

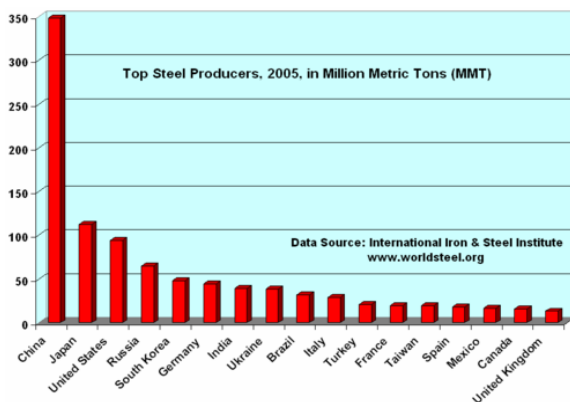
Global Steel Markets Record Fifth Consecutive Year of Growth

In 2006 the global steel market is experiencing its fifth consecutive year of strong demand and output. However, a report by the Organization for Economic Cooperation and Development (OECD) dated November 11 refers to concerns about the continuing expansion of production capacity by certain countries. The following are key points taken from a report by Risaburo Nezu, chairman of the OECD Steel Committee as reported by *Finfacts Ireland Business News*.

World Steel Production and Demand Increasing

Crude steel production is poised to grow 8% worldwide as a result of simultaneous growth in most regions of the world.

• China continues to drive world production. In the first nine months of 2006, Chinese steel production increased 23% over the same period in 2005. Other parts of Asia, Japan, and Korea are also experiencing production increases, albeit at a more modest rate than the number of their much larger neighbor.



• In the area of consumption, China has experienced a 10% increase for the same nine month period of 2006

versus 2005. An increase in demand has also taken place in India, Japan and South Korea.

• The European Union has seen an increase in production of less than 5% while demand has risen by over 9%.

• The Commonwealth of Independent States (CIS), an association of former Soviet Republics established at the time of the dissolution of the Soviet Union, is experiencing a modest increase of 5% in production due to expansions in electric-arc furnace steelmaking. This expansion is occurring primarily in the republic of Russia. Imports have also increased to support growth in steel consumption.

• North American steel production is on the rise in both the U.S. and Canada, following last year's decline. Steel production in the U.S. in particular is expected to increase by 9% this year. An expected increase in the area of consumption is likely to put pressure for an increase in imports.



• South American steel output is experiencing a decline for the year. Production in Brazil, the largest producer in the region, is off by over 9%. No consumption figures are available for South America.

Concerns Regarding Overcapacity

Steel prices in many areas realized gains through the first half of 2006. In some markets such as China, however, prices remained soft this year reflecting local oversupply of steel. China is pointed out as an example of overcapacity which is a cause for current price declines.

