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# VII International Conference "CIS Steel and Raw Materials in the World Markets"

## Ukrainian Steel Consumption

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Metal Expert Consulting

23-24 April 2012, Kiev, Ukraine

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### - Introduction

*The country economy development predetermined by the situation on the world market of ferrous metals.*

### - Steel Consumption in Ukraine

*Pre-crisis level has not been reached*

- Long Products
- Flat Products

*The consumption structure is changing*

### - Consuming industries

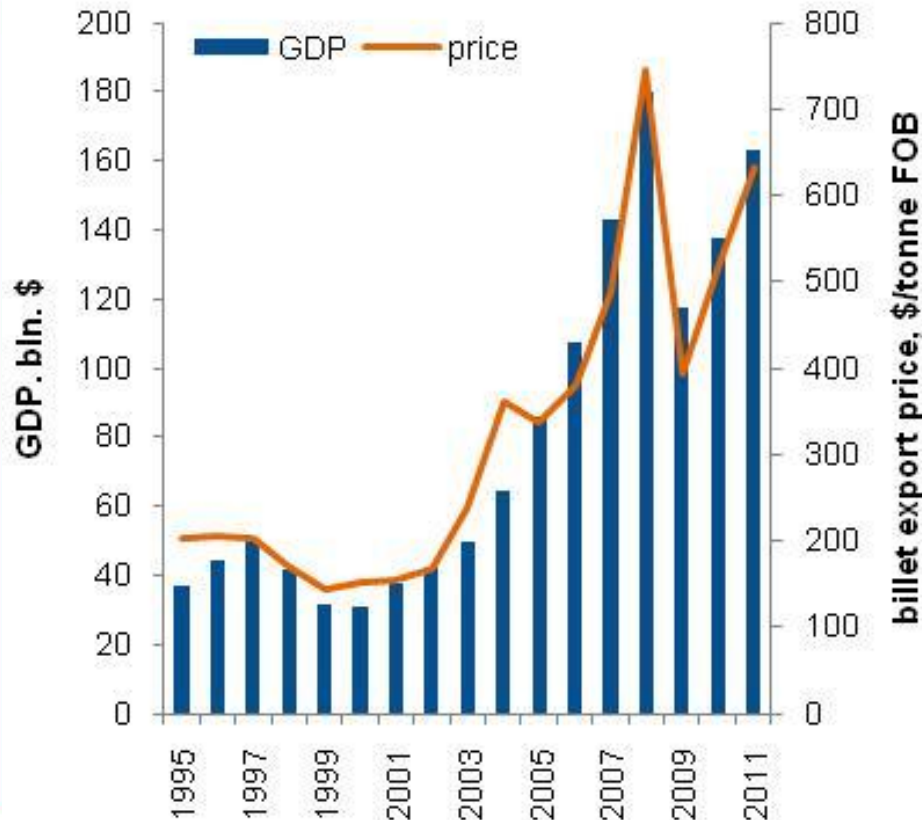
- Construction
- Tube & Pipe
- Railcar

### -Imports

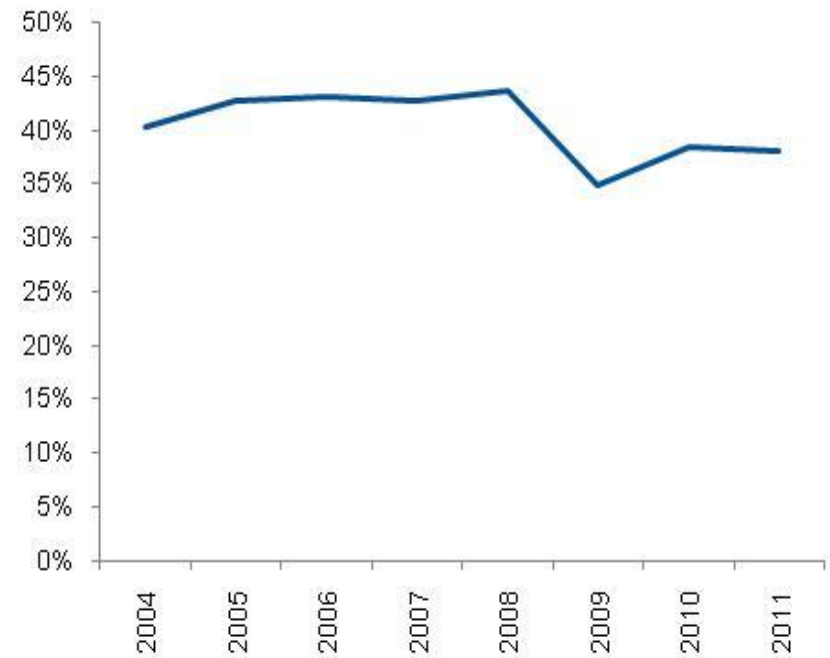
### - Steel Consumption Forecast

# Impact of ferrous metals market on the Ukrainian economy is significant.

**GDP and steel export price, their interdependence**



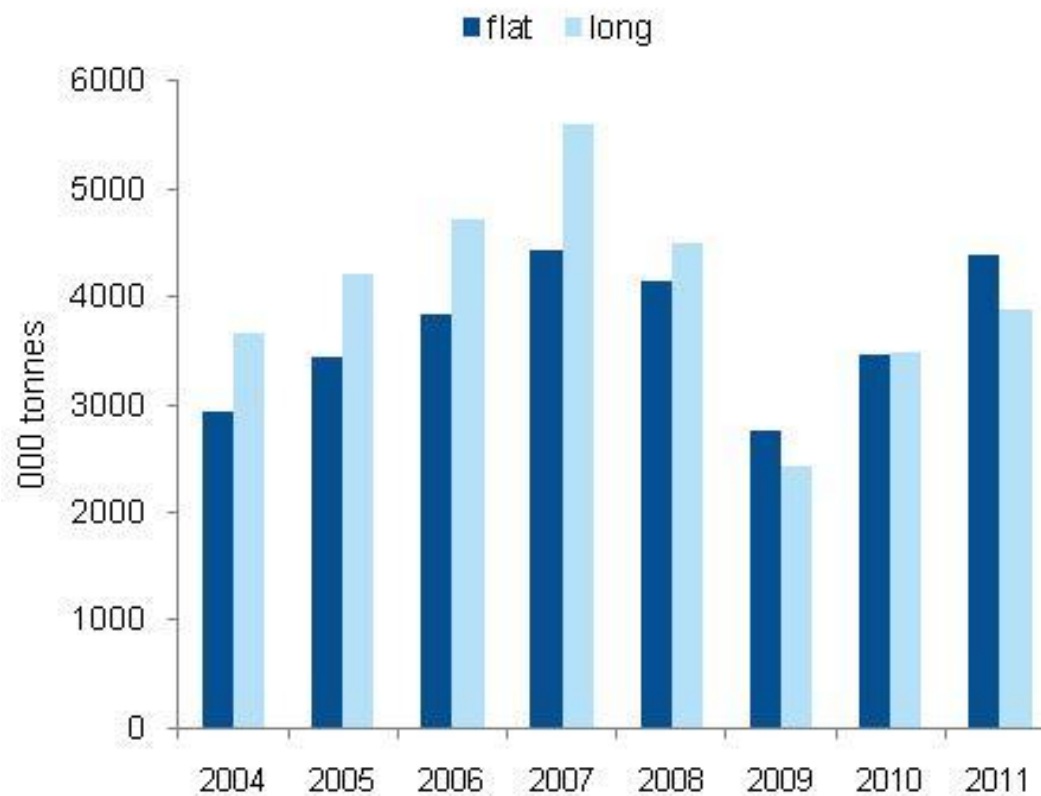
**Mining and metals industry share in the Ukrainian export of goods**



