

WORLD STEEL REVIEW

Iron & Steel Statistics Bureau, July 2009



Production of crude steel for the 66 countries reporting to the World Steel Association in May was estimated to be 95.6 million tonnes. This was 21% less than in May 2008, and the year to date was 22.4% lower than the total for the same period in 2008 at 449.2 million tonnes. Excluding China, however, the drop in May was 34.4% and the 5 months total was down by 37%. China accounted for 48% of world steel production in the first five months of 2009.

In the European Union crude steel production for the 27 did even worse than the average in May at 10.5 million tonnes, a drop of 45% compared to May 2008. The five months total to date fell by 44% to 50.7 million tonnes. German steel production was down 48% in May, bringing the year to date total to 11.3 million tonnes, 44% down on the previous year. French production was down by 41% in May, while the year to date total was down by 42% to 4.7 million tonnes. Italian steel production fell by 42% in May, and by 43% in the five months to 8.1 million tonnes. Spanish production fell 41% in May, and was down by 39% in the year to date to 5.4 million tonnes. In the United Kingdom steel production dropped by 42% in May, and by 43% in the five months to 3.5 million tonnes. Romanian production showed the largest fall in the January to May period, down 64%, with Belgian production down 58% and Swedish and Bulgarian down 54%. Outside the European Union, Turkey only showed a 16% fall in production in May, bringing the year to date total to 9.6 million tonnes, a drop of 18%. Serbian steel production showed a massive 75% fall in the year to date to 204 thousand tonnes.

Steel exports by the EU27 outside the EU in the first quarter of 2009 dropped by 22% to under 7 million tonnes compared to Q1 2008. Imports were down by 36% to 6.6 million tonnes. However, this conceals a range of percentage changes with 7 countries showing a fall of more than 50% in exports. The worst hit was Poland where exports fell by 76% compared to the first quarter 2008. Slovakia and Romania were also badly hit with exports down by 57% and 56% respectively. In 6 countries exports in Q1 2009 were higher than exports in Q1 2008: Portugal, Latvia, Spain, Estonia, Greece and Finland.

According to ACEA, the European car manufacturers association, car registrations were down 4.9% in May, with the five months total down 13.9%. German registrations jumped by 40% in May due to the scrappage scheme for older cars, bringing the year to date to 1.63 million cars, up 23%. French registrations rose 12% in May, making the year to date total 896 thousand cars, a fall of 1.4% on 2008. Registrations in Italy, on the other hand, were 8.6% down in May and 14.7% down in the first five months to 918 thousand cars. Despite starting a scrappage scheme for older cars UK registrations dropped by 25% in May, bringing the year to date total to 749 thousand cars, a fall of 28%. The Spanish five month total was down almost 43% at 336 thousand cars. A report by Global Insight for the European Commission Industry Committee quotes industry forecasts of a 20% slump in vehicle production in the EU27 by the end of 2009 which amounts to a loss of over 60 billion euros. However, the collapse in volume feeds down

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the supply chain and to dealerships, and the report predicts a wave of bankruptcies. The sector, including all the supply chain, represents one third of all manufacturing jobs in the EU27.

Russian crude steel production was 4.7 million tonnes in May, 31% lower than in May 2008; while the year to date total was 32% down at 21.9 million tonnes. Ukrainian monthly production dropped by 40%, bringing the five months total to 11.3 million tonnes, a decrease of 39%. In Kazakhstan the year to date total was almost 20% down at 1.6 million tonnes.

On the North American continent US crude steel production was 50.6% down in May, and down by 53% to 20.1 million tonnes in the year to date. Canadian steel production was 49% down in the month, and 46% down in the five months to 3.8 million tonnes. In comparison Mexican steel production decreased by 31% in May, and by 33.6% in the year to date to 5.3 million tonnes.

US steel imports in the first four months of 2009 fell by 37% to 6.3 million tonnes compared to the same period in 2008. Tubes and fittings accounted for 38% of total imports in 2009 with imports of seamless tubes increasing by one third to over one million tonnes. Imports of welded tubes fell by 28.5%. US exports of steel also fell, down by 35% to 2.6 million tonnes, with only semis and rails showing an increase compared to 2008.

Crude steel production in the South American countries was very mixed, with Brazilian production falling by 36% in May, and by 40.6% in the year to date to 8.6 million tonnes. Argentinian steel production was down by 46% in the month, bringing the five months total to 1.3 million tonnes, a drop of 43%. In Venezuela, however, the monthly total rose by 4%, while the year to date total was up by 8.9% to 1.8 million tonnes.

In Africa, Egyptian steel production fell by 21% in the year to date to 2.2 million tonnes. South African production, however, fell by 25% in the five months to 2.8 million tonnes. In the Middle East, Iran showed an 11.6% increase in steel production in May with the year to date total up 12.6% to 4.7 million tonnes. Saudi Arabian steel production was down by 9.6% in the month, bringing the year to date to 1.8 million tonnes, a decrease of 17%.

Turning to the Far East only Chinese and Indian steel production increased. Chinese steel production rose by 0.6% in May, bringing the year to date up 0.4% to 217.2 million tonnes, some 48% of world production. Japan's May production dropped by 38.5%, making the year to date total 29.8 million tonnes, a decrease of 42%. Crude steel production in South Korea was 11.8% down in the month, making 18.9 million tonnes in the five months, a fall of 17.8% on the previous year. India's production showed a rise in May of 9.3%, although the year to date total was only up 0.5% to 23 million tonnes. Taiwan's monthly decrease in steel production was almost 40%, bringing the year to date total to 5.5 million tonnes, a drop of 41%.

Chinese steel imports in May reached their highest monthly level since September 2005 at 2.36 million tonnes. 55% of the total May imports were semis (mostly slabs) and hot rolled wide coil. Chinese exports in May dropped to 1.29 million tonnes, the lowest monthly level since April 2004. May was the third month in a row where the balance of trade was negative, exceeding one million tonnes for the first time since June 2004.

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