



THE BRAZILIAN STEEL INDUSTRY MUST CLOSE 2017 IN SLOW RHYTHM

The apparent steel consumption in the first quarter of this year presented a 5% growth when compared to the same period last year. Considering that, for the same period, domestic sales fell by 0.5%, the growth in apparent consumption was supplied by the increase of 73.1% in imports. From January to March of this year, production grew by 10.9%, basically for exports, which grew by 17.4%.

The significant growth in exports is due to the start-up of a new plant - Pecém Steel Company (CSP) -, focused on the foreign market, and to the great effort expended by the other Brazilian plants, which, for currently operating at 40 % idleness, increased their exports to avoid further closures of equipment and dismissal of employees, as the domestic market is still depressed. It should also be considered that the comparison base of these exports in the first quarter of 2016 is extremely low, which helps boosting the percentage changes.

Despite the results of the first quarter, to 2017, the Brazil Steel Institute forecasts that Brazilian crude steel production closes the year with a growth of 3.8% compared to 2016, totaling 32.5 million tons. As for domestic sales of steel products, it is expected an increase of 1.3%, reaching 16.7 million tons, similar to 2006. The apparent steel consumption in the country should be 18.7 million tons, which represents an increase of 2.9% when compared to last year. If this result is confirmed, the standards of a decade ago will be maintained.

Brazil Steel Institute forecasts for this year ratify what is being warned by the Coalition comprising the

automotive, chemical, machinery and equipment, textiles/clothing, footwear, electrical appliances, electronics, auto parts, steel, paper and pulp segments, which is, the Domestic market will not be recovered in 2017. These segments, which account for 48.5% of production and 68.5% of exports from the country's manufacturing industry, operate on average at 50% idleness and have dismissed, in the last 2 years, approx. 500 thousand employees.

The increase in exports of processed products in the short term is the only way out of avoiding the worsening of the situation of the manufacturing industry and the increase in unemployment. Exports can contribute decisively to the rapid and sustained recovery of the country's economic growth. Therefore, it is imperative that the government restitutes the non-recoverable taxes already paid in the consumption of previous links in the production chain, through the REINTEGRA mechanism, raising the current rate by 3 percentage points (from the current 2% to 5%).

Correcting this asymmetry will allow the immediate increase of exports, without inflationary pressures, maintaining the level of tax collection, creating more than 400,000 new jobs and injecting more than US\$ 15 billion into the economy. Moreover, in the short term, the government should encourage requirement for local content. This is a strategy adopted by several countries, such as the United States and India, to maintain the development of the domestic industry against the international market war.



BRAZILIAN STEEL CONFERENCE 2017



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BRAZIL
STEEL INSTITUTE



Aperam brings together manufacturers to release a new family of special electric steels



Diretores da Aperam South América junto à placa oficial da inauguração da linha

Major world manufacturers of equipment for the electric sector participate in the release of Aperam South America's new special electric steel family. The meeting took place at the Aperam industrial unit in Timóteo-MG, Vale do Aço, on February 07. Executives from companies and institutions visited the production line and were able to know how Aperam implements a sustainable process to produce its "green steel", from clean and renewable technologies and with the use of own charcoal as an energy input.

The new line of special electric steels, called GoCore, includes GO (grain oriented) and HGO (grain super-oriented of higher permeability), with high energy efficiency for applications in generation and

distribution transformers. The offer of the GoCore line represents a new moment for the market at Brazil and Latin America, especially for the beginning of the HGO production. Few countries have their own production, as Aperam has in Brazil, which keeps the company as a pioneer in Latin America.

"The grain super-oriented electric steel, HGO, of Aperam meets the wishes of manufacturers of transformers as it allows these products to be more efficient", says Roberto Barbieri, coordinating advisor of the GTD area of Abinee (Brazilian Association of Electrical and Electronics Industry). "With this, we will provide to the domestic and foreign market equipment with a high technological and competitive level."

Noblest, with high energy efficiency, the new steel HGO can be applied in generation and distribution electric transformers, resulting in smaller and more efficient equipment. The reduced size will facilitate the transport and storage logistics, decrease inputs for its production and maintenance and will still have greater market value in resale. Its production in Brazil also adds value to its relationship with customers, as the proximity to the market ensures greater agility in delivery and technical service. The company invested approximately 19 million dollars for research and implementation of the production line.

Preparation of talents for industry

The CIPMOI (Intensive Preparation Course for Industrial Labor) began its activities in the campus of the Federal University of Minas Gerais (UFMG) at the end of March, in Belo Horizonte. Students will participate in the intensive preparation course for Industrial Labor throughout 2017 (Foreman, Designer/Draftsman for Civil Construction, Low Voltage Electrician and Welding Technology). The new edition will qualify this year 260 professionals in the area of construction in the capital of Minas Gerais.

The CIPMOI is a joint initiative of the Board of Directors and Academic Directory of UFMG School of Engineering. It is the oldest extension program of the university (started in 1957) and aims to qualify labor for the labor market, contributing to the promotion of development and citizenship. With an annual duration and an average working load of 460 hours, the course is sponsored by ArcelorMittal, which offers teaching material, snacks and also promotes lectures and technical visits.

Pecém Steel Company celebrates operation focusing on exports



Cia. Siderúrgica do Pecém - CSP

The Pecém Steel Company (CSP), the largest private investment in the Northeast region with R\$ 13.8 billion for its construction, joined, on April 4, at the Elevated Dock of the Export Processing Zone (ZPE-CE), representatives of its employees, shareholders, banks, suppliers, businessmen, opinion leaders, neighboring communities, authorities and the Government of the State of Ceará at the Operation Celebration ceremony.

