

International Stainless Steel Forum



Media Release

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Stainless steel production to grow further – but at a slower rate

Kyoto, 21 May 2007 - The International Stainless Steel Forum (ISSF) expects that stainless crude steel production in 2007 will be higher than the record-level of production in 2006, mostly driven by recovery from 2005 and some restocking. High raw material prices, especially for nickel, encourage ISSF to promote ferritic grades as an economic and effective solution for the main applications of stainless steel: a book “The Ferritic Solution” is now available. The forecast was released during ISSF’s Annual Conference in Kyoto, Japan.

ISSF expects that global stainless crude steel production will reach 29.8 million metric tons (mmt) in 2007. This represents a rise of 5.1 % on 2006 production. The growth rate of 5.1%, almost on the long term average, takes into account the very high level of supply which occurred in many countries during 2006 and caused a significant build-up of stainless steel stock at service centres and fabricators.

Actual global stainless steel production in 2006 increased by 16.7 % to 28.4 mmt compared to 2005. This more than compensated for the downturn in production during 2005 (-1,1%).

Table 1: Stainless and heat-resisting crude steel production (in ‘000 metric tons)

Region	2005	2006	+/- %	2007 (e)	+/- %
Western Europe/Africa	8,795	9,971	13.4	9,700	-2.7
Central and Eastern Europe	310	363	16.8	400	10.3
The Americas	2,688	2,951	9.8	2,850	-3.4
Asia	12,498	15,074	20.6	16,850	11.8
World total	24,292	28,358	16.7	29,800	5.1

Source: International Stainless Steel Forum (ISSF)

Asia is by the far largest stainless steel producing area in the world. During 2006 Asia again showed the strongest increased stainless steel production by almost 21%. ISSF expects further high growth of approximately 12% in 2007 to almost 16.9 mmt. In 2006, all Asian countries except South Korea contributed to this growth. In 2007, China will be the driving force followed by India. ISSF expects all other Asian countries to show flat or decreasing production. China will continue to expand its stainless steel melting activities with significant new capacities in the start-up phase. China became the world’s leading stainless steel producer in 2006. The lead of China over Japan, the second-highest stainless steel producer, is expected to increase in 2007.

Note to editors: The International Stainless Steel Forum (ISSF) is a non-profit research organisation, which serves as the world forum on various aspects of the international stainless steel industry. Founded in 1996, ISSF has its own Secretary General, Board of Directors, Committees and budgets. ISSF is legally a part of the International Iron and Steel Institute. ISSF is based in Brussels, Belgium.

Media enquiries: John Fewtrell, General Manager, Communications
IISI, Rue Colonel Bourg 120, B-1140 Brussels, Belgium
E-mail: press@iisi.be Telephone: +32 (0)2 702 89 00 Fax: +32 (0)2 702 88 99

Production in Western Europe/Africa is expected to decline by 2.7% to 9.7 mmt in 2007. The decline will be caused by stock corrections and stronger material inflow from Asia. The region was hit by voluntary production losses in the second half of 2005. This was more than compensated for in 2006 when production increased by 13.4% to 10 mmt.

For the Americas region, ISSF expects a decrease in stainless steel production in 2007 of 3.4% to 2.9 mmt. In 2006 the region increased stainless crude steel production by nearly 10% to almost 3 mmt.

Central and Eastern Europe will see a continued rise in stainless steel production.

At the current time ISSF does not see a risk for a drop in stainless steel demand from the stainless steel fabricating industries. However, the shift to ferritics, already happening for some customers, is a precondition, providing technically equivalent solutions, with lower and more stable prices. ISSF will continue working for creating better awareness of properties and uses of this material. It is the role of ISSF to promote stainless steel and ISSF itself as a provider of objective information.