



Ministry of
Industry and Trade
of Vietnam

VIETNAM'S ECONOMY AND THE DEVELOPMENT OF STEEL INDUSTRY

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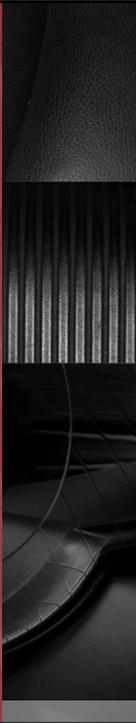


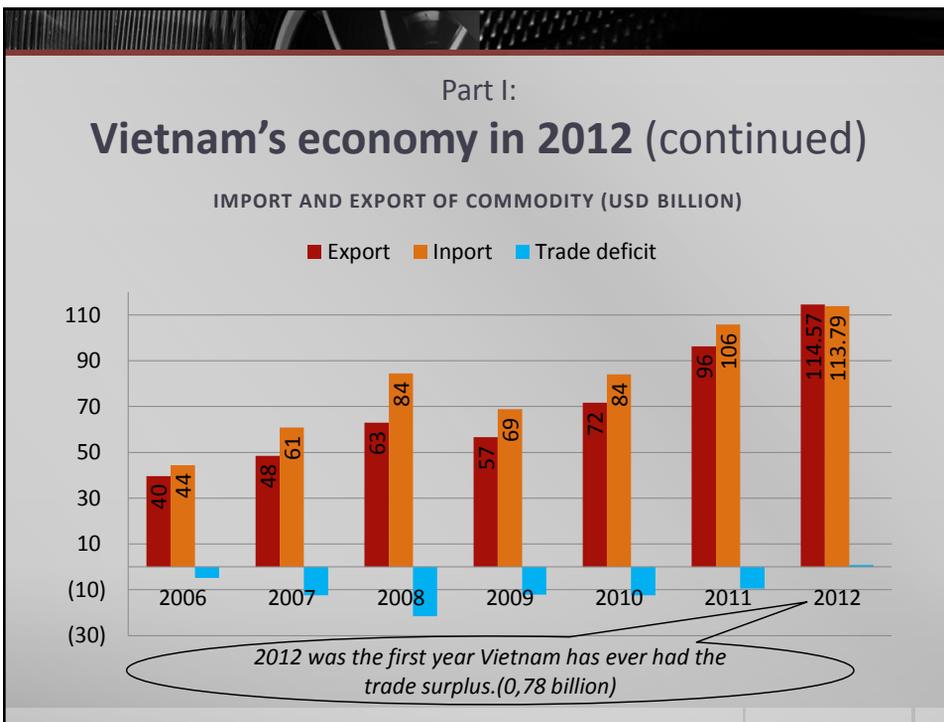
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Part I:
Vietnam's economy in 2012

KEY MACRO-ECONOMIC INDEX IN 2012

Macro-economic indicators	2006	2007	2008	2009	2010	2011	2012
GDP growth rate (% YOY)	8.17	8.48	6.23	5.32	6.78	5.89	5.03
GDP structure, % at current price							
• Industry and construction	41.5	41.61	39.91	40.24	41.09	40.25	40.65
• Service sector	38.10	38.14	38.10	39.10	38.33	37.73	37.70
• Agriculture, Forestry and Fishery	20.40	20.25	21.99	20.66	20.58	22.02	21.65
GDP (USD billion) at current price	60.99	70.97	88.228	89.113	101.585	123.089	141.669
GDP per capital (USD)	725	832	1,024	1,055	1,068	1,367	1,541
Export growth rate (%)	22.10	21.90	29.50	- 9.70	25.50	33.3	18.3
Import growth rate (%)	20.10	39.60	28.30	- 14.70	20.10	24.7	7.1
Trade deficit (USD billion)	4.80	14.12	17.20	12.20	12.40	9.5	0.78
FDI attraction (USD billion)	10.20	20.30	64.00	21.00	18.60	14.7	13
Inflation (%)	6.60	12.63	19.89	6.52	11.75	18.13	6.81
Exchange rate (VND/USD)	15,964	16,110	16,485	18,465	19,500	20,595	20,828



