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Vietnam steel producers manipulating prices

TN News

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Recent inspections into steel prices, which have surged nearly US\$137 per ton over the last month, have found signs of manipulation on the part of metal producers.

Nguyen Tien Thoa, head of the Price Management Department at the Ministry of Finance, said steel is an important good that affects construction costs and prices in other industries. The price of the metal in Vietnam has shot up six times in just four weeks.

The government has long had steel on a list of products in need of price stabilization, said Thoa.

"If there're sudden changes to the price, government agencies totally have the power to stabilize it." □

Finance inspectors said investigations at some steel producers found that the firms could easily cut many unnecessary input expenditures in order to keep prices down.

There are rules about how many tons of ore, steel billet, coal and how many kilowatt-hours of power are to be used for making a ton of steel, Thao said.

Several steel makers have used more than the permitted levels, which are high already, he said.

Though he admitted that the prices of steel billet on the world market, and ores, petrol and power on local market had increased recently, Thao said steel makers shouldn't make use of those hike to raise their prices "excessively." □

He said after the inspections are wrapped up, his department will take action against steel makers, especially those who have raised their prices by 20 percent over the last 15 days.

The department will first send notes to the businesses asking them to reduce input costs, he said.

Pham Chi Cuong, chairman of Vietnam Steel Association, also said that the world steel billet prices had affected local steel prices somewhat.

But Cuong said there's also the possibility that steel makers are creating a fake shortage of steel.

"They are holding back a large amount of steel in anticipation that world steel prices will continue to increase." □

Steel consumption in March reached 600,000 tons, at least 100,000 tons more than expected.

But Cuong said an inspection is needed to find out if that consumption caused any difficulties to suppliers.

A steel expert who requested anonymity said the increase in steel prices had been "unacceptable, if not to say rude" □.

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The expert said steel producers in Vietnam steel producers manipulated prices rise in order to hike their own prices.

Steel makers should at least have raised prices little by little, instead of all at once, he said.

Steel projects on hold

Many steel projects in Vietnam are dragging years behind schedule due to fund shortages and slow land clearance.

Vietnam Steel Corporation's Thai Nguyen Steel project is three years behind deadline, the Lao Cai Steel project is two years behind schedule and the Ha Tinh Steel project in cooperation with Indian TATA steel group is also delayed.

Smaller firms like Van Loi Steel Company and Dinh Vu Steel Company in the northern city of Hai Phong are also seeing their projects delayed.

Some projects to build steel factories in Quang Ngai and Ninh Thuan provinces in the central region are way behind schedule.

Nguyen Tien Nghi, vice chairman of Vietnam Steel Association, said the local governments are also to blame for the slowness as they have tried to earn credit by attracting as much investment they could, without carefully checking the capability of the investors.

The projects, once finished, would produce 40 million tons of steel a year, twice what the industry has planned to produce in 2025, Nghi said.

Nghi said steel projects had been approved all too easily.

Source: TBKTSG

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