WORLD STEEL REVIEW

Iron & Steel Statistics Bureau, April 2006

Total crude steel production for the 61 countries reporting to the IISI in February 2006 was estimated to be 89.0 million tonnes, an increase of 5% on February 2005. The total for the two months to date in 2006 was 4.3% up on the same period in 2005 at 183.6 million tonnes. However, excluding China, global crude steel production fell by 0.8%.

In the European Union, crude steel production by the 25 rose by 0.4% in February, but fell by 2.8% to 31.2 million tonnes in the two months to date compared to the same period last year. German crude steel production rose by 0.6% in February, but was down 6.7% in the year to date at 7.1 million tonnes. Production in Italy, the second largest steel producer in the European Union, increased by 3.4% in February, while the two months total was up just 1.4% to 5 million tonnes. French monthly production was up by 2.5%, with the year to date down 1.3% to 3.4 million tonnes. Spanish steel production, however, fell by 2.8% in February, and by 1.8% to 2.9 million tonnes in the two months. United Kingdom steel production increased by 5.9% in February, bringing the year to date to just over 2.2 million tonnes, an increase of 3.5%. Poland's steel production fell by 9.6% in February, and by 9% in the year to date to 1.4 million tonnes.

Following on the Mittal – Arcelor takeover bid, there has been considerable speculation about other likely takeovers or mergers. One of the most prominent on the list is Corus (the largest UK steel producer) and Evraz (the second largest Russian producer); this would give Evraz access to European markets, and Corus access to Eastern Europe. However, due to an informal bar on foreign companies owning major assets in Russia, the control would probably have to remain in Moscow (Metal Bulletin, 21 March).

Crude steel production in the rest of Europe is dominated by Turkey where production in February rose by 7.1% with the year to date total up 7.7% to 3.5 million tonnes. Romanian steel production dropped by 15.3% in February, and by 16.7% in the two months to 855 thousand tonnes. In Serbia and Montenegro, on the other hand, production was up 23% in the month, and by 15% in the year to date to 220 thousand tonnes.

ACEA, the European car manufacturers association, reported that car registrations in Europe rose by 2.1% in February, while the year to date was up 2.5%, to 2.34 million cars. German registrations were up 4.2% in the two months to 439 thousand cars, while Italian registrations increased by 8.7% to 448 thousand cars. The French two months total rose 1.7% to 329 thousand cars, while in the UK the total dropped by 9.7% to 233 thousand cars. The Spanish total was down by 1.4% in the year to date to 221 thousand cars.

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In the CIS Russian crude steel production increased by 8.5% in February, with the year to date up 3.3% to 11.0 million tonnes. Ukrainian steel production, however, fell by 7.9% in February, bringing the year to date total down 2.9% to 6.1 million tonnes, a reflection of the cold winter and a shortage of gas supplies. In Kazakhstan the two month total was down 8.3% to 616 thousand tonnes, with Belarus steel production up almost 10% to 364 thousand tonnes.

Turning to North America, US crude steel production fell by 4.3% in February, and by 3.2% in the year to date to 15.4 million tonnes. Mexican steel production fell 3.3% in the month, and by 2.9% in the two months to date to 2.5 million tonnes. Canadian production also fell, by 6.5% in February, and by 7.4% in the year to date to just over 2.4 million tonnes.

In South America, there was a 17.7% fall in Brazilian crude steel production in February, with the year to date total down 9.1% to 4.7 million tonnes. Argentinian production, however, rose by 6.1% in February, and by 3.3% in the two months to 858 thousand tonnes. Venezuelan steel production, on the other hand, showed a fall of 4% in February, bringing the year to date total up 7% to 780 thousand tonnes.

South African year to date crude steel production fell in February by 5.2%, although the year to date total was up 2.1% at 1.6 million tonnes. Egyptian steel production was 3.4% down in the two months to 810 thousand tonnes. Production in Iran increased by 1.8% in February, bringing the year to date total to 1.6 million tonnes, a rise of 7.8%. In Saudi Arabia steel production dropped by 11.5% in February and by 5% in the two months to 657 thousand tonnes.

Crude steel production in the Far East mostly showed increases with Chinese production continuing to grow strongly, up 17% in February and by 16.8% in the two months to 59.6 million tonnes. Japanese production was up by 2.6% in February and by 0.9% in the year to date to 18.3 million tonnes. South Korean production rose by 4.5% in February, but was down by 0.9% in the year to date to 7.6 million tonnes. Indian steel production increased by 15.4% in the month, while the year to date total was up 16.6% to 6.8 million tonnes. India has now overtaken the Ukraine to become the 7th largest steel producer in the world. Taiwanese production, however, fell in February by 5.8%, with the two months total down by 9.8% to 2.9 million tonnes.

China remains by far the largest importer of stainless steel in the world, importing over 3 million tonnes in 2005. Over 1.8 million tonnes, 59% of the total, was hot rolled wide strip; cold rolled plate, sheet and strip accounted for a further 31% at just under one million tonnes. The Far East accounted for 77% of total stainless imports, headed by South Korea. Taiwan, Japan and India; in fact these four countries alone accounted for 75% of total imports. The European Union supplied a further 15%, primarily Italy, Germany and Finland. Chinese stainless exports are also growing, although in 2005 it was 14th on the list at 455 thousand tonnes. The largest stainless export was CR at 176 thousand tonnes, followed by tubes and fittings at 137 thousand tonnes. This made China the second largest exporter of stainless tubes and fittings in 2005 after Italy.

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According to Steel Business Briefing (March 22), China's top 65 to 70 integrated steel mills are due to bring on stream some 30 million tonnes/year of new rolling capacity in 2006. This will reduce imports to China's manufacturing sectors, and may well increase exports during 2007. In addition, China's State Council is looking to accelerate the process to reduce over capacity in several industries including steel. The Council has just sent a note requiring speedier closure of "backward" capacity, and more regional acquisitions. A size limit for blast furnaces and steel furnaces has been issued, as well as a deadline for closure.

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