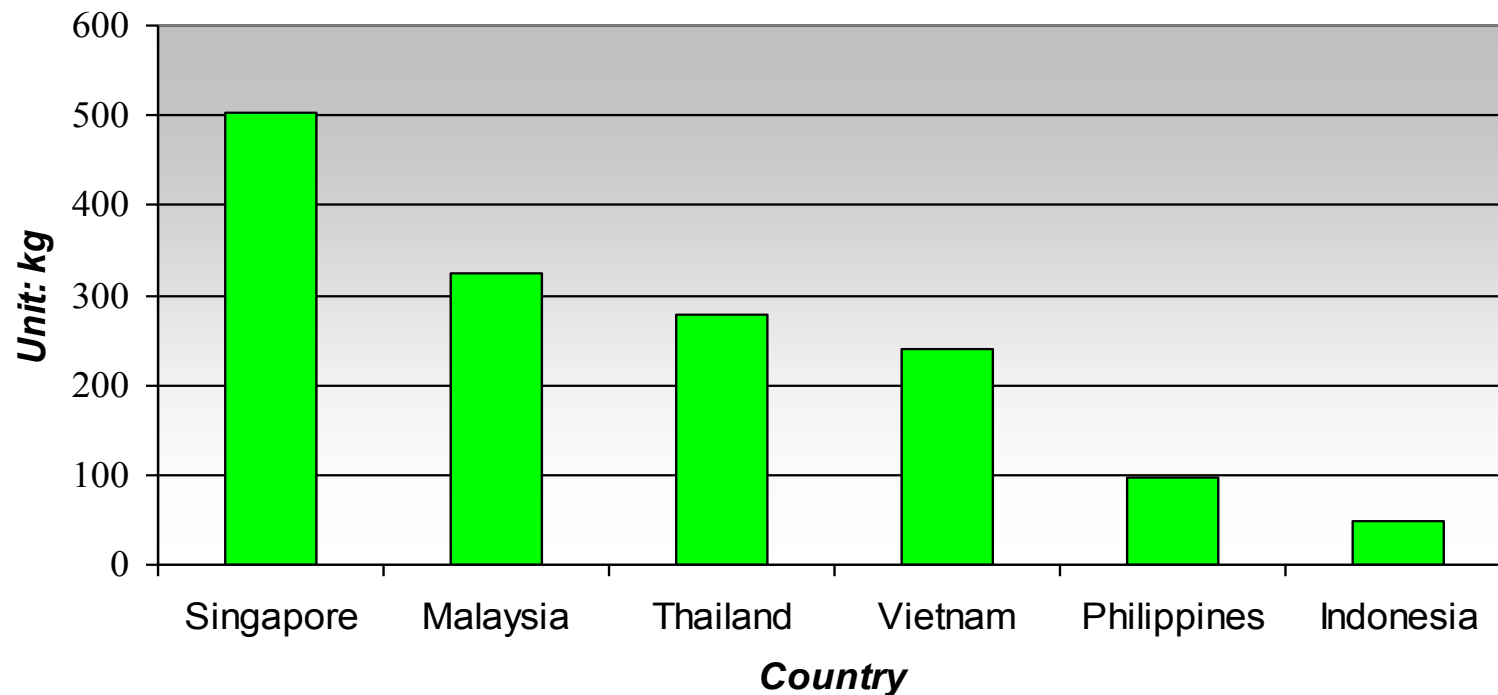
Source: SEAISI

2. OVERVIEW OF VIETNAM STEEL INDUSTRY 2018

Apparent Consumption of all finished steel products:

- ❖ Vietnam Steel Consumption per capita reached ~241 kg, the 4th ASEAN country.

Vietnam Steel Consumption per capita



Source: SEAISI

2. OVERVIEW OF VIETNAM STEEL INDUSTRY 2018

Imports:

- In 2018, imports of finished steel products from China ~ **6.27** million tons, down **10%** in volume, but up **9.8%** in value over 2017; The proportion of imported steel from this country accounts for ~ **46.3%** of total imported steel products.
- Followed by Japan (16.5%), Korea (12.6%), Taiwan (10.6%), India (4.5%) and Russia (4.06%).

