

WORLD STEEL REVIEW

Iron & Steel Statistics Bureau, May 2006



World production of crude steel in March 2006 rose by 7.3% to 100 million tonnes, the highest monthly total in over 15 years. The total of the 3 months to date was 284.5 million tonnes, 5.6% higher than the January to March period in 2005. However, excluding China, the total for the quarter was only 0.7% up on 2005.

Crude steel production in the European Union rose by 4% in March to 17.3 million tonnes compared to March 2005, but remained flat in the quarter at 48.9 million tonnes. German steel production increased by 2.8% in March, but was down 3.4% in the three months to 11.3 million tonnes. Italian production, on the other hand, increased by 6.9% in March, and by 2.8% in the quarter to 7.8 million tonnes. French production was up by 8.7% in March, bringing the year to date total up 1.9% to 5.2 million tonnes. Spanish steel production decreased by 6.7% in March, and by 3.5% in the three months to 4.4 million tonnes. UK steel production, on the other hand, showed a rise of 11.8% in March and 6.5% in the year to date to almost 3.5 million tonnes.

Among the new members of the European Union, both Poland and the Czech Republic showed an increase in steel production. Polish production was up 16.2% in March, bringing the year to date to 2.2 million tonnes, a drop of 0.2%, while in the Czech Republic production was up 10%, with the quarter total up 4.4% to nearly 1.8 million tonnes.

Outside the European Union, Turkish production increased by 10.8% in March, and by 8.8% in the three months to 5.4 million tonnes. This keeps it ahead of France and half the size of India. Steel production in Romania, however, fell by 9.9% in the month, and by 11.5% in the quarter at just under 1.4 million tonnes. Production in Serbia and Montenegro was almost 50% up in the quarter compared to 2005.

According to ACEA, the European vehicle manufacturers association, car registrations in the 26 European countries monitored increased by 4.1% in March, and by 3.2% in the first three months of 2006 compared to 2005. German registrations were up 6.9% in March, with the quarter total up by 5.4% to 797 thousand units. In Italy there was an increase of 8.6% in March, and 9% in the three months to 700 thousand units. UK registrations showed a drop of 1.6% in March, bringing the year to date total down 4.6% to 669 thousand units. French registrations also showed a drop of 2.5% in the month, although the year to date total remained flat at 527 thousand units. In Spain registrations rose by 8.3% in March, and by 2.5% in the three months to 383 thousand units.

In the former USSR, Russia showed an increase in steel production, up by 3.6% in the month and by 4% in the quarter to 16.9 million tonnes. However, in the Ukraine steel production was down 3.6% in the month, and by 3% in the quarter to 9.4 million tonnes. Production in Kazakhstan showed a 15.2% increase in March, but the three months total fell by 1.6% to 0.9 million tonnes. Belarus increased its three month total by 4.6% to over half a million tonnes.

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Crude steel production in the USA was 8.4 million tonnes in March, an increase of 2.3%, bringing the first quarter total up by 0.3% to 24.2 million tonnes. Mexican production fell by 2.8% in the month, with the three months total up 1.8% to 4.2 million tonnes, higher than the Canadian total for the quarter. Canadian steel production fell by 2.1% in March and by 5.6% in the year to date to 3.8 million tonnes.

South America is dominated by Brazil where steel production decreased by 10.2% in March with the year to date 9.5% down at 7.2 million tonnes. In Argentina production was 8.4% up in the month bringing the year to date to almost 1.4 million tonnes, an increase of 4.8% on the first quarter of 2005. Venezuelan steel production, on the other hand, jumped by 29% in March, and by 13.8% in the three months to 1.2 million tonnes.

In Africa, the South African three month total reached 2.3 million tonnes, a drop of 4.3%, while the Egyptian total was down by 5.4% to 1.2 million tonnes. In the Middle East Iranian steel production rose by 14% in March, with the first quarter total up 10% at 2.5 million tonnes, while Saudi Arabian steel production fell by 0.7% in March, bringing the three months total to just over one million tonnes, a drop of 3.5%.

The five Far Eastern countries for which monthly crude steel production data are available showed increased production in both March and the year to date except for South Korea and Taiwan. Chinese steel production continues to break all records with a 20.1% increase in March and 17.6% in the quarter to 92.2 million tonnes, almost twice the Japanese and US totals added together. Japan's production only rose 0.8% in March, with first quarter production also up by 0.8% to 28 million tonnes. Indian steel production in March was 17% higher, with the three months total up 16.8% at 10.4 million tonnes, higher than the Ukraine, and not far short of Germany and South Korea. Production in South Korea fell by 2% in March, with the year to date down 1% to 11.7 million tonnes. Taiwanese production fell by 11.4% in the month, bringing the first quarter total down to under 4.4 million tonnes, a drop of 10.4% on January to March 2005.

The price and availability of scrap has increasingly become an issue with the highest prices being paid by the Chinese. China is the second largest importer of ferrous scrap in the world and the reported import price of carbon steel scrap is 240 to 250 US\$ per tonne. This is 40 to 50 US\$ per tonne above the German and French imported price. The German metals trading association, VDM, said that the shortage of scrap due to high demand from China remains a considerable burden on the German metals market which will not diminish in the long term (Metal Bulletin, 1 May). A spokesman said that Chinese companies are setting up trading offices in Europe to secure scrap to be sent back to China where it can be processed at a cheaper cost than competitors on the continent.

China bought 25% of its scrap in 2005 from the USA, with Kazakhstan, Japan and Russia supplying a further 46% of total imports. Germany bought most of its scrap from Europe in 2005, with the Netherlands, Poland and the Czech Republic supplying 54% of the total. Turkey, the largest importer of steel scrap in the world, bought 50% of its scrap from Russia, the USA and Romania.

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