

WORLD STEEL REVIEW

Iron & Steel Statistics Bureau, August 2005



Production of crude steel for the countries reporting to the IISI in June 2005 was estimated to be 89.7 million tonnes, an increase of 5.2% over June 2004. This brought the total for the first six months of 2005 to 546.3 million tonnes, 7.6% up on the January to June period in 2004. However, excluding China, the year to date rise was only 0.6%. The European Union, the CIS and North America all showed a fall in steel production for both the month and the year to date. Crude steel production in the 25 member countries of the European Union decreased by 6.9% in June compared to June 2004, with the year to date down 1.7% to 96.5 million tonnes compared with the same period last year. Monthly production in Germany fell by 6.3%, bringing the six month total down 1.8% to 22.9 million tonnes. Italian production was down 5.9% in June, although it was up by 4.7% in the year to date to 15.1 million tonnes. French crude steel production dropped by 10.1% in June, and by 5.8% to 10.2 million tonnes in the year to date. Spanish production decreased by 1.2%, bringing the year to date up 3% to 9.3 million tonnes. Poland's six month total was down 20% at 4.3 million tonnes, and the Czech Republic was down 13.4%. UK steel production rose in the month, but was down 1.5% in the six months to June at 7 million tonnes.

Meanwhile, Turkey's steel production only rose by 0.6% in the month with the half year total up by 1.7% to 10.2 million tonnes. Turkey's steel exports rose by 19% to 4.5 million tonnes in the first four months of 2005, particularly reinforcing bars and welded tubes. Turkey's largest export markets were the United Arab Emirates followed by Spain and the USA. Turkish imports rose by 21% to 3 million tonnes, particularly hot rolled coil, which accounted for more than one third of the total. The main suppliers to Turkey were the Ukraine, Russia and Romania, which together supplied two thirds of Turkey's total imports in the four months. According to a report in Metal Bulletin (25 July), 13 companies have now qualified for the bidding process for the Turkish flat products producer, Erdemir, including five Turkish companies.

European car registrations were up 4.5% in June, although the total for the first six months of 2005 fell by 1.1% to 8.2 million cars, according to ACEA. German registrations were up 2.5% in the half year to 1.7 million cars. The UK market, the second largest in Europe, decreased by 5.8% in the year to date to 1.3 million cars. The Italian market was also down 5.3% at just over 1.2 million, while French registrations rose by 5.6% to over 1.1 million cars. These four countries accounted for 65% of total European registrations. The automotive industry in the Czech Republic now makes more than 800 thousand cars each year, and is the sixth largest producer in Europe after Germany, France, Spain, the UK and Italy, according to a study by the US Department of Commerce (Metal Bulletin, 25 July).

Turning to the CIS, Russian production was down 14.7% in June, although the half year total

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rose by 1.5% to 32.1 million tonnes. Ukrainian crude steel production fell by 8.2% in the month of June, and was flat in the six months at 19.0 million tonnes. In Kazakhstan, steel production dropped by 27.3% in June and by 24.3% to 2.1 million tonnes in the half year.

On the North American continent crude steel production in the United States was 11.3% down in June, bringing the six months total down 2.6% to 47.0 million tonnes. Canadian production in June fell by 2.5%, with the year to date total down 0.9% to 8.1 million tonnes. Crude steel production in Mexico was estimated to be flat in June, with a rise of 1.9% in the half year to 8.4 million tonnes.

US steel imports have risen by 22.4% in the five months compared to 2004, particularly hot rolled coil and welded tubes. Canada, Mexico and Brazil accounted for 40% of the total, but imports from China tripled to over one million tonnes, accounting for 8% of the total. Imports from Russia more than doubled to almost 700 thousand tonnes, 5.2% of the total.

Crude steel production in South America was mixed with Brazilian production showing a fall of 9.1% in June, with a 1.2% drop in the six months to date to 15.9 million tonnes. Elsewhere on the continent, however, production in Argentina was up 7.5% in June and by 9.5% in the half year to 2.7 million tonnes. Venezuelan steel production was estimated to have risen by 3.4% in the month, with the six months total increased by 8.8% to 2.3 million tonnes.

In Africa, South African production was 2.3% up in June, with the year to date up 3.9% at 4.9 million tonnes, while Egyptian production increased by 21.5% in both June and the six months to 2.8 million tonnes. In the Middle East, Iranian production rose by only 0.6% in June, but was up 11% in the first six months of the year to just under 4.7 million tonnes. Saudi Arabian steel production rose by 11.4% in the month, making the year to date total 2.1 million tonnes, an increase of 5.9%.

All of the main steel producing countries of the Far East reported an increase in both June steel production and the year to date. China's steel production is still rising significantly with an increase of 33% in June, raising the six months total by 28.3% to 164.9 million tonnes, accounting for 30% of world steel production. If this rate of increase continues Chinese steel production could reach 350 million tonnes in 2005. Crude steel production in Japan was only 0.4% up in June with the year to date up 1.7% to 56.7 million tonnes. South Korean production in the first six months was 0.6% up at 23.8 million tonnes. Steel production in India was up by 12.8% in June, and by 12.0% in the year to date to 17.8 million tonnes. Taiwanese production increased by 4.4% in June and by 1.2% in the six months to 9.8 million tonnes. Australian crude steel production remained flat in the first six months at just over 3.8 million tonnes.

In the first five months of 2005 China exported 13.65 million tonnes of steel, just short of Japan's 13.99 million tonnes. China's steel imports in the same period were 11.4 million tonnes, giving a net export of over two and a quarter million tonnes. China's imports were down 38% compared to the same period in 2004, particularly semis and hot rolled coil. Japanese steel exports fell by 6.9% compared to 2004. South Korea's steel exports, on the other hand, rose by 5.8% to just under 6.7 million tonnes. South Korea's largest producer, POSCO, has announced further cuts in steel production bringing the total to about 300 thousand tonnes in the first eight months of 2005. This includes a significant cut in stainless steel in response to deteriorating market conditions (Steel Business Briefing, 28 July).

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The Chinese central bank has revalued the yuan by 2.1%, linking it to an unspecified basket of currencies instead of just the dollar. It will only be allowed to float within very tight limits (Metal Bulletin, 25 July). This was less than some analysts had hoped for, but may trim the rising exports. US manufacturing groups said that this was only the first step towards the goal of ending alleged Asian currency manipulation.

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