

I

(Information)

COMMISSION

FORWARD PROGRAMME FOR STEEL, 1973

FOREWORD

The Accession of the United Kingdom, Denmark and Ireland to the Common Market on 1 January 1973 will undoubtedly influence the development of the steel market. Account has accordingly to be taken of this future fact in present thinking, even though there is still a good deal of uncertainty as to the short-term implications of the Community's enlargement.

As the 1973 Forward Programme for Steel is the first to cover the Community of the Nine, its presentation is somewhat different from its predecessors'. The forecasts for 1973 are preceded by a short discussion of the effects likely to result from enlargement and from the establishment of free trade areas with the neutral countries. It has not been found possible at present to give uniform figures for the six original and the three new Member States, since the statistics to hand are not as a rule properly comparable except for a few major items, so the state of the market and outlook for 1973 are described separately for the Six and the Three. It is hoped to provide a more uniform presentation when the programme is updated at mid-1973.

*

* *

A. GENERAL ECONOMIC TRENDS

1. The original Member States

Following the business upturn in the first quarter of 1972 and the rather slower expansion in the second, the boom in the Community is expected to gather momentum in the autumn and winter. The trend in 1973 is therefore likely to be a sharply rising one, with a year-to-year real increase in gross product of some 5 %.

This faster growth is likely to be reflected in an improvement in the employment situation and a drop in the number of unemployed in all the original member countries except France.

Assuming some slackening in the price spiral compared with the previous year, private consumer spending is likely to show a rather greater increase, in volume, in 1973 (5 %) than in 1972 (4.5 %). Public current expenditure will increase, in value, somewhat more slowly, mainly by reason of smaller rises in civil service salaries.

The main factor triggering accelerated expansion will be the increase in fixed investment, with an average rate of growth well above 1972 both for building and for plant and equipment, the real increase in gross fixed investment working out at something like 5 to 6 %, as against about 2 % in 1972. Capital spending by the public authorities will have much to do with this, as the expansion in public fixed investment, already well in evidence in 1972, will probably accelerate further in 1973. The variation of stocks is likely to be up on 1972 and to account for some 1.5 % of gross product.

Visible imports from third countries (other than the new member countries) will rise a little more steeply than in 1972 — a calculation which, however, takes account of the enlargement of the Community, and in particular of the first 20 % tariff cut agreed between the original Six, the acceding States and the non-applicant *EFTA* countries and scheduled to become effective on 1 April 1973. Exports, on the other hand, are likely to move rather less actively, principally because production capacity will be utilized more for home demand and because the currency realignment could still affect competitive capacity. Overall, the balance of exports less imports will probably be smaller than in 1972.

These forecasts are partly based on a normative estimate of cost and price movements in 1973. It has been assumed that the Governments will take steps, in accordance with the guide figures proposed by the Commission in its annual report on the economic situation of the Community, to see that the increase in consumer prices in 1973 does not exceed 4%, leaving out of account the effects of any changes in indirect taxation. In these circumstances, the year-to-year increase in consumer prices in 1973 is likely to be more than 5 %.

Given the upturn in investment and in stockbuilding in the original Community countries, a slight upturn may be expected to develop in the metal-consuming manufacturing industries.

In Germany, where the upturn was on a fairly minor scale until autumn, 1973 should see production in these processing industries on the increase pretty well all round, except in the shipbuilding sector, where orders have been falling off considerably, and the steel construction sector, which in general is lagging a long way behind the rest. The outlook is particularly favourable in the electrical engineering industry. Altogether the gross added value of German industry in 1973 may be expected to rise by 5 %, compared with 2.5 % in 1972.

The general picture in Belgium/Luxembourg will be very similar, especially as regards the Belgian steel-consuming industries, although in the Belgian shipbuilding and steel construction sectors the level of activity will probably remain about the same as in 1972. The year-to-year increase in the gross added value of Belgian industry for 1973 is put at 5 % compared with 4.5 % for 1972. For Luxembourg industry the forecasts are rather lower, owing mainly to the completion of a number of investment projects.

