

Raw Materials

With supply and demand continuing tight, efforts were made to secure stable supplies of raw materials

The Japanese steel industry depends entirely on imports for iron ore and coal, the main steelmaking raw materials.

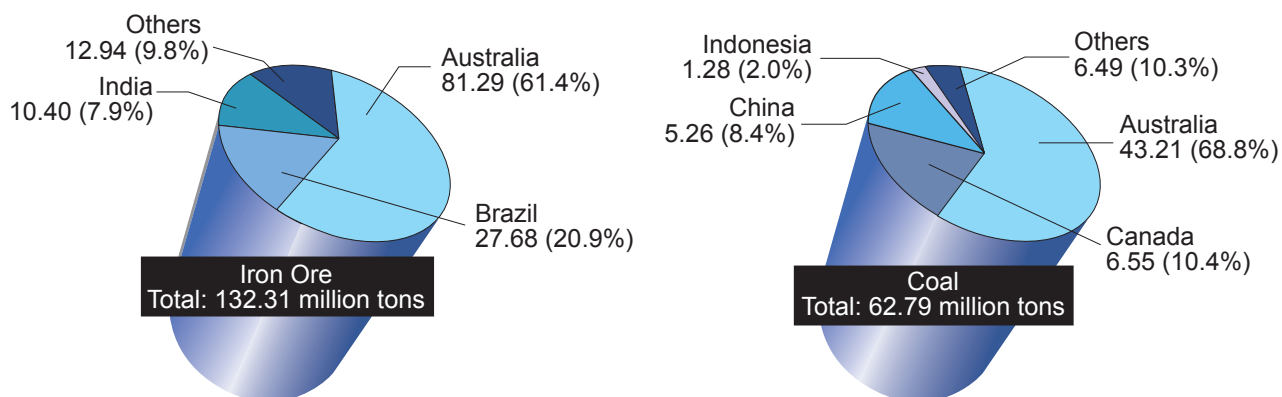
Iron ore imports in 2005 totaled 132.31 million tons, down 1.9%, or 2.57 million tons, from the previous year. Among major suppliers, Australia shipped 81.29 million tons, down 4.9%, accounting for 61.4% of all imports. Brazil supplied 27.68 million tons, up 15.6%, for a 20.9% share, followed by India, with 10.40 million tons, down 14.3%, for a 7.9% share.

Coal imported in 2005 amounted to 62.79 million tons, down 3.5%, or 2.27 million tons, from the previous year. Imports from Australia reached 43.21 million tons, up 3.0%, representing 68.8% of all imports. Canada shipped 6.55 million tons, up 22.4%, for a 10.4% share, China supplied 5.26 million tons, down 30.8%, for an 8.4% share, and Indonesia shipped 1.28 million tons, down 16.3%, for a 2.0% share.

Regarding ferrous scrap, Japan's exports have exceeded its imports since 1996, making the country a net exporter. Ferrous scrap exported from Japan in 2005 totaled 7.58 million tons, hitting a record high for the second straight year. Nearly all of this tonnage was supplied to three countries: China, South Korea, and Taiwan.

With steel demand growing in China and other BRIC markets, steel production is increasing worldwide, making raw materials supply and demand tight. In order to ensure stable supplies of steel products in this situation, Japanese steelmakers are striving to secure raw materials by taking such measures as concluding long-term quantity contracts and acquiring mining rights and interests.

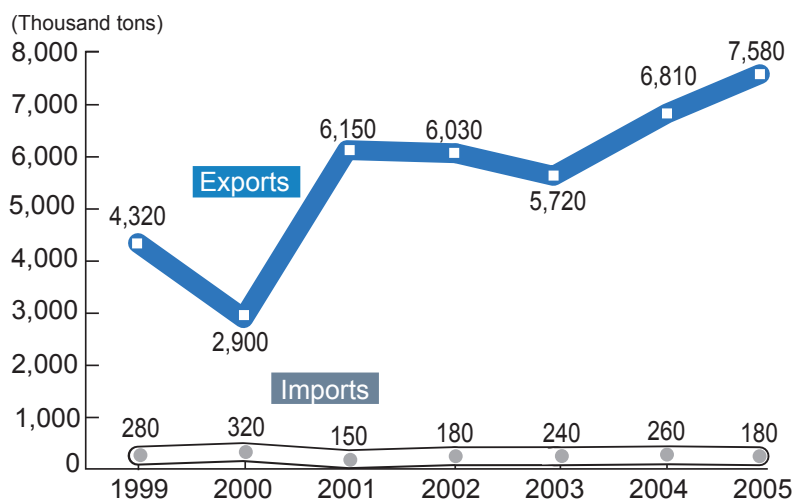
• Iron Ore and Coal Imported in 2005, by Supplier Country



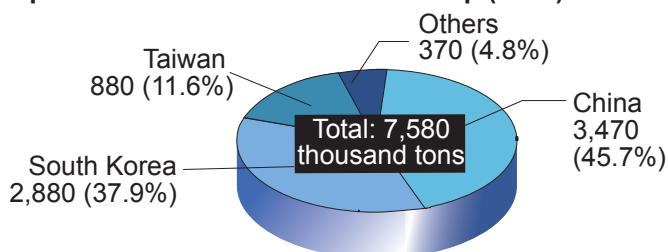
Sources: "Customs Clearance Statistics," Ministry of Finance and the Japan Iron and Steel Federation

• Ferrous Scrap Trade

Imports and Exports of Ferrous Scrap (1999-2005)



Export Destinations for Ferrous Scrap (2005)



Source: "Customs Clearance Statistics," Ministry of Finance

Note: The figures below the thousands are omitted.