2. OVERVIEW OF VIETNAM STEEL INDUSTRY 2018

Imports:

Country	Year 2018		Share (%)	
	Volume	Value	Volume	Value
Total	13,530,000	9,890,000	100.00%	100.00%
China	6,270,000	4,497,000	46.34%	45.47%
Japan	2,235,000	1,590,000	16.52%	16.08%
South Korea	1,697,000	1,405,000	12.54%	14.21%
Taiwan	1,438,000	960,200	10.63%	9.71%
India	606,900	392,600	4.49%	3.97%
Russia	549,500	316,400	4.06%	3.20%
ASEAN	269,200	338,100	1.99%	3.42%
Brazil	168,700	97,360	1.25%	0.98%
EU	70,190	137,930	0.52%	1.39%
Australia	35,590	19,430	0.26%	0.20%

China is the largest country supplying iron and steel products into Vietnam

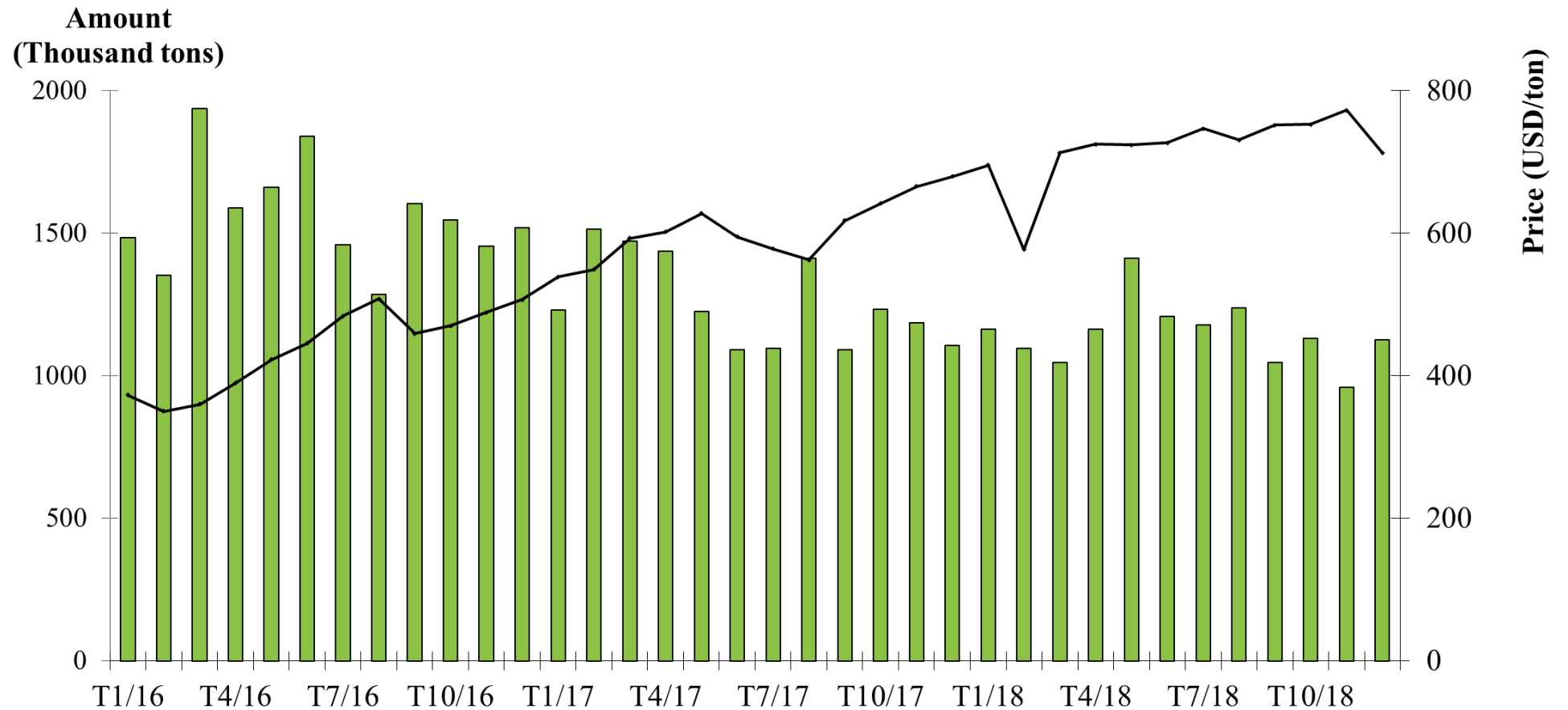
Source: Vietnam Steel Association

www.vsa.com.vn

2. OVERVIEW OF VIETNAM STEEL INDUSTRY 2018

Imports:

Prices and Quantity of Steel Imported into Vietnam in 2018



2. OVERVIEW OF VIETNAM STEEL INDUSTRY 2018

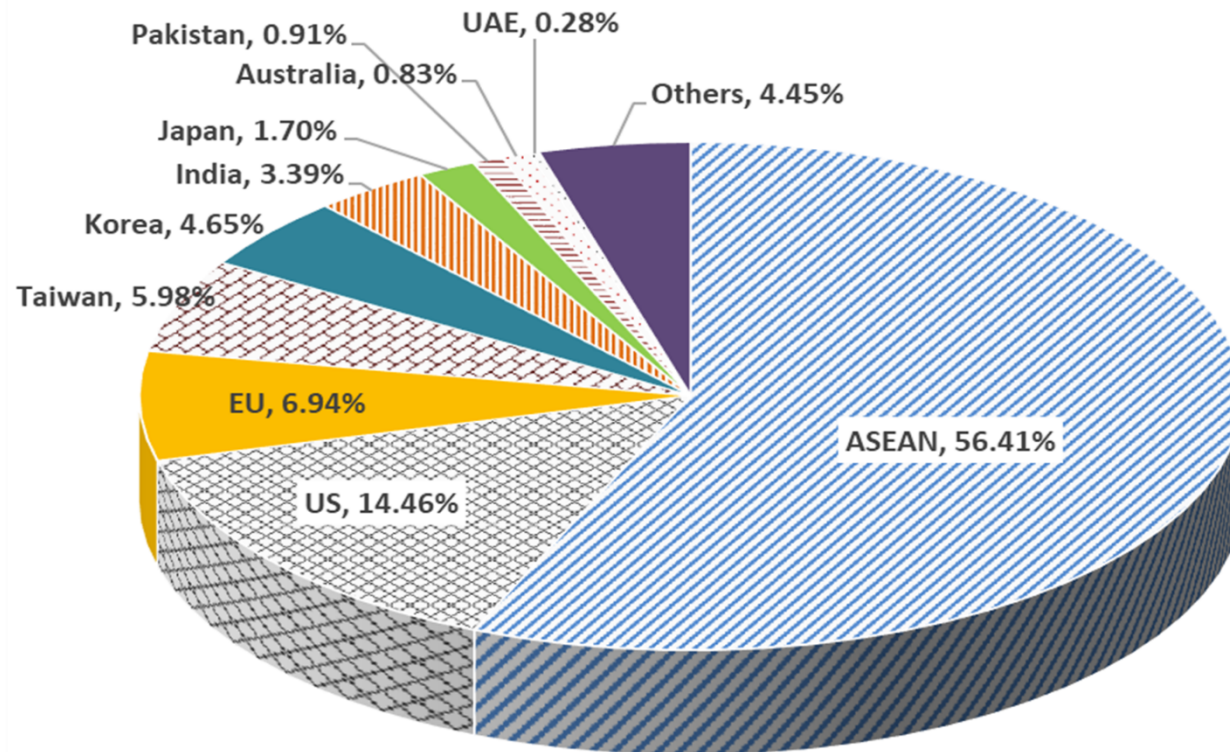
Exports:

- ❖ **In the whole year 2018:** Exports of semi and finished steel products reached more than 7.8 million tons, an increase of 40% in volume, with export turnover reaching more than US \$ 5.7 billion.
- ❖ ASEAN remained the main export market, with finished steel exports of over 3.5 million tons, accounting for more than **56%** of Vietnam's total finished steel exports

2. OVERVIEW OF VIETNAM STEEL INDUSTRY 2018

Exports:

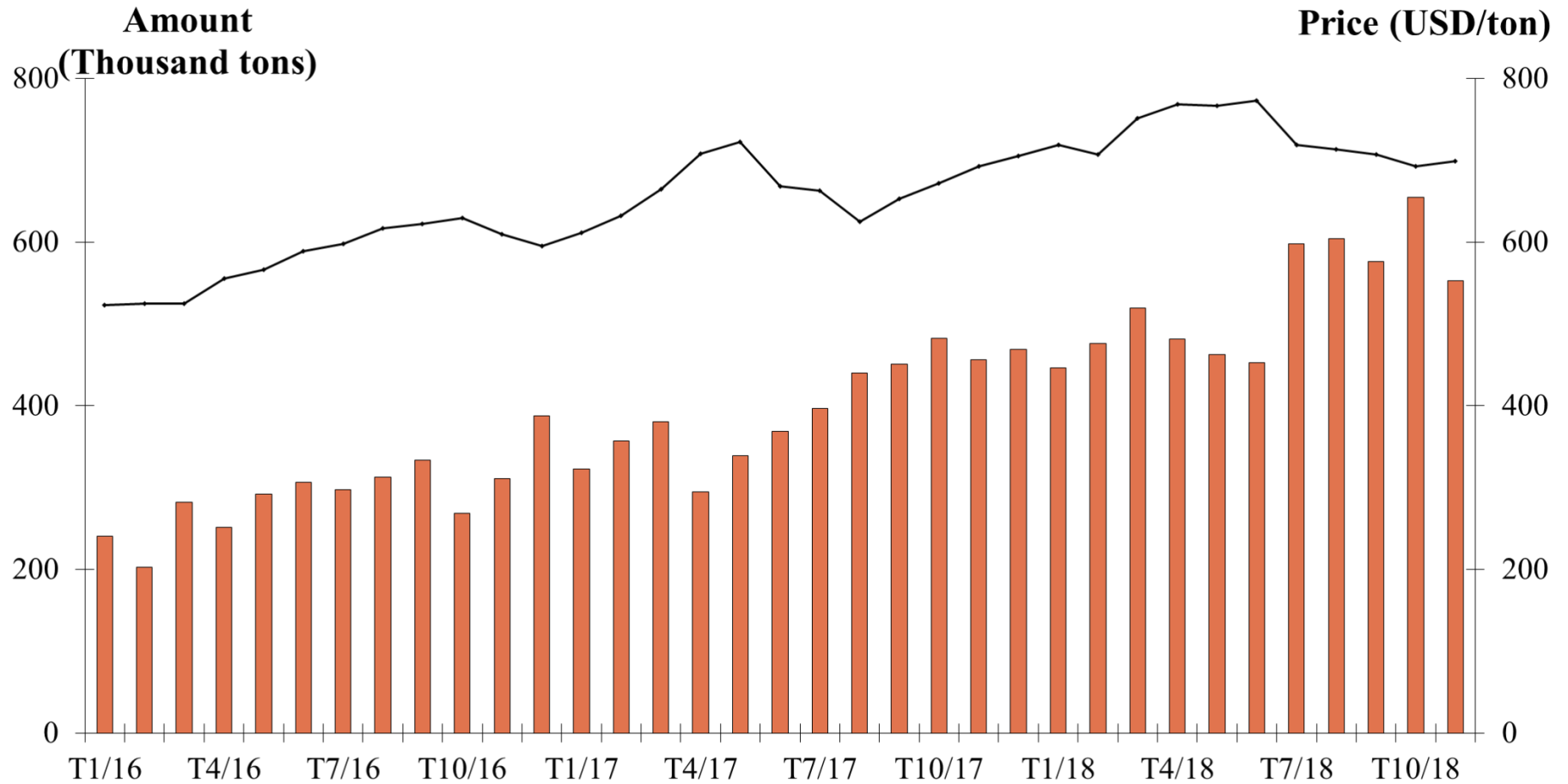
Top 10 largest destinations for steel exports of Vietnam in 2018