In France industrial production is expected to grow in 1973 at roughly the same rate as in 1972, viz. 5.5 to 6 %. Here, as elsewhere, the prospects for the electrical engineering sector are particularly rosy. In addition, the manufacturers of railway equipment and the mechanical engineering industry have a very large volume of orders on their books, so that relatively high growth rates should be recorded for

the production of the steel-consuming industries as a whole.

In Italy there was comparatively little movement in industrial production during most of 1972. There is likely to be a general upsurge in the steel-consuming industries, except in the shipyards in 1973, when the gross added value for industry as a whole could show an increase of 6.5 % over 1972.

A similar growth rate is forecast for the Netherlands. Here, the state of order books suggests a vigorous expansion in 1973 in steel foundries and the electrical engineering industry; a high level of production is expected to be maintained in the shipyards.

B. STATE OF THE STEEL MARKET IN 1972

1. The original Six

1971 witnessed a slowdown in the steel-consuming industries and very substantial withdrawals from stocks, which between them caused a sharp drop in activity in the Community's iron and steel industry. However, since early 1972, there have been signs of a more or less modest recovery, varying in extent from country to country and from sector to sector.

Community crude-steel production in 1972 is expected to total 112 million tons, 8.3 % more than in 1971. Compared with 1971, this may indeed seem a substantial increase, but compared with 1970 it represents a rise of only 2.5 %.

The upturn — largely a mere reversal of the preceding downturn — is due for the most part, firstly to the ending of the stock rundown and return to a certain amount of restocking, and secondly to export activity. Real steel consumption has contributed very little to the 1972 revival, as it is not expected to have risen by the end of the year by more than 1 800 000 ingot tons, to a total of 96 100 000.

The reason for this slow progress is the still relatively low level of activity in the primary-processing sectors and the capital-goods industry; the latter is taking rather a long time to react to the business recovery.

2. Britain, Denmark, Ireland

In the three new member countries also the trend is likely to be one of faster growth in the coming months, so that the production figures for 1973 will probably be better than for 1972. The revival in activity will be the effect mainly of budgetary reflation and higher expenditure by private households. Investment in Britain will on the other hand increase only relatively slowly; in Denmark and Ireland it may pick up thanks to the incentives recently introduced.

As concerns the production trend in the British steel-consuming industries, the outlook in the construction, mechanical engineering and heavy vehicle-building sectors is distinctly favourable.

The state of the steel-consuming industries, then, has improved only very gradually during 1972; nevertheless various signs of revival are discernible in the Community market.

Home and export orders together have risen by some 11 % in the first eight months of the year, and, as deliveries increased by only 4 % during this period, the state of the order books is accordingly healthier.

With the home market comparatively slack, the rise in steel production has been in response more to export demand. Since business conditions have been looking up in a number of importer countries, Community steelmakers have been concentrating attention more on these markets and so managed to increase their exports quite considerably. This has to some extent offset the rise in imports, which are still running at a very high level: commercial-policy measures have resulted in larger tonnages being imported from the Eastern bloc and the developing countries, and in addition imports of semi-finished products have increased in consequence of rationalizations effected at various Community undertakings.

The level of activity in the steel industry varies very much from country to country. In France and Italy steel production is climbing steeply, owing in France to reviving home consumption and in Italy, in large part, to efforts to make up the leeway resulting from

the poor performance of steel consumption and production in 1971. In Germany activity is picking up again after the falling-off in 1971 and early 1972, but even so the crude-steel outturn for 1972 will be smaller than for 1970. Reasonably good growth rates have been recorded in the Benelux countries, though Luxembourg's is lower than the others'.

Despite the improvement in activity the steelmakers of the Six will still have their problems, by reason of the low rate of capacity utilization. In 1970 the rate was 86 %: since then crude-steel capacity has been expanding at more than 5 % a year, and so is now nearly 15 million tons greater than before, whereas production has grown at only 1% a year and so is only 2.8 million tons greater. This means that capacity utilization in 1972 is likely to work out at a mere 79 %.

