

Trends in Global Steel Production

World crude steel production for the 66* countries was 99.0 million metric tons (mmt) in February. This is 8.6% higher than for the same month of 2006.

China produced 36.1 mmt of crude steel in February. This is 20.1% higher than February 2006. Japan produced 9.2 mmt of crude steel, an increase of 3.6% year-on-year (y-o-y). India in the same period produced an estimated figure of 3.5 mmt with a nominal increase of 2 and a half percent. Crude steel production in South Korea was 3.7 mmt, an increase of 0.2% compared to the same month last year. Japan produced 9.2 mmt with Taiwan notching up a negative growth rate of -1% in February of 2007 as compared to last year.



Germany produced 3.8 mmt of crude steel in February 2007, an increase of 3.1% y-o-y. France produced 1.7 mmt, a rise of 0.2% compared to the same month in 2006. Production in the UK was 1.2 mmt, 9.3% higher than February 2006.

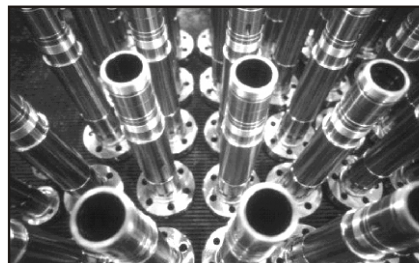
Brazil produced 2.5 mmt of crude steel in February, an increase of 17.6% compared to February 2006.

Turkey's crude steel production rose by 14.6% y-o-y to 1.9 mmt in February. Total production in the Other Europe region was 2.3 mmt, an increase of 14.8%. Bosnia-Herzegovina and Macedonia now report their monthly production to IISI and have been added to this region. Crude steel production in the United States was 7.1 mmt, a decline of -8.0% yoy.

Among the middle east countries Saudi Arabia produced 0.326 mmt of crude steel in February this year an increase of 12% over the corresponding period last year. This trend is only poised to continue with the



number of new steel projects being planned in the country. Similarly, Qatar also notched an impressive growth rate of more than 18% in the same period with production 0.09 mmt in February and overall growth of 13% over last year's production figures. Egypt the second biggest producer in the region produced 0.48 mmt in February with Iran and Algeria producing 0.77 mmt and 0.123 mmt respectively in the month of February with yearly figures over the two months of 2007 reaching 1.622 mmt for Iran and 0.249 for Algeria.



The International Iron & Steel Institute (IISI) in its forecast for 2007 has confirmed the trend of recent years of an increase in steel use in-line with general economic growth and with the fastest growth occurring in the countries with the highest GDP growth such as India and China. However, according to IISI the cost of raw materials and energy would continue to represent a

Long-term Issues :

Consolidation in the industry has accelerated, highlighted by the recent Arcelor/Mittal and envisaged Tata/Corus mergers. Arcelor-Mittal will account for around 10 per cent of world steel production. Though consolidation will strengthen steel companies' influence in world markets, the industry remains very fragmented as compared to the concentrated iron ore industry for example. Concern was expressed that steel producers in various parts of the world have increased capacity significantly or intend to do so in the years to come by extending existing capacities and/or creating new capacities, whilst most forecasts for demand over the years to come suggest that worldwide steel capacities are largely sufficient to satisfy demand requirements in the future. Member economies of the Steel Industry should ensure that their steel industries be aware of the concern over world-wide increases in steel making capacities and their responsibility for the longer-term health of the world's steel market.

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