

WORLD STEEL REVIEW

Iron & Steel Statistics Bureau, November 2006



Crude steel production in September for the 62 countries reporting to the IISI was 101.4 million tonnes, an increase of 8.8% over September 2005. The total for the first nine months of 2006 was 903.4 million tonnes, 9.3% up on the previous year's January to September total. Most regions showed an increase in steel production in the year to date except Africa. Excluding China, the total rise in the year to date production was 5.1%.

The increase in crude steel production for the nine months implies that the full year total will be 1235 million tonnes. This is forecast to rise to 1360 million tonnes in 2008, giving a likely overcapacity of 160 million tonnes according to Steve Mackrell of ISSB. Some of the largest capacity increases are planned in China (an extra 119 mtpy by 2008), India (72 mtpy by 2020), Brazil (62 mtpy by 2008) and Russia (27 mtpy by 2016).

In the European Union crude steel production for the 25 countries increased by 2.1% in September to 15.7 million tonnes, bringing the year to date total up 5.8% to 148 million tonnes. Production in September was very varied with increases in Germany, 11.2%, Italy, 6.3%, France, 2.4%, the UK, 5.2%, Poland, 22.4% and the Czech Republic, 18.3%. On the other hand Spain's production fell by 20% and in the Netherlands it fell by 53%. The nine months total mostly showed increases with Germany up 5.7% to 35.2 million tonnes, Italy up 6.9% to 23.2 million tonnes and France up 4.2% to 15.1 million tonnes. Spanish steel production was down 2.6% to 13.2 million tonnes, while the UK total was up 6.3% to 10.6 million tonnes. Poland's year to date rise was 21% to 7.5 million tonnes, with the Czech Republic up 14.9% to 5.3 million tonnes.

Tata Steel's bid for Corus has been agreed by both boards, but awaits approval by the Corus' shareholders, some of whom may regard the offer (£4.55 per share) as too low since it is lower than the shares had been trading at a short while ago. The combined group will have the capacity to make 23.5 million tonnes of crude steel per year. The long term plans are to increase this to 40 million tpy by 2012. The Indian group will need to borrow £3.3 billion to fund the £4.3 billion cash offer (Metal Bulletin, 20 October).

European car registrations in the 26 countries monitored by ACEA decreased by 2.6% in September 2006 compared to 2005, although the year to date total remained flat at 11.8 million cars. In Germany registrations rose by 4.5% in September, and by 1% in the nine months to 2.5 million cars. UK registrations, on the other hand, fell by 0.7% in the month, with the year to date total down 3.5% at 1.9 million cars. Italian September registrations were down 3.2%, although the year to date total was up 4% to 1.8 million cars. In France the month total fell by 13.3%, and by 3.1% in the nine months to 1.52 million cars. Spanish registrations decreased by 7.2% in September and by 2.5% in the nine months to 1.14 million cars.

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Crude steel production in the rest of Europe was dominated by Turkey with September production up 10.8%, and the year to date increasing by 11% to 17.3 million tonnes. Romanian steel production only rose by 6.1% in the month, with the cumulative total up 1.2% to 4.7 million tonnes. Steel production in Serbia and Montenegro rose by 13.3% in September, with the nine months total up 53.5% to 1.4 million tonnes.

Russian crude steel production in September increased by 4.8% with the nine months total showing a 7.4% increase to 52.6 million tonnes. Ukrainian steel production rose by 3.7% in September and by 7.3% in the year to date to 30.4 million tonnes. Kazakhstan's nine months total decreased by 4.2% to 3.1 million tonnes.

On the North American continent US September crude steel production rose by 3.5%, bringing the year to date total to 75.6 million tonnes, an increase of 9%. Canadian production was up 0.8% in September, while the year to date total increased by 3.4% to 12 million tonnes. Mexican steel production was also up 0.8% in September, although the nine months total fell by 4.2% to just under 11.8 million tonnes.

US steel imports reached 29 million tonnes in the first 8 months of 2006, 43% higher than in 2005. There was a 47% increase in semis to 5.9 million tonnes, and a 79% increase in hot rolled wide coil to 4.3 million tonnes. Welded tube imports topped 3 million tonnes, an increase of 29%. China has risen from fourth to second place behind Canada as the largest suppliers of foreign steel to the US. Imports from Canada were 3.9 million tonnes in January to August 2006, up 8.8%, while imports from China rose to 3.1 million tonnes, an increase of 87%. The main products imported from China were wire rod, welded and seamless tubes and galvanised steel. This sharp rise in imports from China prompted discussions in Beijing between the US and the Chinese. According to Metal Bulletin, 23 October, the Chinese denied that their industry receives government subsidies. A coalition of steel associations recently published a report called the China Syndrome that said numerous government subsidies were directly responsible for the dramatic growth in Chinese steel capacity. The Chinese acknowledge that they have inefficient capacity which they plan to shut down, but local governments are reluctant as this increases unemployment.

In South America Brazilian crude steel production increased by 6.5% in September, but fell by 3.7% in the year to date to 22.8 million tonnes. Argentinian production jumped by 17.8% in September, bringing the nine months total up 6% to 4.2 million tonnes. Venezuelan crude steel production was only up by 2.1% in September, although the year to date total was up 5.4% to 3.8 million tonnes.

In Africa and the Middle East, South African crude steel production increased by 3.3% in September, bringing the year to date total to 7.25 million tonnes, an increase of 0.7%. Iran became the largest producer in the region as it saw steel production rise by 4.3% to 7.3 million tonnes in the January to September period. In Egypt on the other hand, year to date production fell by 12.7% to 3.7 million tonnes, while in Saudi Arabia, year to date production was down 3.2% to 3.0 million tonnes.

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The five major Asian countries - China, India, Japan, South Korea and Taiwan • all showed an increase in steel production in both the month and the year to date. Chinese production grew by 18.5% in September and by 18.4% in the year to date to 308.4 million tonnes, 34% of global steel production. Japanese production increased by 4.8% in the month, bringing the cumulative total up 1.8% to 86.1 million tonnes. In South Korea production rose by 4.1% in September, and by 1.8% in the nine months to 36 million tonnes. India's steel production was 5.2% higher in September, bringing the year to date total up 14.1% to 31.4 million tonnes. This makes India the seventh largest steel producer in the world just ahead of the Ukraine. Taiwanese production increased by 23% in September, and was up 8.8% in the year to date to 15.3 million tonnes.

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