Tonnage-wise then, as witness the low capacity utilization, the situation leaves much to be desired: so too earnings-wise, as witness the movement of steel prices and costs.

First, prices. Most steelmakers put up their list prices between March and July by from 4 % to 8 %, and the French steelmakers in September—October introduced further increases of 5 % to 7 % — although even so the French list prices are still not as high as the German. But the data to hand indicate that undertakings are not in fact by any means always charging their own list prices: in July the proportion of sales effected at the price shown in the vender undertaking's official list touched its lowest level ever. This means therefore that more steel has been sold by alignment on lower list prices and on quotations from third countries. Hence actual steel prices have risen less than the undertaking's price lists would suggest.

Export prices, in dollar terms, have gone up by 10 % to 15 % in the past twelve months, but even so undertakings have in some cases suffered losses of revenue as a result of the adjustments in exchange rates: the German steelmakers' earnings in marks in

September 1972 were rather lower than in September 1971, and the Benelux producers were also affected. The French and Italian undertakings on the other hand recorded a slight improvement in their earnings in national currency.

Costs, however, have risen in just about every case. In the months January to April 1972 gross hourly wages in Germany worked out on average 6.1 % above the corresponding 1971 figures while the rise in productivity over the same period was only 4 %; in France wages were up by 13.4% and productivity by 5.1 %, in Italy the figures were 8.8 % and 7.1 %, and in the Benelux countries too wages far outstripped productivity. Thus throughout the Community the divergence between the two continued unabated as it had been doing for several years past. One of the main reasons for the rising trend in wages is of course the rocketing cost of living, far in excess of productivity gains achieved in the steel industry.

Coke prices, which had already risen sharply in the past two years in France and Germany, rose again by 3 % to 4 % between July 1971 and July 1972; scrap prices in the Community went up by something like 15 %; only one raw material, iron ore, cost less, as the price to be paid for imported ore (some 70 % of the Community's iron-ore supply, in tons Fe content, is imported) went down more or less in line with the currency revaluations — though even there there was an upturn in transport costs.

On the social side the figures for 1972, though not yet complete, indicate some improvement over 1971. Employment and the number of hours worked are stabilizing or slightly moving up again in all the six countries except Germany and France; in Germany both underwent a further decrease during the first ten months of the year, but this downward trend, which was very marked in 1971, appears to be easing off appreciably.

In France the figures for 1972 show a stabilization of employment on the 1971 level and another reduction in the number of hours worked.

TABLE I

Trend in employment ⁽¹⁾ and hours worked ⁽²⁾ in the steel industry in the six original Member States

E = Persons employed ('000) at 31 December

H = hours worked ('000 000), monthly average

	1969		1970		1971		1972	
	E	H	E	H	E	H	E ⁽³⁾	H ⁽⁴⁾
Germany	226.5	28.6	229.0	28.6	218.0	25.8	213.0	24.5
France	142.6	18.3	146.1	18.4	144.7	17.5	144.6	16.7
Italy	70.2	8.8	76.7	9.4	81.2	9.5	85.4	9.8
Netherlands	20.7	2.0	21.1	2.0	21.9	2.0	22.0	2.1
Belgium	59.5	8.2	59.9	8.3	60.2	7.9	60.4	8.0
Luxembourg	22.3	3.1	22.7	3.1	22.3	3.0	22.2	2.9

⁽¹⁾ Workers and salaried personnel.

⁽²⁾ Hours worked by workers.

⁽³⁾ Germany: position at 31 October
Belgium and Luxembourg: position at 30 September
France and Italy: position at 30 August
Netherlands: position at 31 July.

⁽⁴⁾ Netherlands: position January to July
France and Italy: position January to August
Other countries: position January to September.

2. Britain, Denmark, Ireland

In Britain crude-steel production underwent a sharp contraction in 1971 and the first quarter of 1972, due to low consumption of steel in the main consumer sectors and to a steady rundown of stocks.

Signs of a recovery set in at the beginning of the second half of 1972, with an upturn in the consumption of steel for the production of consumer durables, mainly for export. The recovery is, however, a limited one, owing to the continuing low level of activity in the capital-goods sectors, and particularly the heavy-machinery industries.