Part I:

Vietnam's economy in 2012 (continued)

ECONOMIC OUTLOOKS IN 2013

The National Assembly of Vietnam has approved the set of targets for national socio-economical development in 2013 as followed:

- GDP growth rate: 5.5%
- Export growth rate: 10.0%
- Trade deficit: 8% of total export turnover
- Total investment: 29.7% of GDP
- CPI: 7-8%

Controlling inflation and stabilizing the macro-economy will remain to be the top priorities for the Government of Vietnam in 2013.

Part II:

Vietnam's steel industry in 2012

TOTAL APPARENTLY STEEL CONSUMPTIONS IN 2012

Products	2012	Compares to 2011	
		Quantity	%
Long steel products	5,473,000	5,961,000	91.81%
Flat steel products	4,910,000	3,501,000	140.25%
Other products	5,473,000	601,000	98.84%
Total	10,977,000	10,063,000	109.08%

Consumptions of long steel products in 2012 decreased by 8.19% (compared to 2011) due to frozen real estate market, however consumptions of flat steel products increase sharply by 40.25%. This caused the total apparently steel consumption in 2012 to increase by 9.08%.

Part II:
Vietnam's steel industry in 2012 (continued)

PRODUCTIONS OF STEEL PRODUCTS IN 2012

Products	2007	2008	2009	2010	2011	2012
Steel billet	2,024,000	2,250,000	2,700,000	4,314,000	4,900,000	5,298,000
Finished products:	5,598,000	5,754,000	6,901,000	9,248,300	9,152,831	9,213,000
▪ Long steel products:	3,955,000	3,867,000	4,723,000	5,658,500	5,470,296	5,049,000
• Bar	2,859,000	2,898,000	3,495,000	4,665,500	4,427,968	3,975,000
• Wire rods	960,000	887,000	1,039,000	950,300	1,007,358	1,044,000
• Sections	136,000	82,000	189,000	42,700	34,970	30,000
▪ CRC	392,000	432,000	631,000	1,720,000	1,472,887	1,747,000
▪ Welded steel pipe	528,000	550,000	568,000	673,000	731,159	775,000
▪ Metallic & color coated	723,000	904,000	979,000	1,196,000	1,478,489	1,642,000

Part II:
Vietnam's steel industry in 2012 (continued)

IMPORTS OF STEEL PRODUCTS IN 2012

#	Products	2011	2012	Change
A	Finished products	6,273,000	7,769,000	123.85%
1	Flat products	4,197,000	5,305,000	126.40%
2	Metallic and color coated	344,000	573,000	166.57%
3	Bars	154,000	115,000	74.68%
4	Wire rods	345,000	420,000	121.74%
5	Sections	198,000	220,000	111.11%
6	Wires	103,000	109,000	105.83%
7	Welded pipes	35,000	40,000	114.29%
8	Seamless pipes	25,000	64,000	25600%
9	Alloy steel	346,000	371,000	107.23%
10	Stainless steel	383,000	460,000	120.10%
11	Others	143,000	92,000	24.34%
B	Steel billet	843,000	470,000	55.75%
C	Steel scraps	2,591,000	3,432,000	132.46%
D	Ferro alloy	30,000	55,000	183.33%
E	Pig iron	55,000	51,000	92.73%

EXPORTS OF STEEL PRODUCTS IN 2012

#	Products	2011	2012	Change
1	Flat products (HRC, CRC, HR Sheet, CR Sheet and others)	655,000	483,000	73.74%
2	Flat products	385,000	485,000	125.97%
3	Metallic and color coated	292,000	360,000	123.029%
4	Sections	27,000	54,000	200.00%
5	Seamless pipes	10,000	12,000	120.00%
6	Welded pipes	85,000	191,000	224.71%
7	Other pipes	24,000	26,000	108.33%
8	Wires	20,000	60,000	300.00%
9	Stainless steel	124,000	76,000	61.29%
10	Steel scraps	45,000	39,000	86.67%
11	Steel billet	222,000	365,000	164.41%

