

WORLD STEEL REVIEW

Iron & Steel Statistics Bureau, September 2009



Production of crude steel in July for the 66 countries reporting to the World Steel Association was estimated to be 103.9 million tonnes, a decrease of 11.1% over July 2008. The total for the first seven months of 2009 showed a drop of 19.9% to 653 million tonnes. All regions showed a fall in crude steel production in the month and year to date except for the Middle East and Asia. If China is excluded from the total, the July decrease was 25.9% and the seven months total dropped by 33.8%.

In the European Union 27, crude steel production fell by 35.6% in July to 11.2 million tonnes compared to July 2008; total production for the seven months to date, however, was 42.1% down on the previous year's total at 73.5 million tonnes. German crude steel production fell in July by 28.8%, bringing the year to date total down 41.4% to 16.5 million tonnes. Italy's steel production, however, decreased by 43.2% in July, while the seven months total was down 42.7% to 11.3 million tonnes. In France crude steel production was down 37.2% in July, although the year to date fell by 40.8% to 7 million tonnes. Spanish production fell 32% in July, while the seven months total was down 36.2% to 7.7 million tonnes. UK steel production, on the other hand, only fell by 30.6% in July, although the year to date total was 40% down at 5.2 million tonnes.

Among the newer EU members crude steel production in Poland decreased by 39.5% in the year to date to 3.9 million tonnes, while the Czech Republic total fell by 41.9% to 2.4 million tonnes. However, the Romanian seven month total dropped by 58.6% to 1.4 million tonnes.

In the rest of Europe, Turkey's steel production was down by only 8.5% in July, bringing the year to date total down 16% to 14.1 million tonnes. Production in Switzerland fell by 40% in the year to date to 511 thousand tonnes, while in Serbia the seven months total was down by 72% to 324 thousand tonnes.

In the countries of the former USSR Russian production fell by 18.4% in July, bringing the year to date total to 31.8 million tonnes, 28.5% down on the previous year. Ukrainian crude steel production, however, decreased by 27.7% in July, while the year to date total was down 37.2% to 16.3 million tonnes. The other significant steel producer, Kazakhstan, showed a drop of 16.4% in production in July while the year to date total was down by 20.5% to 2.2 million tonnes.

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On the North American continent US crude steel production fell by 41.6% in July to 5 million tonnes, bringing the seven months total down 50.8% to 29.2 million tonnes. Canadian monthly production dropped by 53%, with the year to date total down 52.5% to 4.7 million tonnes. Crude steel production in Mexico was only 23% down in July, making the year to date total 30.4% lower at 7.8 million tonnes compared to the first seven months of 2008. Mexico's production in 2009 is higher than that of both Spain and France.

US imports of steel, following the May 2009 total which was the lowest level for 16 years, fell even lower in June to 827 thousand tonnes, 16% below the May figure. Imports from Canada have not fallen in 2009 so they accounted for 32% of the total in June, up from 24% a year earlier. Imports from China dropped to 6% of the total in June. According to a report in Steel Business Briefing (24 August) there is little evidence that the \$135 billion stimulus package has had any impact on the construction industry, and unemployment in the industry has continued to decline in 47 of the 50 states.

In South America Brazilian steel production was down 22.8% in July, while the year to date total was 36.9% down at 13.1 million tonnes. Production in Argentina was a little worse, down 32.7% in July, and 40.6% in the seven months to 2 million tonnes. Venezuelan steel production, on the other hand, fell by 10% in the month, bringing the year to date total up 3.3% to 2.6 million tonnes. In Colombia production fell by 5.8% in the seven months to 627 thousand tonnes, while in Chile steel production dropped by 39.6% to 611 thousand tonnes.

Although Brazilian crude steel production was down compared to the same month last year, at 2.5 million tonnes it was the highest monthly total since October 2008. This was primarily due to exports which rose to their highest level since August 2008. Almost 59% of the August total of 781 thousand tonnes was slabs and billets, the vast majority of which was carbon steel slabs. South East Asia accounted for 85% of Brazilian exports in July with China the largest market.

Turning to Africa and the Middle East, Iranian production actually rose by 15.1% in July, bringing the year to date total up 12.5% to 6.5 million tonnes. South African production dropped 30% in July, with the seven months total down 25% at 4 million tonnes. Egypt's seven months total fell by 17.3% to 3.1 million tonnes, while Saudi Arabian year to date production decreased by 12.8% to 2.6 million tonnes.

Crude steel production in China increased by 12.6% in July, bringing the year to date total up by 2.9% to 317.3 million tonnes, almost 49% of world steel production. Japanese steel production was down by 25% in the month, with the first seven months total down 38.5% at 44.3 million tonnes. In South Korea production decreased by 13.3% in July, with the year to date total 16.6% lower at 26.9 million tonnes. Indian steel production rose by 4.3% in July, with the seven months total up 1.7% at 32.3 million tonnes. Taiwanese crude steel production fell by 26.6% in July and by 34.9% in the year to date to 8.1 million tonnes. Australian year to date production was down 50% to 2.3 million tonnes.

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Contrary to the situation in nearly every other country, China's steel production continues to rise reaching a new peak of 50 million tonnes in July, almost half the world's steel production. The main drivers are domestic growth with investment in real estate development growing by 10% in the first half of 2009, according to a report by the World Steel Association. In addition automobile production grew by 16.4% in the first half of the year.

Japanese exports of steel in June 2009 rose to their highest level in the year at 2.7 million tonnes, although this was still 15% below June 2008. Almost 85% of the exports in June went to other Asian countries with nearly half going to South Korea and China. One quarter of the exports in June 2009 were hot rolled wide strip with a further 19% being slabs and billets.

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