Steel Makers Raise Outlook On Global Demand

BRUSSELS (AP) -- World steel makers said Monday that "exceptionally strong growth" in Chinese demand and a better-than-expected global economic recovery would keep steel consumption from falling as sharply as previously expected.

The World Steel Association said steel use was likely to fall by 8.6 percent to 1,104 million metric tons in 2009 -- less than its April forecast for a 14.1 percent plunge.

Global steel demand would return to "moderate growth" and near 2008 output levels in 2010 -- growing by 9.2 percent to 1,206 million metric tons, said the association, which represents 180 steel producers turning out 85 percent of world steel output.

"As before the financial crisis, the emerging economies, especially China, will be the critical factor in driving world steel demand in the near future," it said.

It said this recovery was uncertain and could be damaged if governments withdraw stimulus programs boosting public spending before private companies are able to support growth.

"This uncertainty particularly exists for the Chinese economy in 2010, whose fast recovery in 2009 was largely enabled by such strong government stimulus policies," it said.

Demand from China is set to grow 18.8 percent this year and 5 percent next year, it estimated. Other emerging economies -- such as Brazil, Russia and India -- will slow by 17 percent in 2009 and grow by 12 percent in 2010.

The slowdown is deeper in developed nations -- including the United States, Europe and Japan -- which are jointly set to contract 34 percent this year but are expected to return to growth, of 15 percent, in 2010.

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