

WORLD STEEL REVIEW

Iron & Steel Statistics Bureau, March 2005



Total crude steel production for the 61 countries reporting to the IISI in January 2005 was estimated to be 89.8 million tonnes, a rise of 8.5% on January 2004. All regions except South America and Oceania showed an increase.

In the European Union crude steel production for the 25 in January was 2.3% up on January 2004 at 16.3 million tonnes. In Germany steel production was up 1.5% to almost 4 million tonnes, and French production was up 3.0% to 1.8 million tonnes. Italy's steel production jumped by 11.5% to 2.5 million tonnes. Spanish steel production actually fell by 3.8% to 1.25 million tonnes, while in the UK production rose by 4.3% to 1.2 million tonnes.

Crude steel production in the new EU member countries is very mixed with Poland, Hungary and the Czech Republic all showing falls of over 12% compared to last year, while Slovakia's production rose by 23.5%. Outside of the European Union, production in Turkey increased by 8.6% to 1.8 million tonnes, just below the French total. Romanian steel production showed a sharp fall of over 20%.

Registrations of new cars in Europe showed a drop of 0.8% in January 2005, with a fall of 3.7% in both German and Italian registrations to 200 and 213 thousand units, respectively. UK registrations were down by 8.2% to 181 thousand units. In France, on the other hand, registrations increased by 6.5% to 164 thousand units. The Spanish total also rose by 6.1% to 105 thousand units.

In Russia crude steel production increased by 4%, compared to January 2004, to 5.5 million tonnes, while Ukrainian production fell by 0.6% to 3.3 million tonnes. Steel production in Kazakhstan was down by 11%.

In North America January crude steel production was 5.4% up, with US production increasing by 5.3% to just under 8.3 million tonnes. Canadian steel production rose by 2% to 1.4 million tonnes. Mexican steel production increased by 8% to nearly 1.5 million tonnes. Mexican exports rose by 18% in the first ten months of 2004 to 4.4 million tonnes, two thirds of which went to the USA.

South American crude steel production was flat in January, with Brazilian production falling by 3.2% to 2.6 million tonnes. Argentinian steel production, on the other hand, showed a rise of 9.3% to 419 thousand tonnes, while Venezuelan production was 380 thousand tonnes, a rise of 4.3%.

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Asian crude steel production for the five major countries in January was up 15.2%, led by China with an increase of 24.3% to 25.1 million tonnes. Japanese steel production rose by 1.9% to 9.5 million tonnes. South Korean production increased by 9.1% to 4.2 million tonnes, while in India steel production rose by 6.6% to 3.1 million tonnes. Taiwan increased its steel production to 1.7 million tonnes, a rise of 6.4%.

Chinese steel exports continue to rise at a significant rate reaching 3.7 million tonnes in the month of December 2004, one of the highest ever monthly totals. If China's export level maintains the rate of even 3 million tonnes per month throughout 2005, it may well push Japan into second place as the world's largest steel exporter. The rapid rise in Chinese exports seems to be primarily due to the increasing steel market rather than displacing other countries' exports. The total for 2004 reached 20 million tonnes, of which 72% went to other Far Eastern countries; a further 13% went to North American countries. China's largest markets were South Korea, 4.4 million tonnes, Taiwan, 2.5 million tonnes, and the USA, 2.0 million tonnes. The bulk of the increase was in semis and hot rolled wide coil, which together accounted for almost half the total exported. Wire rod exports were 12.5% of the total with tubes and fittings a further 10%.

Chinese steel imports, on the other hand, have been dropping throughout 2004, although there was a slight increase in the last two months of the year. Since September China has been a net exporter of steel, and this is likely to continue in 2005.

Iron ore negotiations continue to make the news with Japan's Nippon Steel settling for a 71.5% increase in 2005. China's Baosteel said this was out of the range that the steel industry can sustain (Metal Bulletin, 23 February). They added that the price increase would have a negative impact on the long term healthy development of the global steel industry. Despite this, CVRD, the major Brazilian iron ore producer, has asked for a 90% price increase in 2005. The European steel producers organisation, Eurofer, accused the Brazilian producer of using its dominant position to demand such a rise. Eurofer added that a 90% increase is totally unreasonable and disproportionate to market conditions which are not fundamentally different from 2004 (Metal Bulletin, 14 February). Iron ore typically accounts for 10 to 15% of the cost of semi-finished steel via the blast furnace route, and less than that for finished steel products. However, the impact on costs will vary significantly depending on the particular mill's requirement for purchased iron ore.

An editorial in Metal Bulletin (February 14) commented that Mittal Steel has moved in the opposite direction to the steel mills by buying into iron ore mines, and now sources 40% of its iron ore from captive mines. Both ThyssenKrupp and Arbed sold off their iron ore interests over the last few years: decisions which must now be causing some regrets.

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