

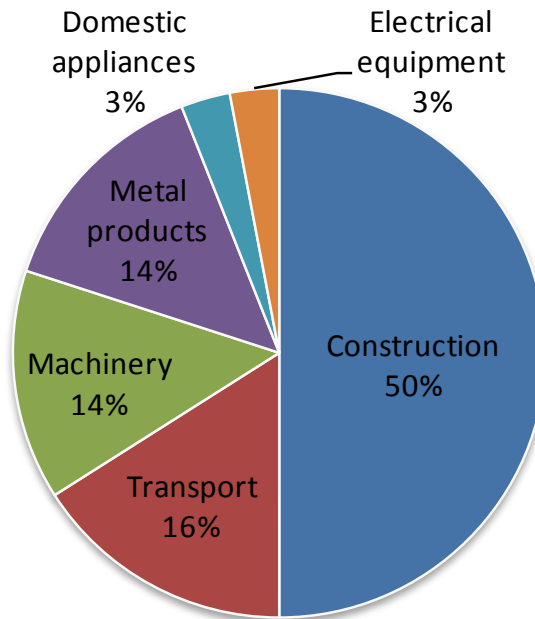


Perspectives on steel by steel-using industries

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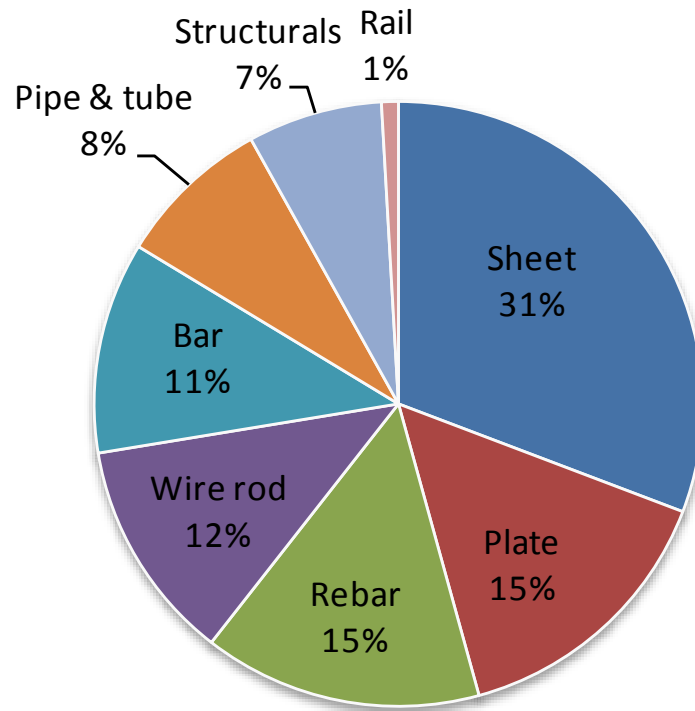
Steel consumption by sector

- Construction industry is the largest consumer, accounting for approximately 50% of total world steel consumption.
- Transport sector (cars, trucks, aviation, shipbuilding, and rail) is the second.
- The machinery industry and metal products industry each consume around 14% of the world's steel.



Steel shipments by product range

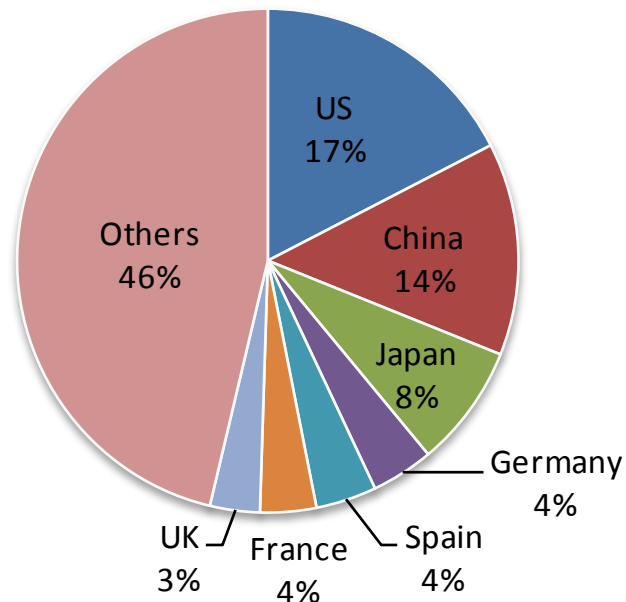
- Flat steel products (sheets and plates) and long steel products (re bars, bars, wire rods, structurals and rails) each account for 46% of total global shipments, while pipes and tubes have a share of 8%.



