

WORLD STEEL REVIEW

Iron & Steel Statistics Bureau, August 2006



Production of crude steel for the countries reporting to the IISI in June 2006 was estimated to be 103.8 million tonnes, an increase of 12.7% over June 2005. This brought the total for the first six months of 2006 to 595.7 million tonnes, 7.9% up on the January to June period in 2005. However, excluding China, the year to date rise was only 3.4%. All regions apart from South America and Africa showed a rise in steel production for both the month and the year to date.

Crude steel production in the 25 member countries of the European Union increased by 12.4% in June compared to June 2005, with the year to date up 4% to 100.7 million tonnes compared with the same period last year. Monthly production in Germany rose by 8.9%, bringing the six month total up 1.8% to 23.3 million tonnes. Italian production increased by 8.2% in June, with a rise of 4.8% in the year to date to 15.9 million tonnes. French crude steel production rose by 11.4% in June, and by 4.9% to 10.6 million tonnes in the year to date. Spanish production increased by 6.4%, although the year to date was down 1.3% to 9.3 million tonnes. Poland's monthly production, however, jumped by 30%, bringing the six month total up 12.5% at 4.8 million tonnes. In the Czech Republic steel production jumped by 36% in June, with the year to date up 13.3% to 3.6 million tonnes. UK steel production rose by 15.3% in the month, and by 4.4% in the six months to June at 7.1 million tonnes.

Meanwhile, Turkey's steel production rose by 16.8% in the month with the half year total up by 10.9% to 11.3 million tonnes. Romania's year to date total was 2.7% down at 3.1 million tonnes, while Serbia and Montenegro's total reached 900 thousand tonnes, 60% up on the previous year.

European car registrations were down 4.1% in June, although the total for the first six months of 2006 rose by 1.3% to 8.3 million cars, according to ACEA. German registrations were up 1.4% in the half year to 1.73 million cars. The UK market decreased by 4.2% in the year to date to 1.24 million cars. The Italian market, however, rose by 7.9% to 1.32 million, while French registrations fell by 1.6% to 1.1 million cars. These four countries accounted for 65% of total European registrations. The next largest country is Spain at 800 thousand registrations, just 1.2% down on the previous year.

Turning to the CIS, Russian production was up 13.5% in June, while the half year total rose by 7% to 34.9 million tonnes. Ukrainian crude steel production jumped by 23% in the month of June, but was down very slightly in the six months to 19.9 million tonnes. In Kazakhstan, steel production decreased by 2.4% in June and by 1.4% to 2.1 million tonnes in the half year.

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On the North American continent crude steel production in the United States increased by 17.2% in June, bringing the six months total up 7.5% to 50.4 million tonnes. Canadian production in June rose by 4%, with the year to date total down 2.2% to 7.8 million tonnes. Crude steel production in Mexico was estimated to be down 1.8% in June, with a drop of 4.7% in the half year to 8 million tonnes.

US imports of steel have been rising and reached 17.6 million tonnes in the first 5 months of 2006, 33.6% up on the same period last year. Imports of ingots and semis were 3.8 million tonnes, 42% up on last year, while hot rolled wide coil imports rose 47.5% to nearly 2.5 million tonnes. Canada is still the largest supplier of steel to the USA at 2.4 million tonnes, but China and Russia have jumped up ahead of Mexico and Brazil. Imports from China rose by 53% to 1.6 million tonnes, while imports from Russia more than doubled to nearly 1.5 million tonnes. The sixth largest supplier was Turkey at over 1.1 million tonnes, 93% up on the first 5 months of 2005. Over 70% of the steel from China was four products: wire rod, seamless and welded tubes and hot dipped galvanised steel. Two thirds of the imports from Russia were semis.

Crude steel production in South America was mixed with Brazilian production showing a fall of 4.4% in June, with a 9.1% drop in the six months to date to 14.5 million tonnes. Despite this fall, exports in the first six months remained flat at 6.3 million tonnes. Steel imports tripled to just short of one million tonnes in the six months, although 40% of the total was slabs to replace a shortfall in supply following a blast furnace accident at Cia Siderurgica Nacional (Metal Bulletin, 17 July). Elsewhere on the continent, however, production in Argentina was up 11.1% in June and by 5.2% in the half year to 2.8 million tonnes. Venezuelan steel production, however, fell by 10.6% in the month, although the six months total increased by 4.9% to 2.5 million tonnes.

In Africa, South African production was 10.3% up in June, although the year to date was down 1.2% at 4.8 million tonnes. Egyptian production decreased by 15.3% in June and by 10.8% in the six months to 2.5 million tonnes. In the Middle East, Iranian production rose by 3.4% in June, and by 4.9% in the first six months of the year to 4.9 million tonnes. Saudi Arabian steel production rose by 1.2% in the month, making the year to date total 2.0 million tonnes, a decrease of 1.6%.

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 18.5% in June, raising the six months total by 18.3% to 199.5 million tonnes, accounting for one third of world steel production. According to the China Iron and Steel Association China is likely to produce 410 million tonnes of crude steel in 2006. The official from CISA said that China's overcapacity has been exaggerated, and that the country's steel production and demand will be balanced this year (Metal Bulletin, 25 July).

China's steel exports reached 20 million tonnes in the first six months of 2006, double their imports which reached 9.7 million tonnes. Exports were 22% up on the same period last year, with hot rolled coil up 24% at 3.15 million tonnes, wire rod up 44% at 2.6 million tonnes, deformed rebars up 50% at 1.3 million tonnes and welded tubes up 46% at 1.3 million tonnes. China's exports of semis, however, fell 36% to 3.1 million tonnes compared to January to June 2005. Steel exports to other Asian countries dropped from 75% of the total in 2005 to 63% in 2006. Exports to the European Union almost tripled to reach 2.6 million tonnes in 2006, 13% of the total. Exports to the USA almost doubled to 2.3 million tonnes, 11.6% of the total. The sharp

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rise in exports may be due to widespread rumours that Beijing will soon slash tax rebates on exports of various commodities including steel (Metal Bulletin, 17 July).

Crude steel production in Japan was 2.5% up in June with the year to date up just 0.4% to 57 million tonnes. In June South Korean production was up 8.7%, although the year to date was flat at 23.8 million tonnes. Steel production in India was up by 13.1% in June, and by 16.7% in the year to date to 20.9 million tonnes. Taiwanese production increased by 9.2% in June and by 4.2% in the six months to 10.1 million tonnes. Australian crude steel production increased slightly in the first six months to almost 3.9 million tonnes.

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