2. OVERVIEW OF VIETNAM STEEL INDUSTRY 2018

Exports:

Prices and Quantity of steel exports of Vietnam



2. OVERVIEW OF VIETNAM STEEL INDUSTRY 2018

Trade cases initiated by Vietnamese steel producers. So far, Vietnam has initiated 7 trade case investigations involving steel:

- ❖ Anti-dumping for stainless steel- AD01 (5/9/2014)
- ❖ Anti-dumping for galvanized steel products- AD02 (30/3/2016)
- ❖ Global self defense for steel billet and longs products -SG04 (18/7/2016)
- ❖ Antidumping for H-shaped steel - AD03 (21/8/2017)
- ❖ Global self-defense for color sheets - SG05 (31/5/2017)
- ❖ Anti-circumvention trade defense measures for steel wire/ wire rod - AC01.SG04 (26/7/2018).
- ❖ Anti-dumping against colored sheets - AD04 (15/10/2018)

2. OVERVIEW OF VIETNAM STEEL INDUSTRY 2018

Lawsuits related to export steel products. So far (since 2004), there are total 47 cases involving exported Vietnamese steel products from 11 economies such as the EU, the US, Brazil, Canada, Australia, Turkey, India, Columbia, Malaysia, Thailand, Indonesia) in different forms:

- ❖ Anti-dumping- AD: 29 cases;
- ❖ Countervailing Duty- CVD: 3 cases;
- ❖ AD & CVD: 3 cases;
- ❖ Safeguard - SG: 9 cases;
- ❖ Anti circumvention - AC: 3 cases.



Cooperation- Competition- Success Together
VIETNAM STEEL ASSOCIATION

OUTLOOK FOR VIETNAM STEEL INDUSTRY 2019



Website: www.vsa.com.vn

3. OUTLOOK FOR VIETNAM STEEL INDUSTRY 2019

- ❑ The economic situation in the first month of 2019 continues the positive trend, continues to keep the progress of steel industry development
- ❑ With the average growth rate 10% y-o-y, Vietnam will produce about 30 million tons finished steel products in 2020. Of which, long products will be approximately 45%, and flat products about 55%.

