

WORLD STEEL REVIEW

Iron & Steel Statistics Bureau, April 2009



Total crude steel production for the 66 countries reporting to the World Steel Association in February 2009 was estimated to be 83.8 million tonnes, a decrease of 22% on February 2008. The total for the two months to date in 2009 was 22.9% down on the same period in 2008 at 170.3 million tonnes. However, excluding China, global crude steel production dropped by 37.2% in the two months. All regions showed a drop in the year to date: the EU was down 43%, the CIS down 35%, North America was down 53% and South America down 39%. Asia was only down 8%.

In the European Union, crude steel production by the 27 fell by 41.5% in February, and by 43% to 19.9 million tonnes in the two months to date compared to the same period last year. German crude steel production fell by 31.6% in February, and by 33.5% in the year to date to 5.2 million tonnes. Production in Italy decreased in February by 39.9%, while the two months total was down 40.1% to 3.3 million tonnes. French monthly production was down by 35.7%, with the year to date down 41.3% to 1.9 million tonnes. Spanish steel production also fell by 35.7% in February, and by 43.6% to 1.7 million tonnes in the two months. United Kingdom steel production decreased by 47% in February, bringing the year to date to just under 1.3 million tonnes, a decrease of 45.4%. Belgian steel production showed the largest fall in the two months, down 74% to 0.5 million tonnes.

Imports of steel by the EU27 from outside the EU fell to their lowest level in December 2008 since December 2005. At 2.3 million tonnes this was 17% below the December 2007 total. While German imports were only 2% down on December 2007, Italian imports in the month were 25% down, UK December imports were 32% down and in Spain imports were almost 50% down on December 2007. China remains the largest source of imported steel followed by Russia and the Ukraine.

However, steel exports by the EU27 in December were only 10% below December 2007, and in fact rose slightly in December compared to November 2008. The USA is the largest market for the EU followed by Turkey and Algeria. However, Spanish exports more than doubled in December 2008 compared to December 2007. Its largest market outside the EU was Algeria, and the primary products exported were deformed reinforcing bars and heavy sections.

Crude steel production in the rest of Europe is dominated by Turkey which didn't fare quite so badly with production in February down by 23.5% with the year to date total down 18.5% to 3.6 million tonnes. In Serbia production fell by 58% in the month, and by 65% in the year to date to 112 thousand tonnes; the Swiss two month total fell by 27.7% to 176 thousand tonnes.

ACEA, the European car manufacturers association, reported that car registrations in Europe fell by 18.3% in February, while the year to date was down 22.6%, to 1.9 million cars. German registrations actually increased by 21.5% in February and by 4% in the two months to 467 thousand cars, while Italian registrations dropped by 24.4% in the month and by 28.5% in the two months to 323 thousand cars. The French two months total was down 10.6% at 301

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thousand cars, while in the UK the total fell by 28.2% to 166 thousand cars. The Spanish total showed one of the worst declines at 49% in February and 45.5% in the year to date to 121 thousand cars. These five countries accounted for 71% of total registrations in Europe. The Romanian two month total fell by 59% to 21 thousand cars, while the Polish total increased by 0.7% to 57 thousand cars.

In the CIS crude steel production decreased by 32.1% in February, while the year to date was down 35.5% to 13.5 million tonnes. Russia's monthly total was down 32.1%, with the two months down 35.8% to 8 million tonnes. Ukrainian steel production fell by 33.6% in February, bringing the year to date total to 4.4 million tonnes, a decrease of 37.7%. In Kazakhstan the two month total fell by 18.4% to 520 thousand tonnes, with Belarus steel production down 10.7% to 358 thousand tonnes.

Turning to North America, US crude steel production dropped by 54.2% in February, and by 53.5% in the year to date to 7.8 million tonnes. Mexican steel production was down 47% in the month, and by 48% in the two months to date to 1.6 million tonnes. Canadian production was estimated to be down 56% in February, and by 55.6% in the year to date to 1.2 million tonnes.

In South America, there was a 39% fall in Brazilian crude steel production in February, with the year to date total down 42.4% to 3.3 million tonnes. Argentinian production fell 37% in the two months to 541 thousand tonnes, while Venezuelan steel production in the year to date only fell by 16.8% to 600 thousand tonnes.

South African crude steel production fell in February by 31.7%, while the year to date total was down 34.2% to 942 thousand tonnes. Egyptian steel production fell by 30% in February and by 26.6% in the two months to 841 thousand tonnes. Production in Iran actually rose in February by 15.9%, bringing the year to date total to 1.9 million tonnes, an increase of 20%. In Saudi Arabia steel production for the two months was down by 38% to 511 thousand tonnes.

Crude steel production in the Far East fell with the exception of China. Chinese production increased by 4.9% in February and by 2.4% in the two months to 81.6 million tonnes. Japanese production was down by 44% in February and by 41% in the year to date to 11.9 million tonnes. South Korean production fell by 24.8% in February, and by 24.7% in the year to date to 6.7 million tonnes. Indian steel production decreased by 11.5% in the month, while the year to date total was down 8.1% to 8.7 million tonnes. Taiwanese production fell in February by 20.4%, while the two months total was down by 24.1% to 2.8 million tonnes.

Chinese exports of steel fell to 1.88 million tonnes in January 2009, less than half the January 2008 total. According to the China Iron and Steel Association February exports were even less at 1.56 million tonnes, and the secretary of CISA says that March exports may drop below imports for the first time since November 2005 (Steel Business Briefing 19 March). Steel inventories reached 6.7 million tonnes in late February, and are likely to increase further with steel production still rising in the first two months of 2009. This prompted the chairman of CISA, Mr Wu Xichun, to call for production cuts and there is evidence that this has begun to happen in March (Steel Business Briefing 20 March). Mr Xichun, speaking at the International Steel Market and Trade Conference in Shanghai, said he believed Chinese production would be less than 460 million tonnes in 2009 compared to 500 million tonnes in 2008.

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