Source: Ukrstat

# Steel consumption grew at a record pace in 2011

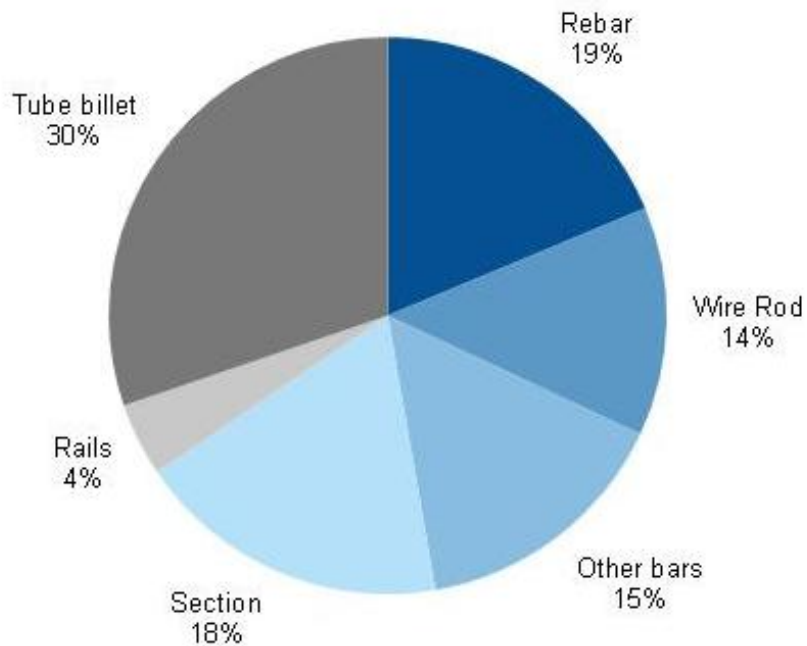
**Flat - +27%, Long - +11%**



Source: MEC

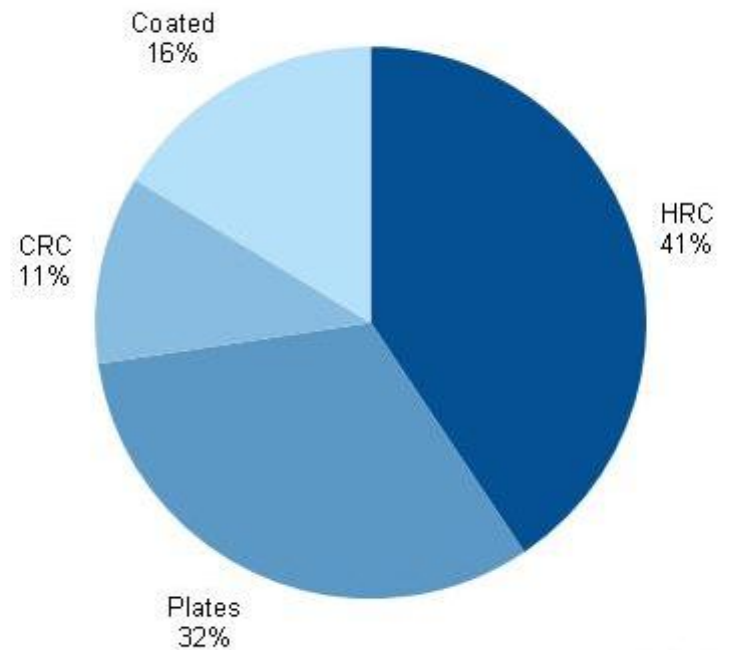
# Steel Consumption by Products

## Long Products



Source: MEC

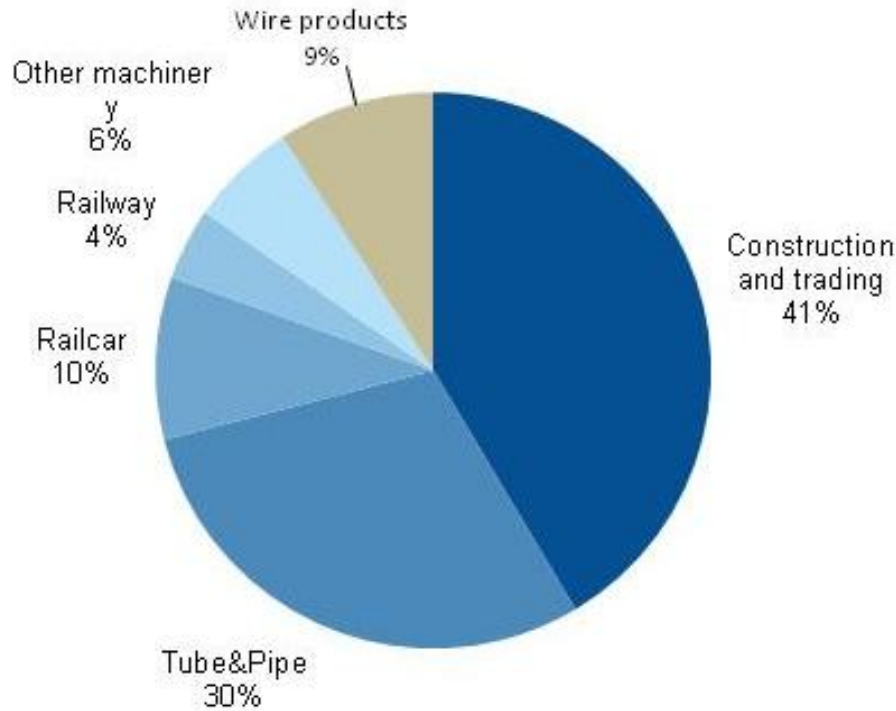
## Flat Products



Source: MEC

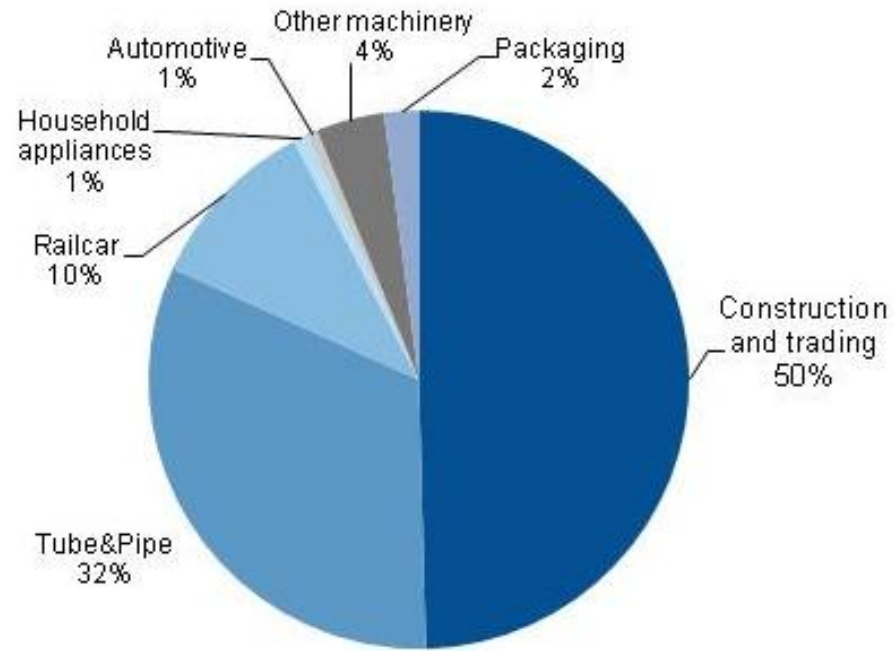
# Steel Consumption by Industries

## Long Products



Source: MEC

