
Open letter from the Latin American Iron and Steel Industry to their Heads of State and Government, meeting in Cartagena, Colombia for the 25th Ibero-American Summit

Alacero - October 26, 2016. The steel industry in Latin America, gathered in the Alacero-57 Congress in Rio de Janeiro on October 25 and 26, addresses you on the eve of the 25th Iberoamerican Summit to be held October on 28 and 29 in the city of Cartagena, Colombia to convey a sense of urgency over the difficult situation affecting our industry and its metalworks value chain.

We are united by a common concern: our fears for the loss of jobs and its impact on our communities, the closure of companies, the lack of incentives for investment, financial losses and the destruction of our value chain.

This problem has its origins in China, in the Chinese steel industry (50% of the world's output), its state-owned enterprises and subsidy structure, its production capacity which far exceeds domestic demand, its mounting financial losses and unfair commercial conduct which does not comply with international trade rules. In short, China exports unemployment.

This fact is acknowledged worldwide, as stated in the G20 Declaration, which in early September expressed that subsidies and direct government intervention lead to market distortions contributing to overcapacity and causing negative effects on trade and, even more serious, on workers.

That Declaration reflects in a specific and unequivocal way the current state of the steel industry in China. It also proposes setting up a Global Forum to address the issue.

The declaration of the G20 leaders was signed by several countries in the region, as well as by Spain and Portugal.

In the light of this situation, the Latin American steel industry states that:

- China does not respect international trade rules.
- Its unfair trade practices have been penalized by more than 280 anti-dumping measures presented by WTO member countries.
- Chinese state-owned companies should follow the same commercial and market criteria as Latin American companies.
- Chinese steelmakers receive multiple subsidies and unlimited financial support.
- Chinese exports of products with a high steel content are affecting the regional metalworking industry.
- Steel and metalworking private companies are unable to compete against the Chinese government because China is not a market economy.

Therefore, we call upon our governments to:

- Ensure a leveled playing field for competition with China.
- Strengthen trade defense mechanisms to adapt to new business realities.
- Put in place a comprehensive strategy to tackle the China issue.
- Guarantee efficient and effective customs operations.
- Resort to commercial diplomacy to get China to make their real production costs transparent and reduce overcapacity in a meaningful and real way.
- Defender the metalworks value chain, particularly labour-intensive small and medium enterprises.
- Stop the growing deficit in the metalworks industry that affects some 4 million workers and their families.

In defense of Latin American employment, **we ask our governments NOT to recognize China the market economy status.**

Our steel industry and our metalworks value chain can grow and compete, be sustainable and remain a source of jobs for our young people and for the well-being for our communities, as long as we have fair and clear rules that are equally applicable to all steel companies worldwide.

Contacts:

Latin American Steel Assosiation - Rafael Rubio, rrubio@alacero.org

Argentinean Steel Chamber – Carlos Vaccaro, c.vaccaro@acero.org.ar

Brazilian Steel Institute – Marco Polo de Mello Lopes, marcopolo@acobrasil.org.br

Alacero Chile - Juan Carlos Gutiérrez, jcgutierrez@icha.cl

Fedemetal Chamber of Andi (National Business Association of Colombia) – Juan Manuel Lesmes, jlesmes@andi.com.co

Colombian Steel Producer Committee of Andi - Camila Toro, ctoro@andi.com.co

Fedimetal - Guillermo Pavón, fedimetal@fedimetal.com.ec

Canacero - Salvador Quesada, squesada@canacero.mx

SNI. National Society of Industries. Committee Metal-mechanic – Luis Tenorio, ltenorio@sni.org.pe

Dominican Steel Assosiation – Alfredo Badiu, abadui@adoacero.org