Construction industry

- The output of construction market amounts to around USD 7.5 trillion, representing 13.4% of global GDP.
- The U.S. is the largest market and China is the second.
- Growth in China has been driven by non residential structures and infrastructure.

2009 (\$7.5 trillion)



Steel products used in construction

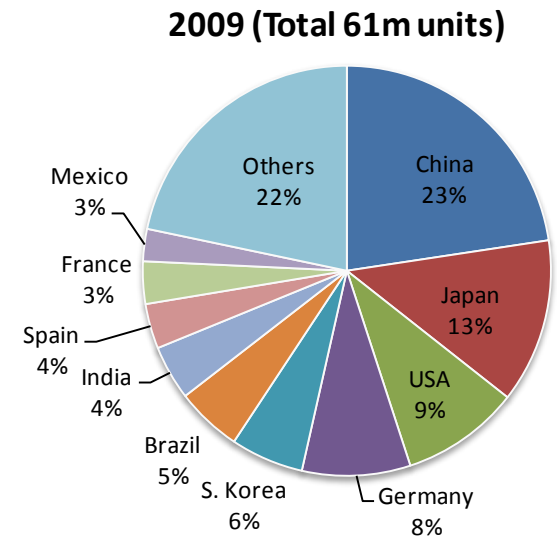
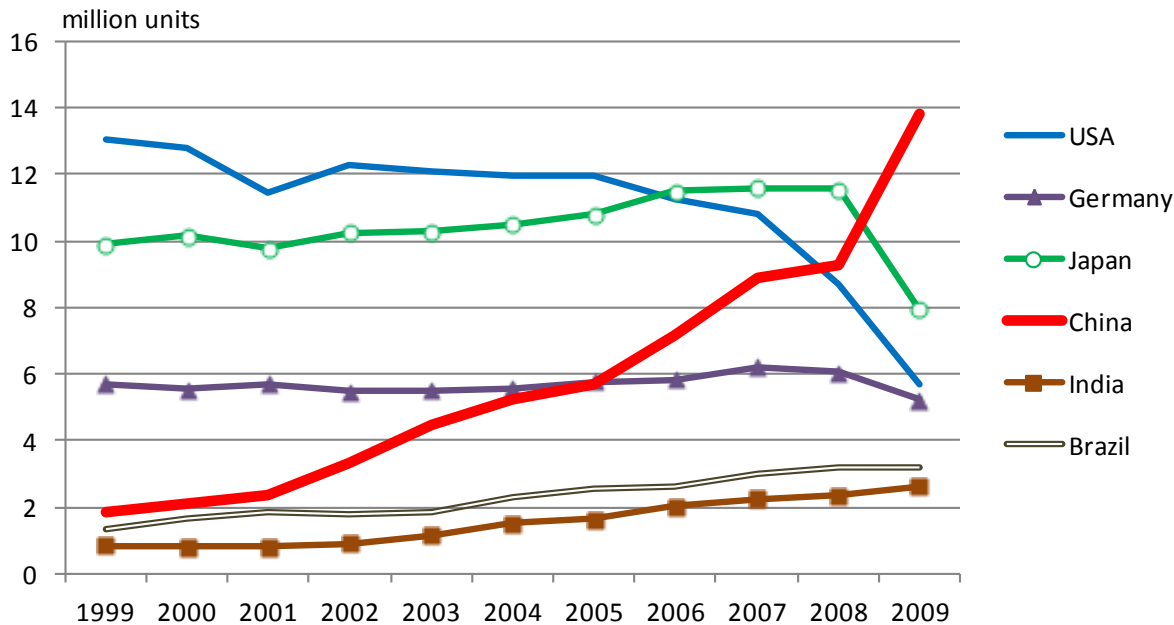
- Steel products mainly used for civil engineering and construction purposes are general-purpose steel, in other words, so called commodity items. They include:
 - Rebars
 - H beams and other shapes
 - Pipes (structural pipes and others)
 - Sheet piles
 - Galvanized steel sheets and other coated sheets (e.g. roofing)
 - Heavy and medium plates
 - Steel sheets
 - Other secondary and tertiary wire rod products

