

# Steelworld

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# Editorial Desk

Dear Readers,

It seems that the global steel industry is slowly coming out of the grip of recession which had surrounded this industry for the last year or so. Let us take an account of what is happening in different regions and their prospects for the future.

Middle East & North Africa (MENA) region was supposed to be one of the fastest growing regions of the world. Though it comprises of 19 countries, only 4 countries namely Iran, Egypt, Saudi Arabia and UAE constitute 70 percent of MENA steel consumption. The net consumption of the region came down from 57 mt in 2008 to 56 mt in 2009 with imports falling from 25 mt to 18.7 mt in the same period.

Infact the steel production has increased from 36 mt to 38 mt which is quite a different phenomenon from the rest of the world. Also it is expected that the scenario will improve, though not substantially in 2010 with a forecast of 6.2 percent growth in steel consumption.

The future of global steel industry largely depends on China, the biggest steel producing and consuming nation. As we all know China was not much affected by global recession and its steel production and consumption continued to rise in 2009. Now the Chinese government has put some curbs on their credit policy by increasing the interest rates and putting restrictions on availability of excess capital. As per WSD, that there is enough liquidity in the system but the excess liquidity has been removed to prevent a hazardous real estate pricing bubble. As such the Chinese economy is poised for a decent growth in 2010 and 2011 with more emphasis on consumption and less on investment. It is also believed that it will be somewhat difficult for China to maintain a double digit growth rate in coming years as it has already crossed its peak as far as economic growth rate curve is concerned.

For EU, the year 2009 was very bad with all the countries witnessing a shrinkage of their economies. The steel production and the consumption reduced substantially in this period. Now even if the recovery is believed to be started, it is at a very slow rate. The 2010 projections for most of the economies in the region are still negative. Presently most of the region is under the thick volcanic dust erupted from Iceland volcano and all the major airports are not operating. Though it is believed to be a temporary phenomenon, it has severely affected not only aviation ministry but also other industries which depend on the airborne imported inputs. This has certainly reduced the possibility of EU economy performing substantially better in 2010.

On this backdrop, the prospects of Indian iron & steel industry look brighter. The Indian economy is expected to grow by robust 7.5 percent in 2010 and this can give a major boost to the steel industry of the region. Of course, there are issues of concern, bottlenecks etc. but will discuss them may be in the next edition of this column. Stay tuned !!!

*D. A. Chandekar*