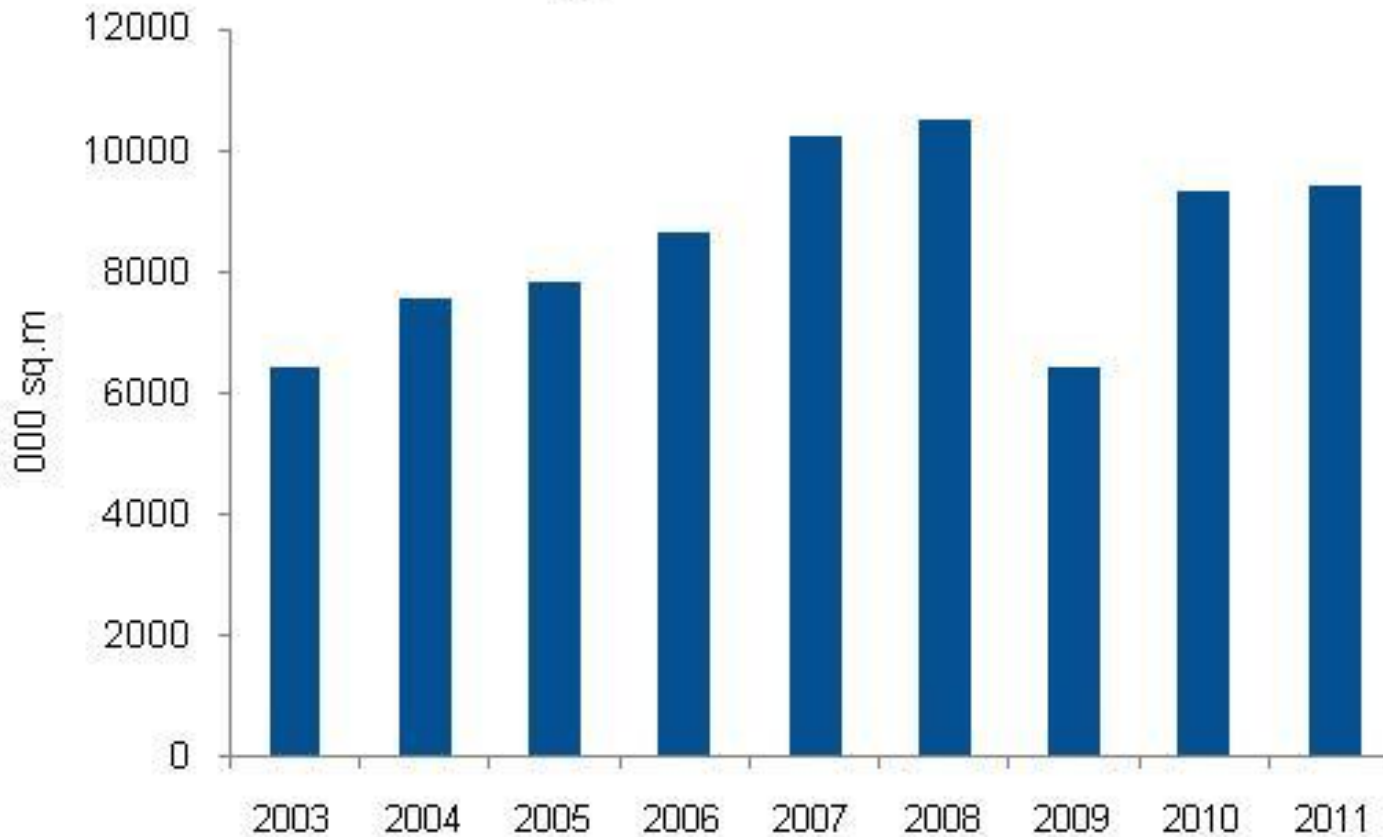
## Flat Products



Source: MEC

# Construction Industry

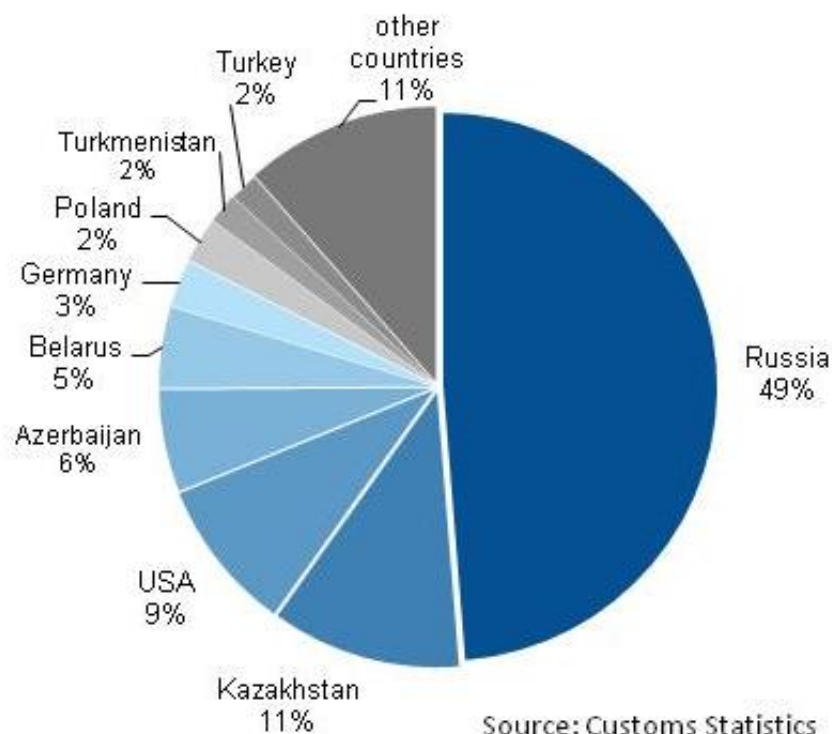
## Housing construction in Ukraine



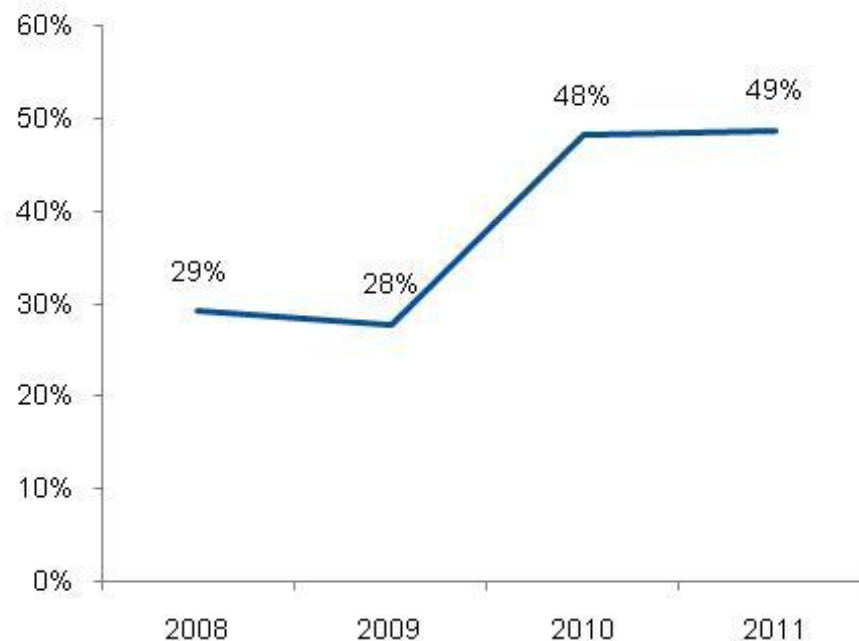
Source: Ukrstat

# Tube & Pipe Production

## Export of Ukrainian Tubes & Pipes in 2011



## Share of Russia in exports from Ukraine

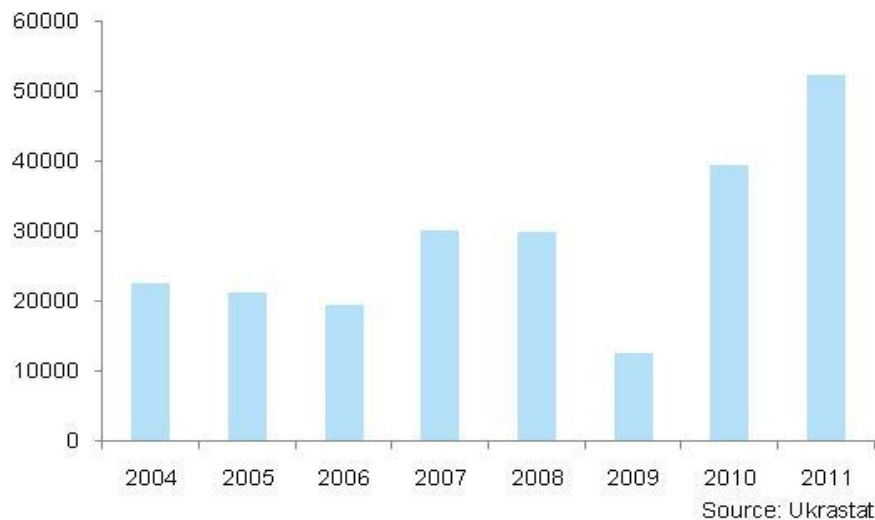


Source: Customs Statistics

