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## MEPS forecast global steel production to rise by 5.6% in 2008

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MEPS forecast crude steel production in 2008 at 1420 million tonnes up by 5.6% YoY. It said “This rate of growth is below the year earlier figure of 7.6 percent, due in part to the weaker global economic climate and an anticipated reduction in the rate of steel output expansion in China.”

MEPS said that “Blast furnace iron making is still expected to exceed one billion tonnes this year, rising broadly in line with crude steel output. Direct reduced iron manufacturing is predicted to climb to near 70 million tonnes in 2008. The popularity of this process is growing, particularly in South America, Africa, Middle East and Asia.”

MESP added that “Global steel output in 2007 reached another all time high. Record levels of production were recorded in half the 98 countries investigated. On a regional basis, NAFTA and Africa failed to reach past peak values. The outturn in the former USSR was at a new post 1991 level. However, substantially larger figures were recorded in the 1980’s, prior to the break up of the Union.”

?Region	2007	2008(F)	Change
EU 27	210.2	215.1	2.3%
Other Europe	30.4	33.5	10.2%
Former USSR	124.0	131.8	6.3%
NAFTA	132.8	135.3	1.9%
South Africa	48.3	52.8	9.3%
Africa	18.8	19.7	4.8%
Middle East	16.5	19.4	17.6%
China	489.2	527.4	7.8%
Japan	120.2	122.5	1.9%
Other Asia	145.1	153.5	5.8%
Oceania	8.7	9.1	4.6%
Total	1344.0	1420.0	5.7%

(In millions tonnes)

Source: MEPS - World Steel Outlook

MEPS has made the following observations

1. Crude steel output in non EU Western Europe is forecast to expand by almost 10% in 2008, year on year. The main drivers for this are very strong demand and rising capacity for steel manufacturing in Turkey. High levels of investment will continue over the period to 2012. Much of the growth in output is still related to the construction sector. In the remainder of the region, Serbian output is forecast to rise this year.”

2. A substantial increase in steel manufacturing in 2008 in the former USSR. All steel producing nations are forecast to show improved results from their year earlier figures.

3. Steel production in the NAFTA region in 2008 is expected to be 2 million tonnes up on the year earlier figure. Imports from the Far East and Europe will decline because they are not competitive since the decrease in the value of the US dollar. This will enable mill activity to expand.

4. Crude steel output in South America is forecast to reach another all time high in 2008. Demand across the entire region should remain solid. Revenues from iron ore and other raw materials are expected to rise. This will provide opportunities for expansion of the economies.

5. Total African steel production in 2008 is forecast to reach an all time high. Demand across the region is quite strong. Last year's outturn was blighted by a series of blast furnace relines.

6. 8% rise in steel output in the Middle East region this year. Consumption will expand and much of the higher requirement will be supplied from increased capacity at the local mills."

7. China will lead the way with an increase of more than 38 million tonnes.

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