

## **ISSB Monthly Steel Commentary – February 2012**

The World Steel Association estimated global crude steel production to be 1515 million tonnes in 2011, 6.8% up on the annual 2010 total of 1419 million tonnes and the highest total ever. However, China accounted for 45% of this total, and the annual total excluding China rose by only 5.1% compared to 2010. The December crude steel production for the 64 monthly reporting countries increased by just 1.7% to 117 million tonnes.

### **European Union**

Total crude steel production for the 27 countries of the European Union in December actually fell by 0.8%, although the annual total rose by 2.8% to 177 million tonnes, 11.7% of the world total. Germany made 25% of the EU total at 44.3 million tonnes, an increase of 1% on 2010, with the December total down by 4.8%. Italian steel production was 3.1% up in December with an increase of 11.3% in the year to 28.7 million tonnes. French December production fell by 1.5%, bringing the year to date total up 2.4% to 15.8 million tonnes. Spanish steel production dropped by 12.5% in December making the year total 15.6 million tonnes which was 4.6% lower than in 2010. Steel production in the UK, however, rose by 1.7% in December bringing the year to date total down by 2.3% to 9.5 million tonnes. The 12 months total in Poland rose by 10% to 8.8 million tonnes, after a 32% increase in the December total.

### **Other Europe**

In Turkey, the largest West European steel producer outside the European Union, crude steel production was 34 million tonnes in 2011, an increase of 17% compared to 2010, while the December total increased by 11.5%. Turkey has shown a fairly consistent increase in steel production over the decade and the 2011 total is its highest ever. Serbian steel production was just over 1.3 million tonnes in 2011, 5.5% higher than in 2010. Norway's annual total actually rose by 19% to 620 thousand tonnes. However, Bosnia's annual total increased by 9.6% to 649 thousand tonnes.

Despite a 17% increase in steel production, Turkey's exports of steel only rose by 5.5% in the ten months of 2011. 40% of Turkish exports went to Middle Eastern countries, with a further 20% going to the European Union. Africa accounted for 18% of their exports in 2011. Turkey's steel imports in the first ten months of 2011 fell by 6% compared to 2010.

European car registrations decreased by 1.4% in 2011 compared to the previous year, according to ACEA, to 13.6 million cars. German registrations, however, increased by 8.8% to 3.2 million cars, while the French total fell by 2.1% to 2.2 million cars. In the United Kingdom registrations were 4.4% down at just over 1.9 million cars, while in Italy registrations dropped by 10.9% to 1.75 million cars. Spanish registrations showed an even larger fall of 17.7% to 808 thousand cars. These five countries accounted for 73% of the European total.

### **The CIS countries**

The countries of the former USSR showed an increase of 4% in crude steel production with the overall total up to 112 million tonnes, 7.4% of world production. Russian steel production was only 3.1% higher in December, while the year to date total was just 2.7% up at nearly 69 million tonnes making it the fifth largest producer in the world just ahead of South Korea. Ukrainian December production actually fell by 5.3% bringing the annual total up by 5.7% to 35 million tonnes. Steel production in Kazakhstan rose by 11.4% in 2011 to 4.7 million tonnes, with production in Belarus up 3.3% to 2.6 million tonnes.

### **North America**

North America accounted for 7.9% of the world's total, with production in the USA increasing by 7.1% in the year to date to 86 million tonnes, maintaining its position as the third largest steel producer in the world. The US December production showed an increase of 10.3% on

December 2010. Canadian annual crude steel production was 0.6% up at 13 million tonnes, while the December month total fell very slightly. Mexican December production rose by 13%, and the year total increased by 8.6% to 18 million tonnes. In Trinidad and Tobago the annual total rose by 6.7% to 610 thousand tonnes.

### South America

In South America, crude steel production rose by 10.3% in December, with the full year up 10.2% to 48.4 million tonnes, 3.2% of world production. Brazilian annual steel production rose by 6.8% to 35.2 million tonnes, while the December total increased by 10.7%. Argentinian steel production rose by 21.5% in the month, bringing the annual total up by 10% to 5.7 million tonnes. Venezuelan production, however, was down 4.3% in December, although the annual total rose by 39% to 3.1 million tonnes. Annual steel production in Colombia increased by 6.3% to 1.3 million tonnes, while in Chile it jumped by 60% to 1.6 million tonnes. In Peru steel production was 5.1% higher at 925 thousand tonnes.

### Africa and the Middle East

Steel production in Africa and the Middle East accounted for 2.3% of the world total. African production actually fell by 13.8% to 14.3 million tonnes in 2011, while in the Middle East it rose by 6.9% to 20.9 million tonnes. Iran was the largest producer in the region with production increasing by 8.7% to 13 million tonnes. South Africa's steel production, on the other hand, fell by 12.7% to 6.7 million tonnes. Egypt's annual total fell by 2.8% to 6.5 million tonnes, while Saudi Arabian steel production increased by 5.2% to 5.3 million tonnes. Qatar made 2 million tonnes of steel in 2011, just 2% up on the previous year.

### Asia

Crude steel production in the big 5 Asian countries increased by only 0.7% in December, and by 7.9% in the year to 976 million tonnes, 64.4% of world production. China's December production was only 0.7% up, bringing the year to date total up by 8.9% to 683 million tonnes, the highest annual crude steel production ever. Japan's annual crude steel production, however, was 1.8% lower than 2010 at 107.6 million tonnes, while the monthly total decreased by 8.4%. India increased its annual production by 5.7% to 72 million tonnes, making it the fourth largest steel producing country ahead of Russia and South Korea. Korean steel production in December rose by 7.2%, but the year to date total increased by 16.8% to 68.5 million tonnes in 2011. Crude steel production in Taiwan rose by 9.7% in December, and by 14.7% in the year to 22.7 million tonnes. Australia's annual total, however, decreased by 12% to 6.4 million tonnes.

Chinese steel exports in 2011 jumped by 15% compared to 2010 to 47 million tonnes. Although this was still 12 million tonnes below the 2008 total, it was double the total in 2009. 55% of their exports went to other Asian countries with South Korea by far their largest market taking 10 million tonnes followed by India at 2.6 million tonnes. North and South America accounted for 14% of Chinese exports, with the European Union just below 11%.

Japan was the second largest steel exporter in the world, but their annual total is forecast to be 4% below the 2010 figure at 41 million tonnes. 81% of Japanese exports went to other Asian countries, particularly South Korea, China, Thailand and Taiwan. Outside of Asia the USA was the largest market taking 4.7% of their total exports.

South Korea rose from being the sixth largest steel exporting country in 2010 to third largest exporter in 2011 ahead of Germany, the Ukraine and Russia. 64% of its exports went to other Asian countries with 10% to the USA and 9.3% to Middle Eastern countries.

Phil Hunt  
ISSB Ltd  
30 January 2012