WORLD STEEL REVIEW
Iron & Steel Statistics Bureau, July 2005

Production of crude steel for the 61 countries reporting to the IISI in May was estimated to be 95.4 million tonnes. It was 10.3% above the May 2004 total, and the year to date was 8.1% higher than the same total in 2004 at 456.7 million tonnes. Excluding China, however, the 5 months total was only 1.5% up.

In the European Union crude steel production for the 25 fell by 4.8% in May to 16.2 million tonnes compared to May 2004, and by 0.8% to 80.9 million tonnes in the five months to date. German steel production was down 4% in May, bringing the year to date total to 19.3 million tonnes, just 0.7% down on the previous year. French production fell by 9.5% in May, with the year to date down 4.9% to 8.5 million tonnes. Italian steel production, on the other hand, showed a small rise of 0.8% in the month and 7% in the five months to 12.7 million tonnes. Spanish steel was down 6.5% in May, but increased by 2.9% in the year to date to 7.7 million tonnes. In the United Kingdom steel production also fell, 2.7% down in May, with the five months total 2.4% lower at just under 5.8 million tonnes. Production in the Czech Republic dropped by 10.8% in the year to date to 2.7 million tonnes, while Polish steel production fell by 17.1% to 3.7 million tonnes. The other major West European steel producer, Turkey, showed a 4.5% rise in production in May, bringing the year to date total up 2% to 8.5 million tonnes, almost equal to the French total.

The EU25 trade balance has worsened in 2005 with imports in the first 3 months rising by over 60% and exports falling by 7%. Italy is the largest steel importer in the European Union, and their imports rose by 62.5% to almost 2.7 million tonnes. Italian exports also rose, by 15%, to 900 thousand tonnes. Belgian imports were almost one million tonnes in the first quarter, an increase of 173%, with German steel imports not far behind at 970 thousand tonnes, a rise of 119%. Belgian exports, on the other hand, fell by 30% to half a million tonnes, and German exports fell by 15.6% to 1.8 million tonnes.

Following on from cuts announced earlier in the year by European steel companies, Mittal Steel Europe has announced cuts of 360 thousand tonnes, amounting to between 5 and 10% of their Q3 crude steel production (Steel Business Briefing, 28 June). Corus is also intending to more than double its existing cuts to 360 thousand tonnes per month in the third quarter of 2005 (Steel Business Briefing, 17 June).

According to ACEA, the European car manufacturers association, car registrations fell by 1.7% in May, and by 2.4% in the five months. Registrations in Germany and France were both up, by 6.2% and 8.4% in May, with the year to date totals up 1.1% and 6.4%. UK registrations, however, fell in May by 3.4%, bringing the year to date down 6%. There was a dramatic fall in Italy with the May total down 27.9%, bringing the five months total down 9.7%. The Polish five month total was 37% down on the previous year.

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Russian crude steel production was 5.7 million tonnes in May, 5% higher than in May 2004; the year to date total was 4.8% up at 27.5 million tonnes. Ukrainian monthly production was 1.7% up, with the five months total increasing by just 0.4% to 16.2 million tonnes. In Kazakhstan, the next largest steel producer in the CIS, steel production dropped by 23% in May, bringing the year to date down almost 24% to 1.7 million tonnes.

Russian steel exports were up 12% in the first quarter of 2005 to almost 8 million tonnes. 45% of this total was semis, up 18%, and a further 19% was hot rolled wide coil, exports of which had risen by 48%. Ukrainian exports only rose by 3.3% to 6.9 million tonnes. Russia's largest customer was Turkey followed by Iran and Taiwan.

On the North American continent US crude steel production decreased by 2.8% in May, and by 0.2% to 40.1 million tonnes in the year to date. US imports, however, rose by a third in the first 4 months of 2005 to 10.7 million tonnes, with semis up by 35% and hot rolled coil up by 58%. Canadian steel production was up by 2.2% in the month, but down by 1.4% in the five months to 6.7 million tonnes. Mexican steel production fared better, increasing by 9.3% in May, making the year to date total 2.9% higher at 7.1 million tonnes.

Crude steel production in the South American countries mostly increased, although Brazilian production was flat in the month, and only up by 0.5% in the year to date to 13.4 million tonnes. Venezuelan steel production showed an increase in May of 39%, with the five months total up 9.9% to 1.9 million tonnes. In Argentina the monthly total rose by 13.2%, bringing the year to date total up 9.9% to 2.25 million tonnes.

In Africa, Egyptian steel production was 20% up in the year to date at 2.3 million tonnes, while South African production only rose by 4.3% in the five months to 4.1 million tonnes. In the Middle East, Iran showed a 13.4% increase in steel production in the year to date total to 3.9 million tonnes. Saudi Arabian steel production was 5.8% up in the year to date to 1.75 million tonnes.

Turning to the Far East, Chinese steel production showed a very large rise of 37.5% in May, bringing the year to date up 27.4% to 136.2 million tonnes, almost 3 times the Japanese total. Japan's May production increased by 4.3%, although the year to date was only 1.9% up at 47.3 million tonnes. Crude steel production in South Korea was flat in the month, reaching 19.8 million tonnes in the five months, up only 0.6%. India's production showed a marked rise in May of 16.9%, with the year to date up 11.9% to 14.9 million tonnes. Taiwan's monthly increase in steel production was 4.3%, bringing the year to date to 8.3 million tonnes, a rise of just 2%.

Chinese steel exports in the first 4 months of 2005 were almost 11 million tonnes, just short of the Japanese total of 11.2 million tonnes, making China the second largest steel exporter in 2005 to date. Chinese exports have more than tripled compared to 2004, while Japanese exports fell by 8%. Almost half the Chinese total was semis and hot rolled coil, with wire rod accounting for a further 10%. Chinese imports, on the other hand, fell by 43% in the first 4 months, particularly in semis (down 79%), hot rolled coil (down 46%) and CR (down 29%). However, China is about to end the 7 year VAT exemption on steel sold to manufacturers for use in products shipped overseas. The likely effect of this will be to increase the demand for imports (Metal Bulletin, 28 June).

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South East Asia still accounts for 75% of Chinese steel exports, particularly South Korea, Taiwan and Thailand. Exports to the USA more than tripled in 2005, but only accounted for 7.5% of the total. Exports to the European Union were not far behind at 6.9% of the total, with Italy, Spain and Belgium the three largest markets.

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