Steel consumption in 1972 is thus expected to work out slightly higher than in 1971. Consumers' and dealers' stocks have been falling steadily since early 1971, and should be just about back in balance at the end of 1972.

Crude-steel production is likely to show a slight increase over 1971, to 25 200 000 tons.

In Denmark, ups and downs in steel consumption affect imports much more than production.

In recent years crude-steel production has been running at a more or less even level of about 470 000 tons, while imports have declined — particularly in 1971 — as a result of the falling-off of activity in a number of major steel-consuming sectors.

1972 has seen a certain upturn in the mechanical-engineering and construction sectors, which is expected to push up apparent steel consumption by a little over 6 %.

In Ireland steel consumption is largely confined to a few sectors, notably electrical and mechanical engineering and construction. The level of activity in

these industries has risen slightly in 1972 thanks to increased exports, and consequently steel consumption has likewise risen, to 420 000 tons.

Stock movements in 1971 and 1972 were very small and affected production hardly at all.

3. Third countries

The state of the steel market outside the Community has been slowly but surely improving since the end of 1971, and the forecasts for the principal third countries indicate a further improvement, or at any rate continuance of the satisfactory conditions obtaining at the end of 1972.

Thus in the United States steel consumption has risen by 5 % to 6 % in 1972 and can be expected to do so again in 1973. The revival has been observable in particular in the motor industry and other

consumer-durables sectors, resulting in additions to dealers' and consumers' stocks. The American steelmakers have been able to take full advantage of this recovery by reason of the fall in imports from the Community countries, from Britain and from Japan during the first eight months of 1972.

In Japan crude-steel consumption in the first eight months of 1972 was 5.5 % up on the corresponding months in 1971. The level of activity in the steel-consuming industries jumped sharply during the first half-year, but consumption nevertheless remains on the low side.

Export activity was somewhat restricted, so that the export figures for the first seven months of 1972 were lower than their 1971 counterparts. By and large, exports to Latin America, North America, Oceania, Africa and the enlarged Community were down; those to Asia, the middle East and non-Community Europe, on the other hand, were up. The net result of these trends was a contraction of approximately 1 675 000 tons in Japanese steel exports overall.

C. FORECAST FOR 1973

The movement of the steel market in 1973 will be mainly determined by the enlargement of the Common Market and the establishment of free-trade areas with the neutral countries.

It is hard to tell just how the Common Market's enlargement to include Britain, Denmark and Ireland will affect the steel market. Undoubtedly it will impart a stimulus, comparatively small in 1973 but becoming more powerful as time goes on. If we compare the conditions under which enlargement is taking place in 1973 with those under which the original Common Market of the Six was launched in 1953, it is evident that this time, with the markets for ECSC and EEC Treaty products being opened simultaneously, the steel market will have from the outset the benefit of the fillip given to the steel consumption of the manufacturing industries, whereas in 1953 there was to begin with only the stimulus afforded by intra-Community trade in steel products, that from steel consumption coming later, in 1958. On the other hand it should be noted that whereas in 1953 steel duties were (except in the case of Italy) reduced to nil forthwith, this time they are to be phased out over a period from 1 April 1973 to 1 July 1977.

Despite these differences, it is worth taking a look at the course of internal Common Market trade among the original Six and comparing it with that of trade with Britain. Trade in steel among the Six, ie their aggregate procurements from one another, has risen from a mere 5.6 % of Community crude-steel production in 1952 to 22.8 % in 1971 — a demonstration of the striking interpenetration achieved during that time in the Common Market. Community imports of steel from Britain on the other hand amounted in 1971 to only 0.4 % of Community crude-steel production, and British imports from the Community to 3.8 % of British production — practically no interpenetration at all.

Denmark in 1971 imported from the Six about half the steel it consumed; home production accounted for just under 30 %, and the balance came mainly from Britain and the free-trade-area countries. As Denmark charges nil duties on ECSC Treaty steel products, trade flows are likely to remain largely unchanged.

