Elsewhere as in Brazil, higher import volumes driven by currency factors are resulting in competitive restructuring. CSN recently, for example, acquired Gallardo's rebar operations in Spain and medium sections in Germany with a view to exporting at least a proportion of the rebar to Brazil. Apparently this material will be lower cost than domestic production.

Nevertheless the growing domestic markets in Brazil and Russia are also increasingly absorbing material that in the past was exported. As a result the volume of semis, particularly slab, sold onto the merchant markets from traditional exporters may decline. However in both countries, new investments are and will provide more captive slab for rolling in Europe and in due course in the Far East.

In addition, India's involvement in the export market could grow. Over the next few years its capacity expansions are programmed to exceed 20m t/y, of which just over half involves slab/flat products. As this is likely to be far in excess of local demand increases, surges of Indian material are likely to have a growing impact on foreign import markets. Moreover exporters such as Ukraine and Japan will continue to be active.

The demand for slab will remain strong particularly from parts of the Far East, whilst in the USA, semis imports may decline. Europe could become more of a semis importer, if and when the carbon dioxide levy begins to bite, and steelmakers relocate selected steelmaking operations to other parts of the world. The Middle East and parts of Europe and South East Asia are likely to continue to buy billet; North Africa and Turkey may become more self-sufficient.

Some of the main new crude steel developments in the coming 18 months include:

- ⇒ 2011 – Brazil CSA – 2.5m t/y BF
- ⇒ 2012 - China - Anyang – 3.5 t/y BF
- ⇒ 2011 – China - Maanshan – 3.00m t/y BF
- ⇒ 2011 – China - Pangang – 4.00m t/y BF
- ⇒ 2011/12 – India – Essar – 5m t/y Corex, DRI, EAF
- ⇒ 2011 – India – JSW Steel, Vijayanagar – 3.2m t/y BF
- ⇒ 2012 – India - Rashtriya Ispat Nigam – 3.3m t/y BF
- ⇒ 2011/12 – India – Sail – 6m t/y BF
- ⇒ 2012 – India – Tata, Jamshedpur – 3.2m t/y BF
- ⇒ 2011 – Iran – Mobarakeh – 3m t/y DRI/EAF
- ⇒ 2011 – Russia - NLMK – 3.4mm t/y BF
- ⇒ 2012 – Taiwan - Dragon Steel – 2.5m t/y BF
- ⇒ 2011 – Turkey - MMK, Atakas – 2.4m t/y EAF
- ⇒ 2011 – Turkey – Isdemir – 2.1m t/y BF
- ⇒ 2012 – Vietnam – E-United/Tycoon – 3.5m t/y BF

As expected, the main increases in crude production are in the BRIC countries, as well as several other fast growing emerging markets. India is one of the most interesting cases. Earlier this year, JSW Steel said it expected to finish the expansion at its Vijayanagar works in south India's Karnataka state to 10m tonnes/year of crude capacity from 6.8m t/y in early 2011.

strong domestic demand on construction, as private investment is held back by excess capacity. The IMF forecasts that South Africa will grow by only 3.5% in 2011, with only slightly faster growth of 3.8% expected in 2012.

South Africa accounts for nearly half of Africa's crude steel production, much of it produced by ArcelorMittal (AMSA) at its world scale long and flats facilities. Overall, South African output grew13% year-on-year in 2010. For the first three months of 2011, the country's crude steel output fell by 23.2% to 1.62mt from 2.11mt produced in last year's first quarter.

With Kumba Iron Ore halting its sale of cheap iron ore to AMSA, AMSA's closure of its Newcastle steel plant late last year, and, Murray & Roberts' pending sale of Cape Town Iron & Steel Co., South African construction projects have experienced delays due to a shortage of rebar in the country.

Australia

Table 4.14: Australia crude production

	2010	2011f	2012f
Australia crude output	7.3	7.6	7.8
YoY	38%	4%	3%

Source: SBB

The short-term economic outlook for Australia is relatively upbeat. The IMF forecast recently that the Australian economy would grow by 3.0% in 2011 and 3.5% in 2012, after having recorded a 2.7% increase in 2010. Much of this expansion has been driven by the recent growth in raw materials prices, and the boost that it has given investment in the mining sector of Australia.

Non-residential and residential construction account for over 20% of apparent steel demand, SBB understands. The construction sector has suffered particularly from a lack of starts in construction of high rise buildings in particular. Apparent steel consumption is forecast to increase to 9.05m tonnes in 2011, from 8.75m t in 2010, according to SBB calculations.

Australian steel companies produced 7.3 million tonnes of crude steel in 2010, and should increase their output to 7.75mt in 2011 as a whole. The major domestic producers are BlueScope, which produced 4.7 million tonnes of crude steel in 2010, and OneSteel which produced 2.15 million tonnes in its 2010.

BlueScope, the country's main producer, has been feeling the effects of weak end-user demand in Australia in recent months and in March re-structured its Australian business operations. The new structure is aimed at keeping more of its steel in Australia and growing BlueScope's domestic market share in high-end construction and building materials, displacing imports.

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