Steel products used in automobile

- Iron and steel makes up around 70% of an automobile's weight.
- Surface treated steel sheets are the main products used for vehicle manufacturing, and these generally include hot dipped galvanized, electro galvanized, and galvanized steel sheets.
- Steel sheets are used in the basic vehicle frame and for making hoods, doors, bumpers, mufflers and fuel tanks.
- Specialty steel excelling in tenacity, mechanical strength and wear resistance is used in engine-related parts, transmissions and suspensions.

Automobile industry

- In recent years, production growth has been led by non OECD economies, particularly in China.
- The automobile industry was severely affected by the economic downturn though the situation in emerging markets was more stable.

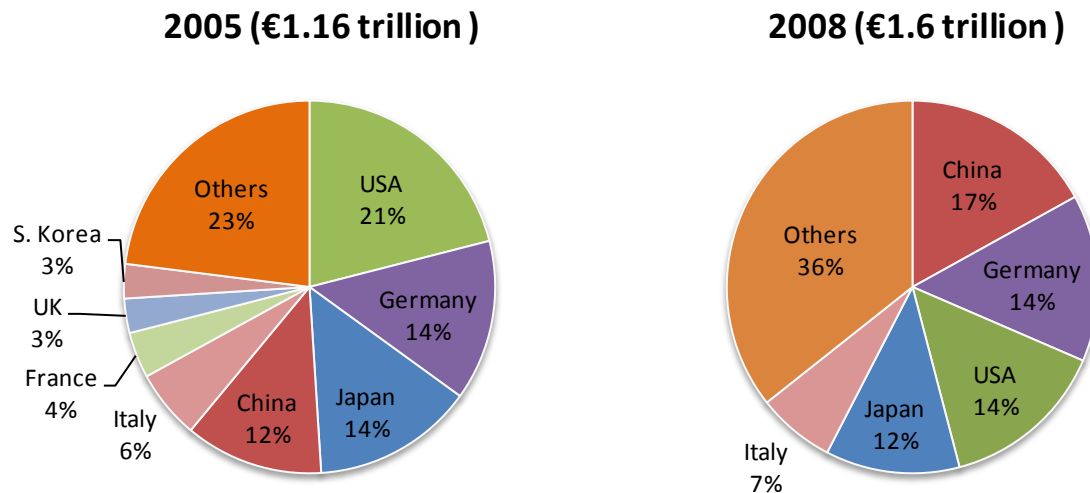


Trends affecting the car industry

- Rise in consolidation
 - Not only help contain costs, but also enable manufacturers to respond more easily to the demand of the fastest growing segment of car buyers in emerging market
- Gaining access to emerging economies
 - Growth in emerging markets is creating entire new classes of potential automobile consumers.
- A shift towards small/efficient cars and eco-friendly vehicles
 - Reflecting economic and political pressures to reduce fuel consumption and CO₂ emissions

Machinery industry

- According to VDMA, China's industry has grown rapidly in recent years, and its share of global industry turnover has risen to 17% from 12% in 2005.
- Although developed countries have lost market share, they are still thought to have a significant advantages in high end machinery products.



Steel products used in machinery

- Most industrial equipment components are made by cutting and welding steel plates, though other widely used steels include sheets, pipes, and bars.
- Specialty steel and highly functional steel are also widely used in machinery as they are in automobiles.