

## **WORLD STEEL REVIEW**

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



World production of crude steel in March 2005 rose by 6.5% to 92.9 million tonnes, the highest monthly total in over 15 years. The total of the 3 months to date was 267.2 million tonnes, also 6.5% higher than the January to March period in 2004. However, excluding China, the total for the quarter was only 0.8% up on 2004.

Crude steel production in the European Union actually fell by 2.7% in March to 16.4 million tonnes compared to March 2004, but was only slightly down in the quarter at 48 million tonnes. German steel production fell by 0.8% in March, and by 0.2% in the three months to 11.7 million tonnes. Italian production, on the other hand, increased by 6.3% in March, and by 6.9% in the quarter to just below 7.6 million tonnes. French production decreased by 7.6% in March, bringing the year to date total down 2.9% to 5.1 million tonnes. Spanish steel production was 22.3% down in March, and 11.5% down in the three months to 3.6 million tonnes. UK steel production fell by 8.5% in March and by 3.9% in the year to date to reach 3.2 million tonnes. Steel production in Belgium, however, was 10% up in the month, reaching almost 3.1 million tonnes in the quarter, a rise of 4.6%.

Among the new members of the European Union, both Poland and the Czech Republic showed a decrease in steel production. Polish production was down 6.5% in March, bringing the year to date to 2.4 million tonnes, a drop of 7.4%, while in the Czech Republic production was down 10.8%, with the quarter total down 8.0% to 1.7 million tonnes.

The Finnish steel producer, Rautaruukki, is following the lead taken by the German producers, ThyssenKrupp and Salzgitter, in cutting production as a response to falling demand for steel in Europe. A spokesman for ThyssenKrupp said the main reasons are higher imports and high stock levels due to the longer winter (Steel Business Briefing, 25 April). There is also the possibility of strikes in Germany after the failure of the third round of talks on a future wage settlement. Rautaruukki is also planning to merge with the other Finnish engineering steels producer, Wartsila, as well as the Swedish SKF group. The merger was announced in February and due diligence has now taken place (Steel Business Briefing, 25 April).

Outside the European Union, Turkish production fell by 3.6% in March, and by 2.7% in the three months to 4.8 million tonnes. The Turkish government took a significant step towards the privatisation of its largest steel works, Erdemir, by announcing that it will sell its 46% stake in the company to a strategic investor (Metal Bulletin, 25 April). In addition, 4% held by the Turkish Development Bank is also likely to be sold. Steel production in Romania was also down, 5.4% in the month, but slightly up in the quarter at just under 1.6 million tonnes.

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According to ACEA, the European vehicle manufacturers association, car registrations in the 26 European countries monitored decreased by 4.7% in March, and by 3.3% in the first three months of 2005 compared to 2004. German registrations fell by 0.4% in March, with the quarter total down by 1.9% to 751 thousand units. In the UK there was a drop of 5.1% in March, and 7.2% in the three months to 702 thousand units. Italian registrations showed a marked drop of 8.6% in March, bringing the year to date total down 5.7% to 639 thousand units. French registrations, on the other hand, rose by 2.5% in the month, and by 3.9% in the year to date to 526 thousand units. In Spain registrations fell by 3.6% in March, and by 0.1% in the three months to just under 374 thousand units.

In the former USSR, both Russia and the Ukraine showed an increase in steel production, up by 5.6% in Russia and 1.4% in the Ukraine. The three months total was up 2.7% in Russia to 16.1 million tonnes, while Ukrainian steel production decreased by 1.1% to 9.7 million tonnes. Production in Kazakhstan showed a dramatic drop of 47% in March and by 29% in the three months to just under 1 million tonnes. Belarus increased its three month total by 10.4% to half a million tonnes.

Crude steel production in the USA was 8.1 million tonnes, down by 3.4% in March, bringing the first quarter total up by 1.1% to 24 million tonnes. Mexican production fell by 3.6% in the month, with the three months total down by 2.5% to almost 4 million tonnes, just below the Canadian total for the quarter. Canadian steel production fell by 1.7% in March and by 2.1% in the year to date to just over 4 million tonnes.

US imports of steel from China reached 355 thousand tonnes in the first quarter, a rise of 131% on the same quarter in 2004 (Metal Bulletin, 27 April). Members of the US steel industry have written to Congress accusing China of manipulating its currency and artificially under-pricing imports. The undervaluation of the yuan is estimated to be about 40%.

South America is dominated by Brazil where steel production increased by 1% in March with the year to date 0.4% down at just under 8 million tonnes. In Argentina production was 11% up in the month bringing the year to date to 1.3 million tonnes, an increase of 7.4% on the first quarter of 2004. Venezuelan steel production, on the other hand, fell by 4.4% in March, and by 4.5% in the three months to 1.1 million tonnes.

In Africa, the South African three month total reached 2.4 million tonnes, up by 4.8%, while the Egyptian total was up 16.8% to 1.3 million tonnes. In the Middle East Iranian steel production rose by 17% in March, with the first quarter total up 13.7% at 2.3 million tonnes, and Saudi Arabian steel production rose by 9.9% in March, bringing the three months total to just over one million tonnes, a rise of 5.7%.

The five Far Eastern countries for which monthly crude steel production data are available

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nearly all showed increased production in both March and the year to date. Chinese steel production continues to break all records with a 24.1% increase in March and 23.8% in the quarter to 77.8 million tonnes. Japan's production rose 3.1% in March, while first quarter production only increased by 0.6% to 27.8 million tonnes. Production in South Korea rose by 1.7% in March, with the year to date up 1% to 11.8 million tonnes. Indian steel production in March was 14% higher, with the three months total up 7.4% at 8.9 million tonnes. Taiwanese production fell by 0.5% in the month, although the first quarter total reached almost 5 million tonnes, a rise of 1.2% on January to March 2004.

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