Source: SEAISI

3. OUTLOOK FOR VIETNAM STEEL INDUSTRY 2019

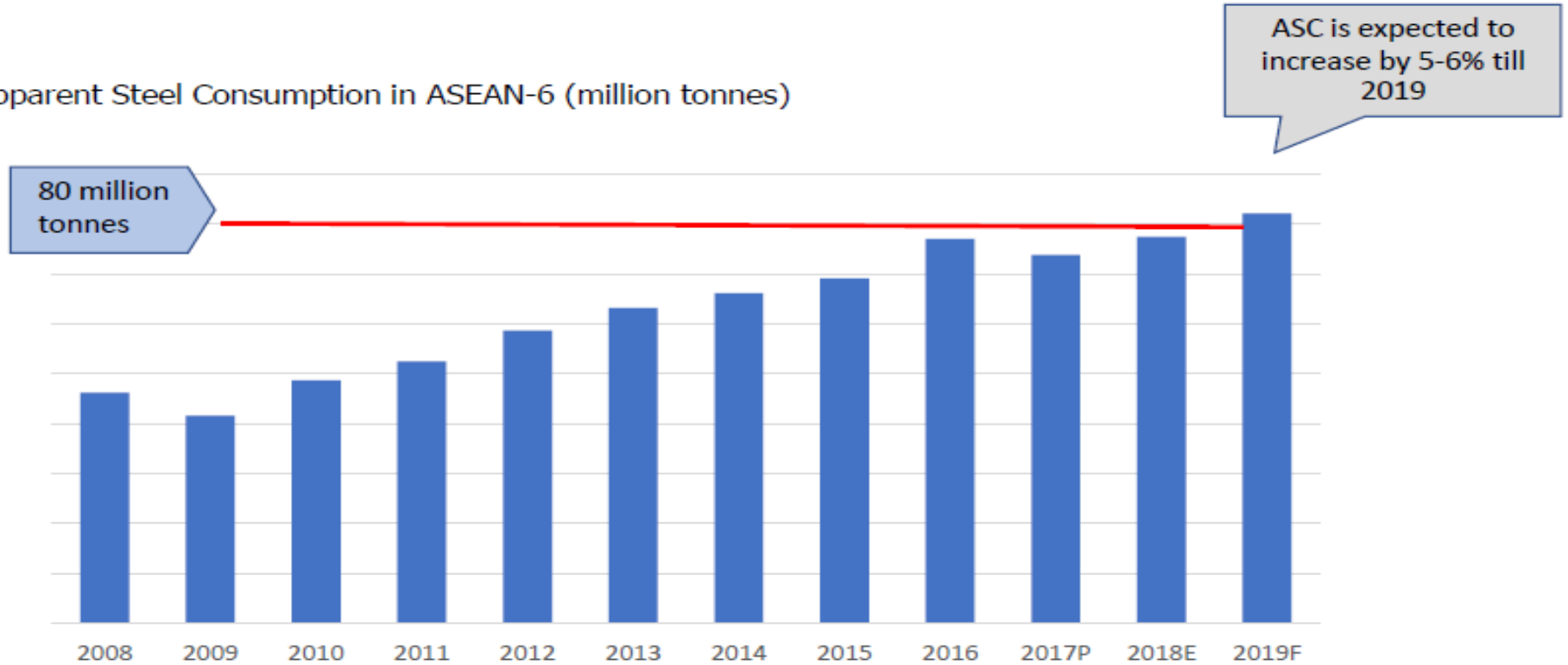
- ❑ In 2019, Vietnam will put some projects into production such as:
 - Steel Making mill in Nghi Son, Thanh Hoa;
 - HoaPhat Dung Quat with the BF in Quang Ngai;
- ❑ Other projects applying licenses as Sunpro – Hau Giang, Dong Nam A Steel – Gia Lai.

Source: SEAISI

3. OUTLOOK FOR VIETNAM STEEL INDUSTRY 2019

ASEAN-6 is on track to return to its near term steel demand growth potential of 5-6% per annum and total steel consumption is expected to surpass 80 mt in 2019.

Apparent Steel Consumption in ASEAN-6 (million tonnes)