Unit: tons

Part II:
Vietnam's steel industry in 2012 (continued)
OPERATING PROJECTS IN 2012

#	Company	Project's capacity	Product(s)	Location
1	Thep Viet – Pomina Group	120 tons EAF (1,000,000 tons per year)	Billet	Ba Ria – Vung Tau
2	FUCO Co., Ltd	90 tons EAF (1,000,000 tons per year)	Billet	Ba Ria – Vung Tau
3	POSCO VST	155,000 tons per year	Stainless steel CRC	Dong Nai province
4	DaNa – Y Steel	40 tons EAF	Steel Billet	Da Nang
5	DaNa – Y Steel	250,000 tons per year	Wire rods, bars	Da Nang
6	Thai Binh Duong Steel Co., Jsc	250,000 tons per year	Wire rods, bars	Da Nang
7	Lotus Group	200,000 tons per year	CRC	Ba Ria – Vung Tau
8	An Hung Tuong Co., Ltd	3x2x30 tons MFF (300,000 tons per year)	Billet	Binh Duong
9	HPS Co., Ltd	3x2x50 tons MFF (500,000 tons per year)	Billet	Hai Phong

Part II:
Vietnam's steel industry in 2012 (continued)
OPERATING PROJECTS IN 2013

#	Company	Project's capacity	Product(s)	Location
1	Central Steel Stock Company	250,000 tons per year	Wire rods, bars	Da Nang
2	Hoa Phat Steel Company	450 m ³ BF (500,000 tons per year) 500,000 tons per year	Billet Bars	Hai Duong
3	Viet Trung Steel Co., Ltd	550 m ³ BF (550,000 tons per year)	Billet	Lao Cai
4	TISCO 2nd phase	530 m ³ BF (500,000 tons per year)	Pig iron Steel Billet (from 2014)	Thai Nguyen
5	CSVC Sumikin	1.2 m tons per year 200,000 tons per year 200,000 tons per year 500,000 tons per year 300,000 tons per year	HRC PO Electrical steel CRC Metallic & color coated	Ba Ria – Vung Tau
6	Thai Trung Steel Co., Jsc	500,000 tons per year	Bars, Wire rods	Thai Nguyen
7	An Hung Tuong Co., Ltd	250,000 tons per year	Bars, Wire rods	Binh Duong
8	Dong A Sheet Co., Jsc	200,000 tons per year	CRC	Binh Duong
9	Hoa Binh Inox Co., Jsc	100,000 tons per year	CRC, Stainless steel	Hung Yen
10	Lotus Group	120,000 tons per year	Metallic & color coated	Ba Ria – Vung Tau

Part II:

Vietnam's steel industry in 2012 (continued)

PROJECTS UNDER CONSTRUCTION IN 2013

#	Company	Project's capacity	Product(s)	Location
1	POSCO Special Steel	120 tons EAF 700,000 tons per year 300,000 tons per year	1,000,000 tons Billet Heavy section Bars	Ba Ria – Vung Tau
2	Vinakyoei Steel Ltd	70 tons EAF 700,000 tons per year 500,000 tons per year	Billet Bars & wire rods	Ba Ria – Vung Tau
3	Southern Steel Sheet Company	150,000 tons per year	Metallic & Color Coated	Dong Nai
4	Nghi Son Iron and Steel Corporation	120 tons EAF (1,000,000 tons per year)	Steel Billet	Thanh Hoa
5	Formosa Ha Tinh Co., Ltd	2 x 4,350 m ³ BF -Steel metallurgy mill - Rolling mill - Seaport complex		Ha Tinh
6	Kyoei Steel Vietnam	120 tons EAF 500,000 tons per year	Billet Bars	Ninh Binh

Part III:

