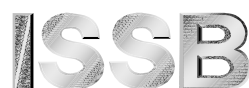


## WORLD STEEL REVIEW

Iron & Steel Statistics Bureau, October 2007



Crude steel production in August was estimated to be 108.7 million tonnes, according to the 67 countries reporting to the IISI, an increase of 5.9% over August 2006. The total for the first eight months of 2007 was 870.7 million tonnes, 7.6% up on the same period in 2006. However, excluding China, the August total rose by only 1.6%, and the year to date total was up just 2.5%.

In the European Union crude steel production for the 27 member states actually fell by 2% in August, compared to August 2006, to 15.2 million tonnes, although the eight months total increased by 2% to 140.6 million tonnes. German crude steel production increased by 2.5% in August, while the January to August total was up 4.2% to 32.5 million tonnes compared to the same period the previous year. French production rose by 3.9% in August, while the year to date total increased by 1.8% to 13.5 million tonnes. Production in Italy, however, fell by 11% in August, with the year to date total up by just 0.8% to 20.8 million tonnes. Spanish production decreased in August by 17.5%, but the year to date total rose by 0.9% to 12.4 million tonnes. The United Kingdom showed a drop in steel production in August, - 2.7%, although the eight months total increased by 2.5% to 9.7 million tonnes. Polish steel production was down 3% in August, but up by 9.7% in the year to date to 7.3 million tonnes. In the Czech Republic steel production increased by 11.8% in August, and by 1.8% in the eight months to 4.8 million tonnes.

Imports of steel to the European Union have risen in the first six months of 2007 with increasing amounts coming from outside the EU. German imports were up 25.7% in the first six months with 19% of the total from non EU countries; Germany's largest single import was galvanised steel. In the case of Belgium imports rose by 24% with 38% of the total coming from non EU countries. Belgium's largest single import was hot rolled wide coil. However, in the case of Italy, while imports only rose by 16%, a huge 54% came from outside the EU. Italy's largest imports were semis and hot rolled wide coil. 65% of Italy's imports from outside the EU came from 3 countries: China, the Ukraine and Russia. The semis largely came from the Ukraine and Russia, whereas the hot rolled coil came mostly from China and Russia. The fourth largest supplier of steel to Italy in 2007 was India.

In the rest of Europe Turkey's crude steel production was 2 million tonnes in August, an increase of 4.3%; the year to date production, however, was up 10.5% to 16.9 million tonnes, making it the third largest steel producer in Europe after Germany and Italy.

According to ACEA, the European Car Manufacturers Association, passenger car registrations in Europe rose by 2.5% in August, while the eight months total was up by 1% compared to 2006. In Germany registrations were down by 2.2% in August, and by 7.6% in the year to date to 2.1 million cars. In Italy, however, the August total increased by 6.8%, with the year to date total up 7.3% to 1.7 million cars. In the United Kingdom the August total decreased by 0.4%, with the eight months total up by 2.2% to 1.5 million cars. French registrations were down 2.4% in the month, and flat in the year to date at 1.4 million. Spanish registrations were down by 2.7%

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in August, and by 1.5% in the eight months to 1.1 million cars. These five countries accounted for 72% of total European registrations in the January to August period.

In the CIS countries Russian production was 2.3% down in August, bringing the eight months total to 48.3 million tonnes, 3.1% above the 2006 total. In the Ukraine crude steel production rose by 2.3% in August, while the year to date was up 5.2% to 28.4 million tonnes. Production in Kazakhstan, however, increased by 14.1% in August and by 13.5% in the eight months to 3.2 million tonnes.

While Russian steel exports fell by 2.7% in the first six months of 2007 to 15.4 million tonnes, Russian imports increased by 67% to 3.8 million tonnes with large increases in deformed reinforcing bars, hot rolled plate and welded tubes. Half the imports in 2007 came from the Ukraine with China the next largest supplier of steel before Moldova and Kazakhstan. Although Russian exports of steel fell in 2007, exports of semis increased by 7% accounting for just over half the total steel exported.

On the North American continent crude steel production in the USA decreased by 1.4% in August bringing the year to date total down 3.7% to 65.1 million tonnes. Canadian August steel production jumped by 27.7%, with the eight months total up 4.3% to 10.9 million tonnes. Mexican production rose by 3.6% in August, bringing the year to date total up 6.9% to 11.4 million tonnes.

In South America, Brazilian crude steel production in August rose by 4.5%, bringing the eight months total up 10.6% to 22.1 million tonnes. Argentinian steel production also rose by 4.5% in August, but was down 9% in the year to date to 3.4 million tonnes. However, Venezuelan August production dropped by 19%, while the eight months total fell by 0.8% to 3.3 million tonnes.

Production in South Africa, the major steel producing country on the African continent, fell by 7.3% in August, bringing the eight months total down 6.5% to 6.0 million tonnes. Egypt's steel production, on the other hand, increased slightly in August and by 5.5% in the year to date to 4.2 million tonnes. Steel production in Iran rose by 2.2% in August, bringing the year to date total up 1% to 6.6 million tonnes. Production in Saudi Arabia increased by 15.7% in August, with the eight months total up 7.2% to 2.9 million tonnes.

Among the key Asian countries Chinese crude steel production reached 41.6 million tonnes in August, up 13.6%, bringing the year to date total up 17.7% to 320 million tonnes. Indian steel production increased by 8.9% in August, but was down 3.1% to 31.5 million tonnes in the eight months. Japan's steel production rose by 3.7% in August, with the eight months total up 3.9% to 79.4 million tonnes. South Korean production increased by 3.4% in August, and by 6.1% in the year to date to 33.9 million tonnes. Taiwanese steel production rose by 4.5% in the month and by 2.5% the year to date to 13.8 million tonnes.

Chinese steel exports have been dropping in the last few months; from the peak at 8 million tonnes in April 2007, the August total was 5.7 million tonnes, some 29% down. 75% of this 2.3 million tonnes drop was in 4 products: wire rod, semis, reinforcing bars and hot rolled wide coil. However, exports of 2 products actually increased: CR and organic coated steel. A fall in Chinese exports to Asia accounted for 70% of the total reduction since April. There was also a 10% drop in exports to the EU27 and the Middle East.

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China continues to import iron ore at an increasing rate. In the first 8 months of 2007 ore imports were 250 million tonnes, almost 15% up on the previous year. These imports came from 28 different countries, although Australia, Brazil and India accounted for 85% of the total. On this basis China is likely to import around 375 million tonnes of iron ore in 2007 with a value of US\$30 million.

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