Eduardo Parente, president of the steel company, thanked the public sector, private sector, shareholders, partners and all CSP employees. " The implementation of Pecém Steel Company is only possible with the efforts of many people ", he pointed out.

The steel plates produced by CSP have already been exported to several countries such as Germany, South Korea, United States, Indonesia, Italy, Morocco, Mexico, United Kingdom, Czech Republic, Thailand, Taiwan and Turkey, spread across four continents (Asia, Europe, Americas and Africa). The company estimates to export approx. 2.7 million tons of steel plates by the end of this year, with a forecast of US \$ 1,060 million. In the local production chain, the steel industry must circulate R\$ 540 million throughout 2017.

ROADSHOWS on Steel construction in the north and northeast regions



The Brazilian Steel Construction Center (CBCA), managed by Brazil Steel Institute, will start the RoadShows in 2017. This year, 4 events will be confirmed in Manaus (May 30), Maceió (June 05), Salvador (June 07) and Aracaju (June 08), aiming at disseminating issues related to industrialized steel construction in the national market. Renowned professionals of the sector will be responsible for conducting the lectures of the events, with the themes "From Conception to Steel Construction" and "Structures in Steel: Design, Specification and Protection against Corrosion". Registrations for the Manaus event - from the first theme mentioned - cost R\$ 20, and registration for the events in Maceió, Salvador and Aracaju - from the second theme mentioned - costs R\$ 15. In both cases, registrations can be made on the link <http://www.cbca-acobrasil.org.br/site/capacitacao-road-show.php>.

Recycling: DNIT authorizes the use of steel aggregate on federal highways



The National Department of Transport Infrastructure (DNIT) has issued a National Technical Specification that establishes the technical conditions for the supply of trested steel aggregate, known as Açobrita (gravel-steel), for application on federal highways. The material, originated from the steel industry's production process, represents a more economical paving alternative in relation to the natural aggregate, in addition of being safe and with no risks to the environment. The approval of the Açobrita project was due to the intense partnership between DNIT and Brazil Steel Institute, represented by Usiminas, Gerdau and ArcelorMittal, as well as the support of the University of Brasilia (UnB).

With the Technical Specification, Brazilian steel industries will be able to sell the aggregate for use in federal road pavements. This is the case, for example, of BR 381, which has the potential to consume about 2 million tons of the product and is one of the main federal highways near the Ipatinga Plant (MG). Usiminas also hopes that this process contributes to the release of the use of the co-product available at the Cubatão Plant (SP) by the Environmental Company of the State of São Paulo (Cetesb). In order to meet the new demand, Usiminas has developed a better product, called Siderbrita TOP, which follows the technical, environmental and application conditions established by the ABNT Standard.

According to Henrique Hécio Eleto dos Santos, coordinator of the Açobrita Project and the Usiminas Coproducts Working Group, the Açobrita project brings to the country gains in service flexibility, since works on roads present high economic and environmental costs due to the great demand of non-renewable natural aggregates. "In addition, there is a relevant environmental benefit, both due to the recycling and reuse of the steel aggregate and the reduction of the need to withdraw resources such as gravel and sand from nature", he declares.

For the project to be made feasible, teamwork has been developed during the last 39 months involving trips, meetings for analysis and definition of technical and environmental parameters, laboratory studies, field experiments, preparation and disclosure of a national standard - ABNT NBR 16364, Published on May 10, 2015, and lastly, the preparation and approval of 02 Technical Specifications, DNIT 406/2017 - ES - Granulometrically stabilized base with Açobrita® - Service Specification and DNIT 407/2017 Sub- base granulometrically stabilized with Açobrita®.

STATISTICS

Brazilian crude steel production was 11.1 million tons in the first four months of 2017, which is equivalent to an increase of 14.5% when compared to the same period in 2016. The production of laminations was of 7.3 million tons, an increase of 8.9% compared to the period from January to April 2016.

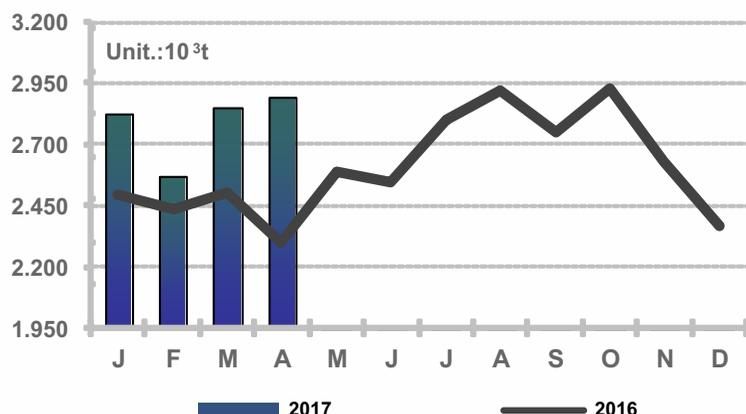
Domestic sales were 5.2 million tons in the first four months of 2017, a decrease of 3.6% comparing with the same period of 2016.

Apparent domestic consumption of steel products was 5.9 million tons in the first four months of 2017. Compared to the same period of the previous year, a growth of 1.4%.

Imports grew 64.6% from January to April 2017 comparing to the same period of the previous year, totaling 790 thousand tons. This volume resulted in US\$ 676 million in imports, an increase of 33.6% on the same basis of comparison.

Exports reached 4.6 million tons and a value of US\$ 2.3 billion in the first four months of 2017, which means growth of 8.9% in volume and 46.8% in value, on the same basis of comparison.

Crude Steel Production



MONTH	2016	2017
J	2.497	2.828
F	2.433	2.572
M	2.506	2.848
A	2.300	2.895
M	2.590	-
J	2.546	-
J	2.804	-
A	2.921	-
S	2.750	-
O	2.932	-
N	2.628	-
D	2.368	-