Master plan on the development of steel industry in Vietnam

DEVELOPMENT VIEWPOINTS

1. To develop Vietnam's steel industry in compliance with the national master plan and local plans on socio-economic and industrial development as well as roadmap for integration of Vietnam;
2. To build and develop Vietnam's steel industry into an important industry, ensuring stability and sustainability of industrial development, minimizing the imbalance in manufacturing between pig iron, steel billet and finished products, as well as between long and flat steel products.
3. To build Vietnam's steel industry with advanced and rational technologies, using domestic resources in a thrifty and efficient manner, ensuring harmonization with eco-environment protection in localities of manufacturing. Step by step to reject the small factories with out of date technology.
4. To value and encourage domestic economic sectors and enterprises to cooperate with foreign counterparts in investing and producing pig iron, steel billet, finished production, steel metallurgical-rolling equipments at international standards. To set up the priority investment policies for steel high-quality producing from iron ore with large-scale projects.

Part III:

Master plan on the development of steel industry in Vietnam (continued)

TARGETS OF DEVELOPMENT

- 1. General targets:**

To develop stability a strong national steel industry in order to supply different steel products for the whole economy; to satisfy domestic demands and exports, ensuring environment friendliness.
- 2. Concrete targets:**
 - To produce sufficient amount of pig iron and spongy iron to support mechanical engineering industry and to satisfy the major demands of steel billet productions:
 - 2015: produce 6 million tons of pig iron and sponge;
 - 2020: produce 17 million tons of pig iron and sponge;
 - 2025: produce 28 million tons of pig iron and sponge.
 - To produce steel billet from pig iron and steel scraps:
 - 2015: produce 12 million tons;
 - 2020: produce 25 million tons;
 - 2025: produce 40 million tons.

Part III:

Master plan on the development of steel industry in Vietnam (continued)

TARGETS OF DEVELOPMENT (CONTINUED)

- Productions of finished products:
 - 2015: 13 million tons;
 - 2020: 23 million tons;
 - 2025: 38 million tons;Maintain balance of productions between long and flat products.
- Increase the exportation of different steel products:
 - 2015: export 15% of total production;
 - 2020: export 20% of total production;
 - 2025: export 25% of total production.
- Reduce the importation of different steel products:
 - 2015: import to satisfy 35% of total domestic demand;
 - 2020: import to satisfy 25% of total domestic demand;
 - 2025: import to satisfy 15% of total domestic demand.

Part III:

Master plan on the development of steel industry in Vietnam (continued)

DEVELOPMENT ORIENTATIONS

For the productions of pig iron, spongy iron, steel billet and finished steel products:

Direct investments to factories to manufacture pig iron, spongy iron using domestic/foreign resources of iron ores in order to supply materials for metallurgy and casted iron manufacturing. Reach all targets on manufacturing quantities of pig iron, spongy iron, steel billet and finished steel products.

Diversify domestic steel manufacturing in order to produce HR steel, CR steel, metallic coated steel. Encourage investments to produce high-quality steel, alloy steel for mechanical engineering, shipbuilding to reduce dependency on imported materials.

For the types of product:

Prioritize investments to produce pig iron, steel billet (from iron ores), various types of HR steel, alloy steel and stainless steel,...

For the technologies and equipment:

Prioritize investments that make use of advanced technologies, promote energy efficiency and environment friendliness.

Part III:

Master plan on the development of steel industry in Vietnam (continued)

DOMESTIC CONSUMPTION FORECAST

Indicators	2013	2015	2020	2025
Consumed value per capital (kg)	156	176	252	373
Total domestic consumption (million tons)	14	16	24	37

GENERAL PRODUCTIVITY PREDICTION

#	Products	Productivity (1,000 tons per year)			
		2012	2015	2020	2025
1	Pig iron and spongy iron	1,900	9,500	23,500	33,250
2	Steel billet	7,740	15,300	24,000	25,630
3	Flat steel products	-	6,000	18,000	25,500
4	Finished products	12,500	15,000	35,500	42,530
	• Long steel products	11,900	10,500	16,500	18,680
	• Hot rolled coil (HRC)	600	4,500	19,000	23,850