Ireland's steel consumption is very small: about 20 % is Irish-produced and the rest imported mainly from

Britain and the Six. Here too, given the terms of the Accession Treaty, not much change is to be expected for the time being in the existing trade flows in ECSC Treaty steel products.

Trade in steel with the free-trade-area countries is already quite considerable, but may well increase, in both directions, as the tariffs are phased out.

The enlargement of the Common Market and establishment of the free-trade areas will thus bring increased sales outlets in markets hitherto kept separate by tariff barriers, but at the same time each country's steel industry will be exposed to increased pressure of competition from producers in the other countries of the enlarged market. Accordingly, the industry generally will need in the coming years to adjust to the new market conditions by a process of adaptation of which the outcome will probably be some measure of division of labour. All necessary steps will of course have to be taken to see that this process does not involve undue economic and social hardship.

The latest measures to curb inflation will also affect the steel market in 1973. It is not really possible at this stage to form any definite idea as to their impact, but it must be assumed that they will restrict the market's expansion to some extent.

1. The original Member States

In 1972, as noted in Part B, activity in the steel-consuming industries began to pick up again in a small way; in 1973 the recovery should become more marked, but this will depend on the expected recovery in the capital-goods sectors.

The trend in the steel market of the Six will be mainly governed by the movement of home consumption and of indirect exports of steel: direct exports to third countries are already running at a pretty high level and not much increase in demand is to be looked for in this direction. Real consumption of crude steel in the Six taken together may be expected to rise by 4.5 million tons, or 4.7 %.

France shows the evenest trend in steel consumption, with the 4.4 % rise in 1972 expected to be followed by a 5 % rise in 1973, bringing consumption to 25.7 million ingot tons. This satisfactory state of affairs is due chiefly to the encouraging trend in the capital-goods industries.

In Germany, on the other hand, the estimated 3.8 % increase in steel consumption will still in the main be no more than catching up on the disappointing outturn of the two previous years: the expected 1973 figure of 43.6 million ingot tons is in fact only 2.7 % above the figure for 1970.

Italy's forecast increase of 6.5 % is the highest of the Six: this too reflects to some extent the making-up of leeway lost in 1971, but partly also a real improvement in the situation, particularly in the primary-processing and some of the capital-goods sectors.

Steel consumption in Belgium/Luxembourg and in the Netherlands is likely to rise rather faster than in the two previous years, though not very much, especially in Belgium/Luxembourg.

The rundown of stocks in 1971 and the first part of 1972 has brought consumers' and dealers' stocks in the original Community countries approximately into balance, and additions to stocks in 1973 are therefore not likely to exceed the amounts physically necessary given the increase in real steel consumption. The total rise in the level of stocks for the Six as a whole may be put at about 1.4 million ingot tons.

Exports by the Six to third countries and to the new member countries in 1973 will be in the region of 23 million ingot tons, 500 000 tons above the already high level of 1972. This is, however, a smaller increase than in 1972, when the figure was 1 250 000 ingot tons: in 1972 the Community steel industry has had the advantage, among other things, of reviving business activity in the world market and of substantial procurements by the main importer countries for putting to stock, whereas in 1973, though the world business climate is expected to continue favourable, the fact of stocks' having been built up in 1972 is liable to reduce the demand from these quarters to some extent.

TABLE II

Demand coverage in the original Member States by steel plants in those States, 1973

('000 000 ingot tons)

	Germany	Belgium/ Luxembourg	France	Italy	Netherlands	Community
Real consumption	43.60	5.60	25.70	21.30	4.40	100.60
Stock changes ⁽¹⁾	+0.70	+0.15	+0.20	+0.30	+0.05	+1.40
Total demand	44.30	5.75	25.90	21.60	4.45	102.00
Coverage by steel plants in the original Member States	40.40	5.10	25.00	19.50	3.80	93.80
Imports from third countries ⁽²⁾	3.90	0.65	0.90	2.10	0.65	8.20
Total supply	44.30	5.75	25.90	21.60	4.45	102.00

⁽¹⁾ Producers', dealers' and consumers' stocks.⁽²⁾ Including imports from Britain, Denmark and Ireland.