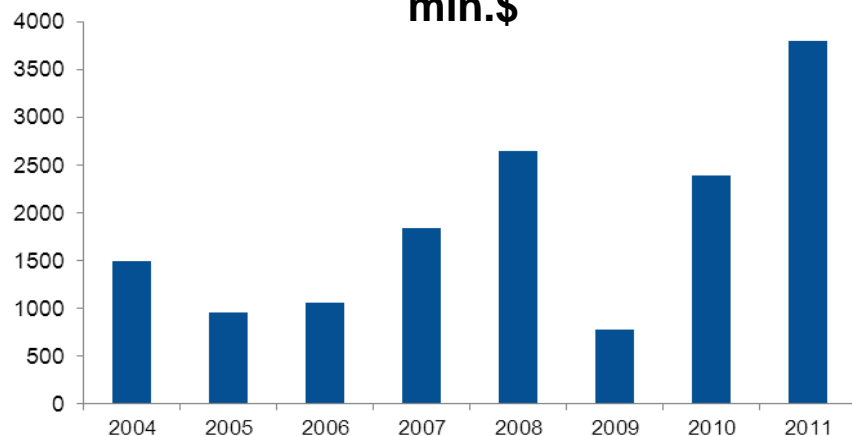


# Railcar Industry

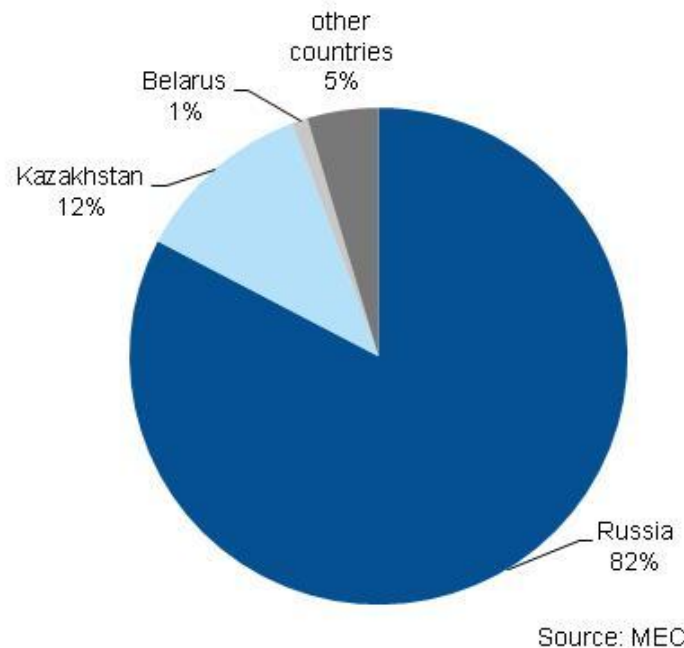
## Production of freight cars, units



## Export of railcar products from Ukraine, mln.\$

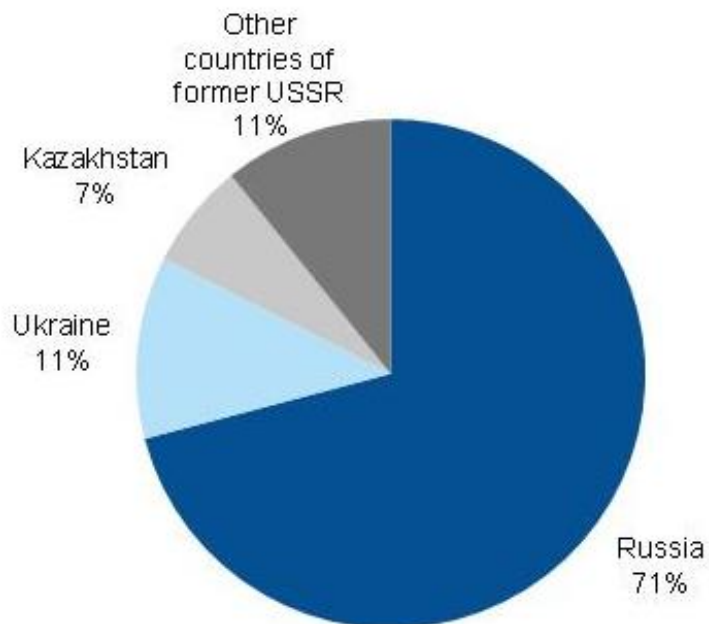


## Railcars Export Geography in 2011



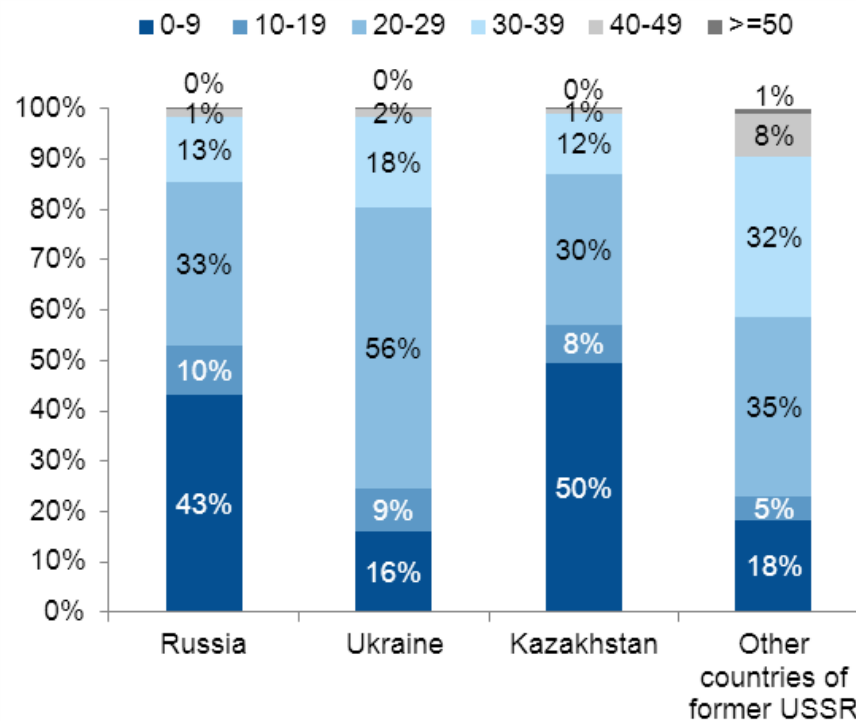
# Railcar Industry

Freight rolling stock of the former USSR



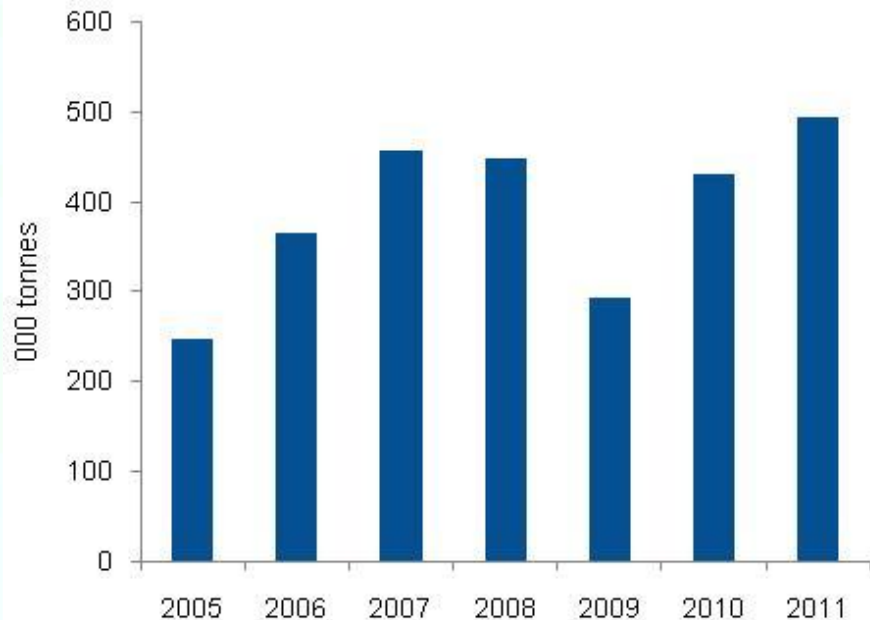
Source: MEC