Source: SEAISI

E = Estimation
F = Forecast

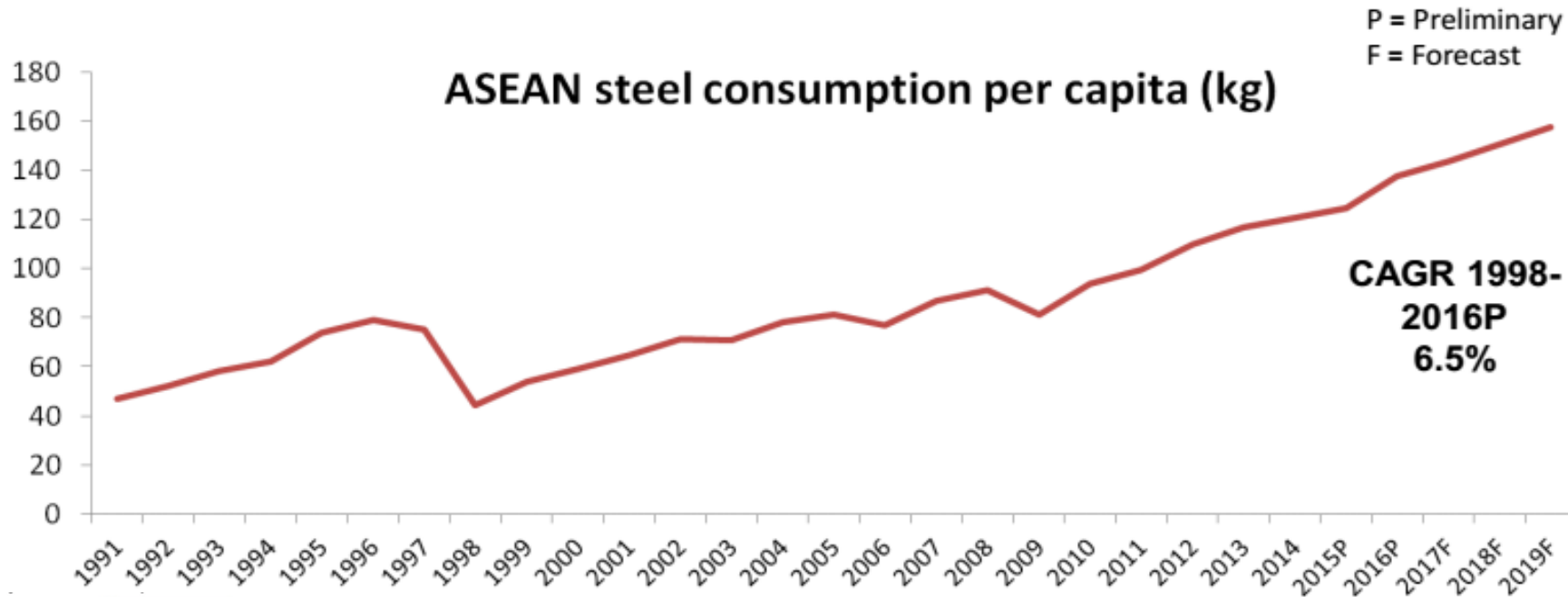
3. OUTLOOK FOR VIETNAM STEEL INDUSTRY 2019

Vietnam Steel Consumption per Capita

Unit: kg

Steel consumption per capita	2013	2014	2015	2016P	2017F	2018F	2019F
Indonesia	51	51	45	49	52	55	59
Malaysia	333	328	321	323	323	322	321
Philippines	68	73	86	97	101	104	109
Singapore	792	701	725	503	502	502	502
Thailand	258	255	242	279	278	285	292
Vietnam	131	159	199	241	267	291	314
ASEAN	117	121	125	138	144	150	157

In 2020, Consumption per capita of Vietnam will be the third position in ASEAN



Source: SEAISI



Cooperation- Competition- Success Together
VIETNAM STEEL ASSOCIATION

CONCLUSION



Website: www.vsa.com.vn

4. CONCLUSION

- ❑ Vietnam steel has to import raw material for making steel and continues to affect by fluctuated global material steel market.
- ❑ With the import tariff barrier trends to zero, Vietnam as well as other countries, we have to use trade measures to be avoid from commercial fraud for supporting domestic producers. Along with, Vietnam Steel producers have to face into trade remedies from export markets.

4. CONCLUSION

❑ Relating to investment: Vietnam welcomes foreign investment into Vietnam, but it does not encourage to invest in domestic steel products exceeding demand such as:

- ✓ CR coil;
- ✓ Galvanized steel sheet and color coating;
- ✓ Welded steel pipe;
- ✓ Construction steel and billet, etc.

Thank you for your attention!



Cooperation- Competition- Success Together
VIETNAM STEEL ASSOCIATION