Imports from third countries and from the new member countries will probably rise marginally, from eight million tons in 1972 to an estimated 8.2 million in 1973 — a very small increase, but an increase on an already very large tonnage. The figure forecast for 1973 is in fact nearly as high as that recorded for 1970, the last year of a period of boom and shortage in the Community market; indeed Germany's 1972 and estimated 1973 imports work out well above the 1970 level. This import trend is indicative of a definite intensification of the efforts of some third-country steel industries to export to the Common Market.

At the same time in assessing the position it is necessary to bear in mind the effects of the various

measures of commercial policy being taken in connection with the curbing of inflation, the freeing of trade with the Eastern bloc, and the generalized tariff preferences for the developing countries.

As to production, it may be calculated from the above estimates that the crude-steel production of the Six will increase slightly in 1973, by 4.1 %, to 116.6 million tons. This is a pretty minor upturn, and given the expansion meantime in production potential (by 6.6 million tons from 1972 to 1973) offers little prospect of doing more than just maintain the capacity utilization rate at its 1972 level of 79 %. This is nothing like enough, but at all events the steady decline in capacity utilization since 1970 appears to have halted.

TABLE III

Expected availabilities and requirements of the Six

('000 000 ingot tons)				
	1970	1971	1972 (1)	1973 (2)
<i>Requirements</i>				
1. Real consumption	94.79	94.32	96.10	100.60
2. Stock changes:				
(a) consumers' stocks	+2.29	—3.97	+1.60	+1.40
(b) dealers' and producers' stocks	+3.14	—1.31		
3. Exports (3)	17.71	21.24	22.50	23.00
Total	117.93	110.28	120.20	125.00
<i>Availabilities</i>				
4. Crude-steel production	109.19	103.38	112.00	116.60
5. Scrap consumption in the rolling-mills	0.22	0.21	0.20	0.20
6. Imports (4)	8.52	6.69	8.00	8.20
Total	117.93	110.28	120.20	125.00

(1) Partly estimated.
(2) Forecast.
(3) Including exports to Britain, Denmark and Ireland.
(4) Including imports from Britain, Denmark and Ireland.

2. Britain; Denmark, Ireland

In Britain the recovery which developed in the steel market in 1972 should continue during 1973.

Steel consumption can be expected to increase markedly after the sharp drop in 1971 and minor upturn in 1972 — mainly a matter of making up

leeway, as a result of which the level ought to work out round about the same as for 1970. The favourable trend in the steel consumption of the consumer-durables and construction sectors should persist, and that of the capital-goods industries is also likely to pick up in the course of 1973.

As the level of stocks evened itself out in 1972, stock-building in 1973 will probably be only on the scale needed to match the increase in consumption,

As to British exports, it is hard to say what impact accession to the Community will have on them, but at any rate they can be expected to rise rather faster in 1973 than in 1972. Imports too are likely to increase slightly.

Crude-steel production should go up quite considerably in 1973 (thanks mainly to the satisfactory trend in consumption), to round about 28.2 million tons.

In Denmark steel consumption should continue rising, and rather faster than it did in 1972, as investment activity is expected to increase substantially and so to bring a corresponding increase in the steel consumption of the manufacturing industries. The outlook for indirect exports of steel is also promising.

Imports, Denmark's main source of supply, will doubtless increase more or less equally with consumption, by approximately 8 %. Exports on the other hand will probably rise rather less.

Crude-steel production too should benefit by the favourable trend in the market, and move upward accordingly, in step with consumption.

In Ireland some expansion in the steel-consuming industries is expected in 1973, with a growth, and an increase in steel consumption, of perhaps 5 % over 1972; the consumption in question will, however, still be small, less than 500 000 tons a year.

New capacity coming into service should bring crude-steel production in 1973 up to some 150 000 tons. Consequently there will be some contraction in imports, but these will continue to provide the great bulk (70 %) of the steel-consuming industries' supplies.

