

## **WORLD STEEL REVIEW**

**Iron & Steel Statistics Bureau, January 2005**



World crude steel production in the eleven months to November 2004 for the 62 countries reporting to the IISI was 945.2 million tonnes. This was 9% higher than the eleven months total in 2003. The November month total was 9.4% up on November 2003 at 89.8 million tonnes. All the regions of the world showed an increase in steel production in both the month and the eleven months total except for Oceania.

In the European Union 25, crude steel production in November rose by 3.6%, with the year to date up by 5.1% to 177.9 million tonnes. German steel production was up 2.5% in the month, and by 3.6% in the eleven months to 42.8 million tonnes. In France steel production rose by 1.5% in November, bringing the year to date up 4.7% to 19 million tonnes. Italian production was up 7.5% in the month, and by 5.6% in the year to date to 26.1 million tonnes. Spanish steel production increased by 1.1% in November, and by 5.6% in the eleven months total to 16.1 million tonnes. The UK November figure, however, was 5.6% down, although the year to date was up 7.9% to 12.8 million tonnes. Amongst the new members Poland showed the highest rise in November crude steel production with 18.9%, bringing the year to date up 19.8% to 9.9 million tonnes. Slovakia, on the other hand, was down by 12.9% in the month, with the year to date down 3.9% to 4.1 million tonnes.

The European Union's emissions trading scheme aimed at reducing the level of carbon dioxide in the air has unfairly singled out metals producers and could cost the industry millions of euros each year in additional energy costs (Metal Bulletin, 13 December). Arcelor in particular is very critical of the scheme, and some countries have not yet been given their final allocations despite the scheme being implemented from January 1st.

European car registrations published by ACEA showed a rise of 7.6% in November, with the eleven months total up by 1.4%. All of the big five producers showed a rise in registrations in November, but only two had a rise in the year to date. German registrations were up by 11.1% in November, but were down 0.7% in the eleven months to just below 3 million cars. In the UK the November total rose by 1.8%, while the year to date was flat at 2.4 million cars. In Italy the month total rose by 0.9% with the January to November total 0.1% up at 2.1 million cars. The French total was 18% up in the month, but down 0.4% in the year to 1.8 million cars. The next largest car market, Spain, showed a rise of 13.4% in registrations in November, bringing the year to date total for the eleven months up 10.5% to almost 1.4 million cars.

Crude steel production in the rest of Europe increased by almost 12% in the year to date, dominated by Turkish steel production which rose by 18% in November, with the eleven months total 13.3% higher at 18.8 million tonnes. Romanian steel production was down 14% in November, bringing the year to date up 1.2% to 5.3 million tonnes. In Serbia and Montenegro steel production in the eleven months was 62% higher than in 2003, reaching one million tonnes.

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In the CIS, Russian crude steel production increased by 6.4% in November and by 4.8% in the year to date total to 58.9 million tonnes. Russia's Severstal group is currently holding talks with the Italian steelmaker Lucchini about a possible takeover, which would give the Russian company a foothold in the European Union (Metal Bulletin, 20 December). Ukrainian steel production rose in November by 8.2%, with the year to date total up 6.1% to 35.5 million tonnes. The Kazakhstan total for the month was down by 6.3%, although the eleven months total was 12.6% up at 5 million tonnes.

On the North American continent US crude steel production increased by 10.9% in November and by 8.5% in the eleven months to date to 91 million tonnes. Canadian steel production rose by 6.8% in November, with the year to date total up 2.7% to 15 million tonnes. In Mexico steel production increased by 7.8% in November, bringing the year to date up 9.9% to 15.3 million tonnes.

Brazilian crude steel production rose by 6.2% in November, bringing the year to date total up 5.8% to 30.1 million tonnes. In Argentina steel production jumped 12.5% in November, although the eleven months total was only up 1.1% to 4.7 million tonnes. In Venezuela, on the other hand, crude steel production increased by 19.3% in November and by 19% in the year to date to 4.2 million tonnes.

South African steel production was almost flat in the month, with the year to date dropping very slightly to 8.7 million tonnes. Iranian steel production increased by 20.4% in November, with the eleven months total up 10% to 7.9 million tonnes. Egyptian production also rose by 20% in the month, with the year to date up 9.3% to 4.4 million tonnes. In Saudi Arabia, on the other hand, November's steel production was up 3%, although the year to date total fell by 1.4% to 3.6 million tonnes.

Turning to Asia, all five major producing countries showed increased steel production in November and the year to date except for Taiwanese November production. Chinese production rose by 21.2% in November and by 22.1% in the eleven months to 245.3 million tonnes. Japanese steel production was up 1.8% in the month, and by 1.9% in the year to date to 103.1 million tonnes. In South Korea steel production reached 43.4 million tonnes, 2.8% up on the previous year's total, with a 3.7% rise in November. Indian steel production was 6.6% up in November bringing the eleven months total to 29.6 million tonnes, a rise of 2.4%. Taiwanese crude steel production fell by 5.2% in November, although the year to date total increased by 3.3% to 17.7 million tonnes.

According to the Chinese Ministry of Commerce steel consumption in China should grow by 11% in 2005 to 340 million tonnes (Metal Bulletin, 20 December). However, China will still be reliant on imports for quality steel items, while being overstocked on low grade products. Steel production is forecast to rise by 12% to 325 million tonnes. In another report (Metal Bulletin, 13 December) it is stated that the Chinese government has given approval for two new medium sized integrated steel projects to proceed, both producing flat products with a combined total of 10 million tonnes of additional capacity per year. The future of two even larger projects in southern China remains in doubt. China's steel exports are growing with November being the third month in a row in which exports exceeded imports. 70% of exports in 2004 went to other south east Asian countries, while outside of the region the top markets were the USA, Italy and Canada.

The merger of Mittal Steel and Ispat International has created one of the world's largest steel

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companies with operations in 14 countries and steel shipments of 32 million tonnes in the first nine months of 2004 (Metal Bulletin, 17 December). Once the acquisition of the USA's largest steel producer, International Steel Group, has been finalised next year, Mittal Steel will be the world's largest steel group. The group is expecting significant growth in steel consumption in the areas in which it is involved. A report in the daily Steel Business Briefing (23 December) states that Mittal Steel is considering the acquisition of two tubemakers in Algeria where it already owns the major integrated steelmaker Ispat Annaba.

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