WORLD STEEL REVIEW

Iron & Steel Statistics Bureau, September 2005

Production of crude steel in July for the 61 countries reporting to the IISI was estimated to be 90.3 million tonnes, an increase of 4.5% over July 2004. The total for the first seven months of 2005 showed an increase of 6.9% to 636.2 million tonnes. Europe, the CIS and America showed a fall in crude steel production, while Africa, the Middle East and Asia showed an increase.

In the European Union 25, crude steel production fell by 9.4% in July to 14.4 million tonnes compared to July 2004; total production for the seven months to date was 3% down on the previous year's total at 110.6 million tonnes. German crude steel production dropped by 10.4% in July, taking the year to date total to 26.4 million tonnes, down 3%. Italy's steel production showed a 5.9% decrease in July, although the seven months total was up 3.2% to 17.3 million tonnes. In France crude steel production decreased by 8% in July, and by 6.1% in the year to date to 11.8 million tonnes. Spanish production showed a small increase in July, up 1.6%, with the seven months total up 2.8% to 10.5 million tonnes. UK steel production fell by 9.4% in July, with the year to date down 4.4% at 7.9 million tonnes.

Among the newer EU members crude steel production in Poland dropped by 30% in July, while the year to date total was down 22% to 4.9 million tonnes. The Czech Republic totals were down 23% and 15% respectively. On the other hand, in the Slovak Republic, steel production fell by 18% in July, but was up by 4.6% in the year to date to 2.7 million tonnes.

The two largest importing countries in the European Union, Germany and Italy, both showed a significant increase in imports in 2005 compared to 2004. Germany's imports in the first six months increased by 10.7% to 10.5 million tonnes; whereas Italian imports in the first four months were up by 18.4% to 7 million tonnes. French imports, on the other hand, fell by 5.5% in the first five months of 2005. In both Germany and Italy about half the increase was in slabs, blooms and billets. Another significant change in their importing pattern was the drop in the percentage from other EU countries. In Germany, imports from the EU25 were only 81.5% of the total in 2005, down from 90% the year before. In the case of Italy the percentage dropped from 60% to 49%. Outside of the European Union, Germany's largest supplier was Russia, supplying 5% of the total, followed by Mexico, Romania, the Ukraine and Brazil. Italy's major suppliers were Russia and the Ukraine, both supplying 9% each, followed by China (7%), Turkey, Bulgaria and Romania.

In the rest of Europe, Turkey's steel production fell slightly, 0.5% in July, but increased by 1.4% in the seven months to 11.9 million tonnes, taking it just ahead of France. Romanian July production fell by 6.5%, with the year to date down 2.5% to 3.6 million tonnes.

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In the countries of the former USSR Russian production fell by 12% in July, bringing the year to date total to 36.9 million tonnes, 0.5% down on the previous year. Ukrainian crude steel production decreased by 8.8% in July, with the year to date total down 2.1% at 22 million tonnes. The other significant steel producer, Kazakhstan, showed a 23% drop in production in July with the year to date down by 24% to 2.4 million tonnes.

On the North American continent US crude steel production fell by 9.1% in July to 7.5 million tonnes, bringing the seven months total down 4.7% to 54.5 million tonnes. Canadian monthly production was also down, by 13.8%, with the year to date down by 2.7% to 9.2 million tonnes. Crude steel production in Mexico only fell by 3.8% in July, making the year to date total slightly higher at 9.8 million tonnes compared to the first seven months of 2004.

In South America Brazilian steel production dropped 12.5% in July, with the year to date total down 2.9% to 18.4 million tonnes. On the other hand, production in both Argentina and Venezuela increased. In Argentina it was 4.8% up in July, and 8.8% up in the seven months to 3.1 million tonnes. Venezuelan steel production rose by 5.5% in the month, and by 9.4% in the year to date to 2.8 million tonnes.

Turning to Africa and the Middle East, South Africa remains the largest producer, just ahead of Iran, with July production 0.8% up, and the year to date 2.4% higher at 5.6 million tonnes. Iran showed a 1.1% rise in July, with the seven months total up 9.5% to 5.4 million tonnes. Egypt's seven month total rose to 3.3 million tonnes, 21.5% up on 2004, while Saudi Arabian year to date production increased by 7.9% to 2.4 million tonnes.

Crude steel production in China continues to rise with an increase of 28.6% in July bringing the year to date total up by 28% to 193.8 million tonnes. Japanese steel production was down 1.2% in the month, with the first seven months total up 1.2% at 66.2 million tonnes. In South Korea production also fell by 1.2% in July, with the year to date total flat at 27.5 million tonnes. Indian steel production rose by 34.3% in July, with the seven months total at 22.1 million tonnes, a rise of 18.7% over 2004, putting it ahead of Brazil and the Ukraine. Taiwanese crude steel production increased by 5.3% in July and by 1.1% in the year to date to 11.4 million tonnes.

India is the world's third largest exporter of iron ore. In 2004 India exported 61 million tonnes, up from 39 million the year before. However, in the first two months of 2005 they exported over 15 million tonnes, a 50% increase on the same period in 2004. Two thirds of the total in 2004 went to China, some 41 million tonnes, whereas China took 37 million tonnes in the first six months of 2005. Japan is India's second largest customer, and took 11 million tonnes in 2004; a comparison of the first two months of the year showed a 12% drop in the tonnage exported to Japan in 2005 compared to 2004 (Japanese imports showed a 10% drop in the first five months). China and Japan accounted for almost 90% of India's iron ore exports in 2005. After these two countries, South Korea, Romania and Pakistan together accounted for a further 7%.

In an article in Metal Bulletin (23 August) the possibility of long term iron ore contracts between India and China are unlikely to occur any time in the near future according to a senior Chinese official. The fragmented structure of the iron ore industry in India means that they are unlikely to have the capacity to supply ore on a long term contract basis in comparison with the three major suppliers in Brazil and Australia, CVRD, BHP Billiton and Rio Tinto. Together Brazil and Australia accounted 70% of the world's iron ore exports in 2004.

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