3. Crude-steel production in the enlarged Community

As the statistics at present to hand are not properly comparable, it has not been possible in this first forward programme for the enlarged Community to undertake a single comprehensive survey of all the aspects of the steel market. Accordingly it was felt best to show the overall position for all nine countries only with regard to crude-steel production, this being the one aspect which does allow of valid comparison.

It was therefore considered preferable to totalize, at the level of the nine countries, only the production of crude steel, since this alone allows of valid comparison.

When examining the production outlook for steel in the six original countries and the three new ones, we may note a divergence in the rate of increase foreseen (+4.1 % for the original member countries as a whole, +12 % for the new members).

However, the more rapid expansion of steel production expected in the new member countries must be considered to a great extent as catching-up on a backlog after a period of downturn which persisted in Great Britain longer than in the six original member countries.

For the enlarged Community as a whole, production of crude steel in 1973 could be of 145.5 million tons, which would represent a 5.6 % increase on 1972.

The estimates show that the first phase of adaptation of the steel industry to enlargement and to the free trade areas will occur during a period when the utilization rate of the production possibilities of the steel industries is unsatisfactory on the whole.

The Commission therefore draws the attention of the industry to the need to adapt supply to the estimated requirements of the various Community markets, and this in order not to jeopardize the balance which has just been re-established. A too fast increase of imports could endanger this situation.

TABLE IV
Community crude-steel production

	('000 000 tons)			
	1970	1971	1972 (1)	1973 (2)
Germany	45.04	40.31	42.55	
Belgium/Luxembourg	18.07	17.69	19.65	
France	23.77	22.84	24.20	
Italy	17.28	17.45	20.00	
Netherlands	5.03	5.08	5.60	
<i>Total, original Member States</i>	109.19	103.37	112.00	116.60
Denmark	0.47	0.47	0.51	
Britain	27.78	24.17	25.20	
Ireland	0.08	0.08	0.10	
<i>Total, new Member States</i>	28.33	24.72	25.81	28.90
<i>Total, Community</i>	137.52	128.09	137.81	145.50

(1) Partly estimated.

(2) Forecast.

Raw materials

The forecasts for the Community and the outlook as concerns the main steel-producing countries elsewhere indicate that tonnage-wise at any rate no particular problems are likely to arise in 1973 in the matter of raw-material supplies.

Itemized forecasts for raw materials have therefore not been prepared; on the other hand certain difficulties could develop in the scrap market, and an account is accordingly appended of the state of that market in 1972 and the outlook for 1973, with reference to the six original Member States only.

Scrap

1972 is expected to show an increase of 8.3 % in steel production over 1971, though of only 1.9 % in real steel consumption. This will mean an increase of 3 730 000 tons in the consumption of scrap at the steelworks; in addition there has been a slight rise in exports and in consumption at the blast-furnaces, bringing the total demand to some four million tons above the 1971 level.

As to availabilities, plants' own arisings are up by an estimated 1 730 000 tons and imports by roughly 150 000. To find the balance of the extra four million

tons required, the industry will thus have been obliged to buy an additional 2.1 million tons or thereabouts in the internal market. Since the increase in process scrap from the steel-consuming manufacturing industries will have amounted only to some 250 000 tons, owing to the very slow rise in real steel consumption, the great bulk of the increment — something like 1 850 000 tons — will have had to be covered by salvage scrap. This upturn in demand for salvage scrap has brought a certain improvement in the situation, as it has enabled some tonnages put to stock in 1971 to be disposed of.

The forecasts for 1973 are that production and real consumption of steel will rise in parallel, so no turnaround in the scrap market is in prospect. As against an increase of around 1.6 million tons in scrap consumption at the steelworks there is likely to be an increase of approximately 900 000 tons in plants' own arisings and 600 000 tons in process scrap, coupled with a rise of perhaps 100 000 tons in net imports. This means that requirements of salvage scrap in the original Community countries should remain at pretty well the same level as in 1972, while availabilities are on the increase in line with the upward trend in steel and steel-containing products.