Age of freight rolling stock, years



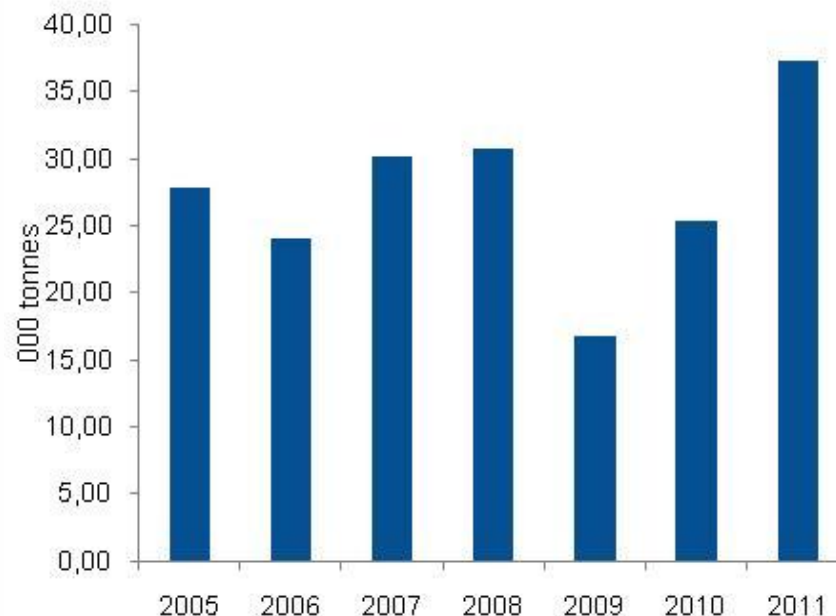
# Ukrainian Steel Imports

## Coated Steel



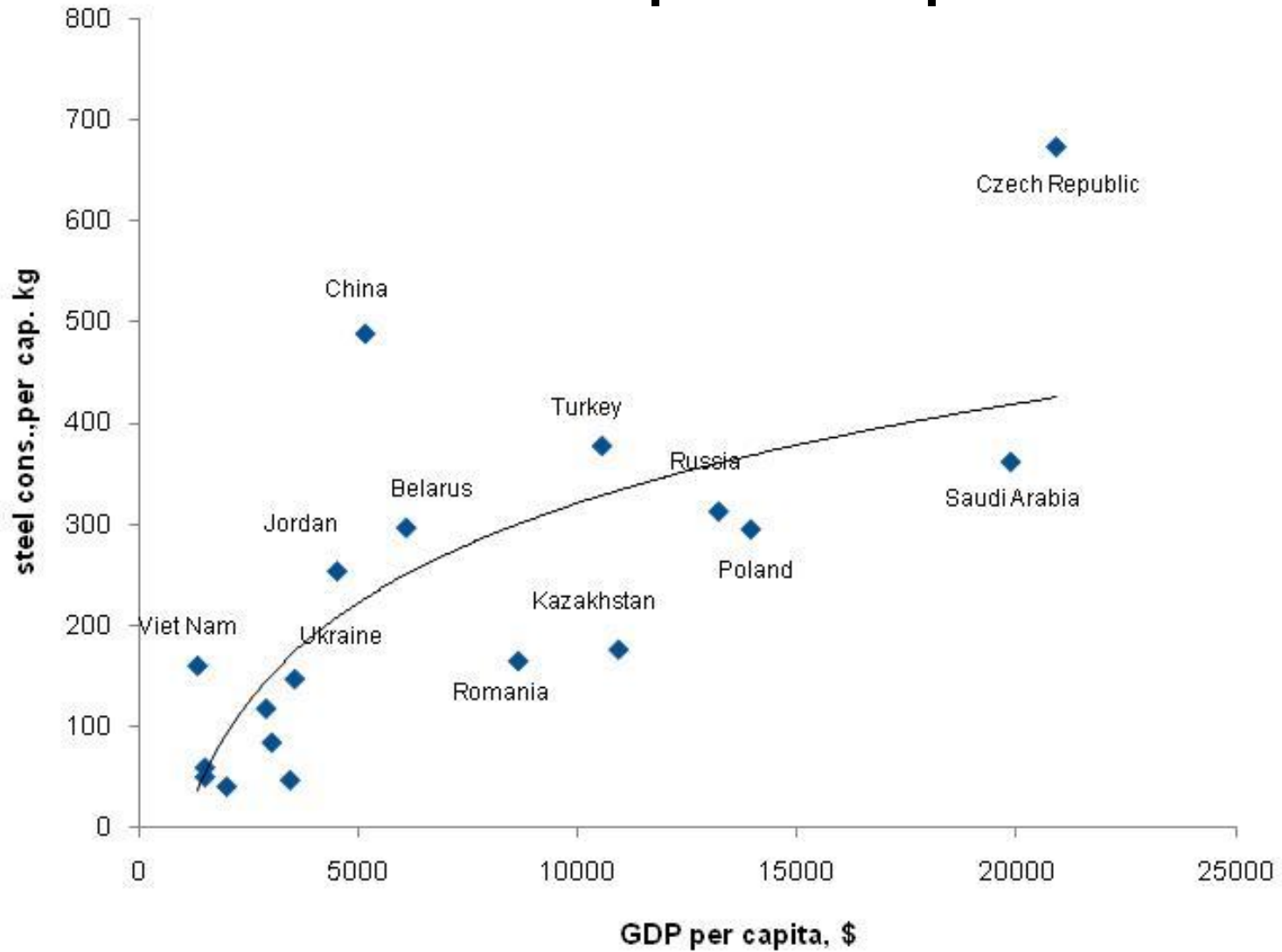
Source: Customs Statistics

## Stainless Steel



Source: Customs Statistics

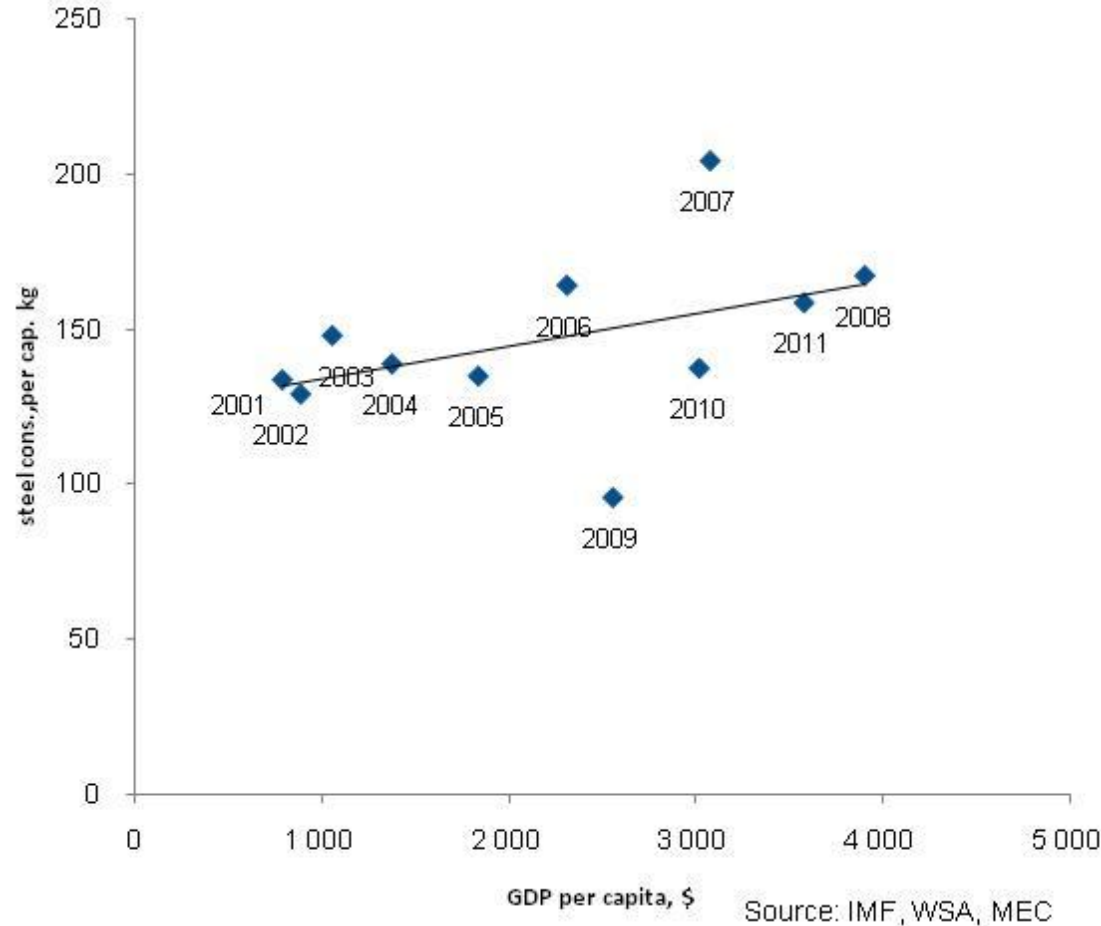
# Steel Consumption Prospects



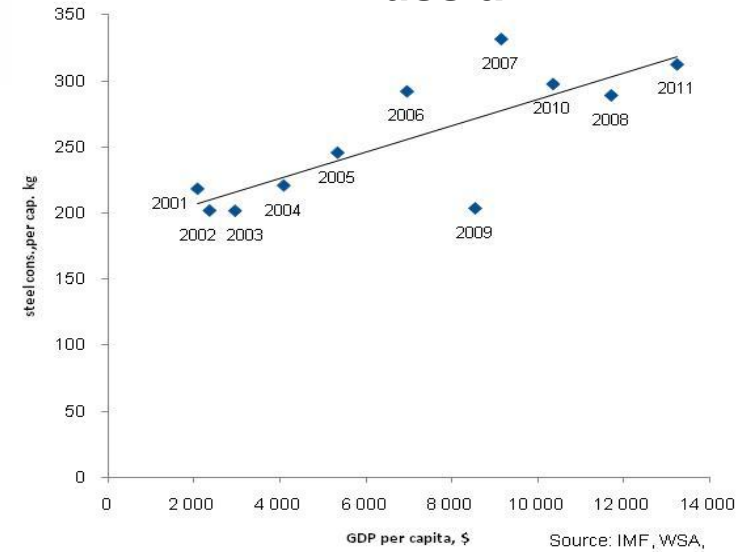
Source: IMF, WSA, MEC

# Steel Consumption Prospects

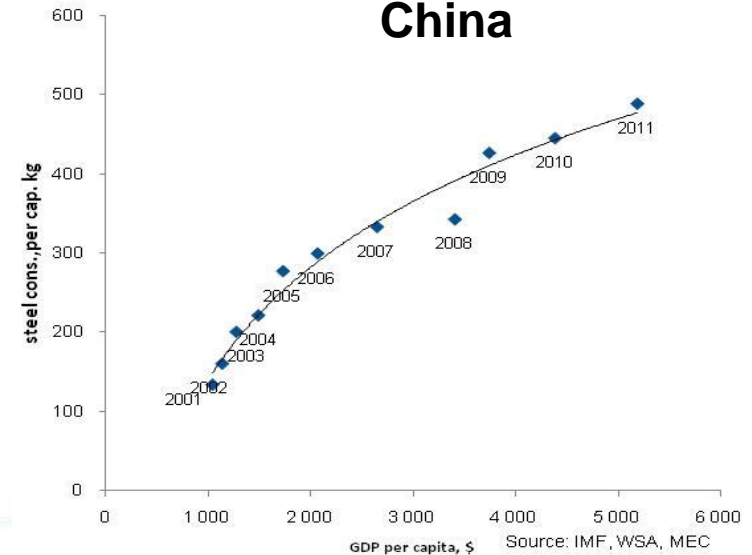
## Ukraine



## Russia



## China



## **Steel Consumption Forecast:**

- growth of metal consumption in 2012 is likely to reach 8-10% level, due to the high export level
- further growth of consumption is expected to slow down to the level of 2-5% because of decrease of export in manufacturing industries (pipes, railcars)
- import will keep growing faster than the consumption

### **The industries with the great potential for consumption:**

- infrastructure reconstruction
- agricultural and industrial construction
- development of industrial production for import substitution and export

## Prospects of railcar industry development:

### *Export volume will be reducing*

- New capacities in Russia
- Saturation of Russian rolling stock

### *Ukrainian market*

#### Strengths:

- Need in freight rolling stock renovation
- Disastrous state of the passenger and locomotive parks

#### Threats:

- Growth of high-tech products import

# Metal Expert Consulting – research in ferrous metallurgy, chemical and coal industries

- Customized market research
- Optimization of marketing and product strategies
- Business planning and strategic planning
- Development of conceptual projects
- Due diligence, feasibility studies

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