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The World Steel Assoc. predicts China's steel demand to expand 19%

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By . Agence France-Presse

The World Steel Association said on Oct. 12 it had improved its 2009 forecast for the global industry after economic stimulus measures in China helped spur demand. The group had forecast in April a 14.1% fall in apparent steel demand this year, but is now projecting a decline of only 8.6% due to the strength in Chinese demand.

China's steel consumption was vital for the global outlook and it was the country's "exceptionally strong growth" in demand that prompted the revision, said the statement, released as the association held its annual conference in Beijing.

China's steel demand would likely expand 19% this year to 526 million tonnes, but growth could drop to five percent next year as the impact of Beijing's stimulus measures tapers off, the association cautioned.

The association said without China, which will account for 47.7% of the world's apparent steel use this year, potential world demand would have fallen 24.4% in 2009.

"As before the financial crisis, the emerging economies, especially China, will be the critical factor in driving world steel demand in the near future," Daniel Novegil, chairman of the group's economics committee, said.

However, he warned there were still uncertainties and concerns regarding the resilience of the global recovery. "This uncertainty particularly exists for the Chinese economy in 2010, whose fast recovery in 2009 was largely enabled by such strong government stimulus policies," he said.

On a global basis, apparent steel demand was expected to grow 9.2% next year to 1.2 billion tons, the association said.

Apparent steel use reflects deliveries of steel to the marketplace from domestic producers as well as from importers. This differs from actual steel use, which takes into account steel delivered to or drawn from inventories.

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