

Production

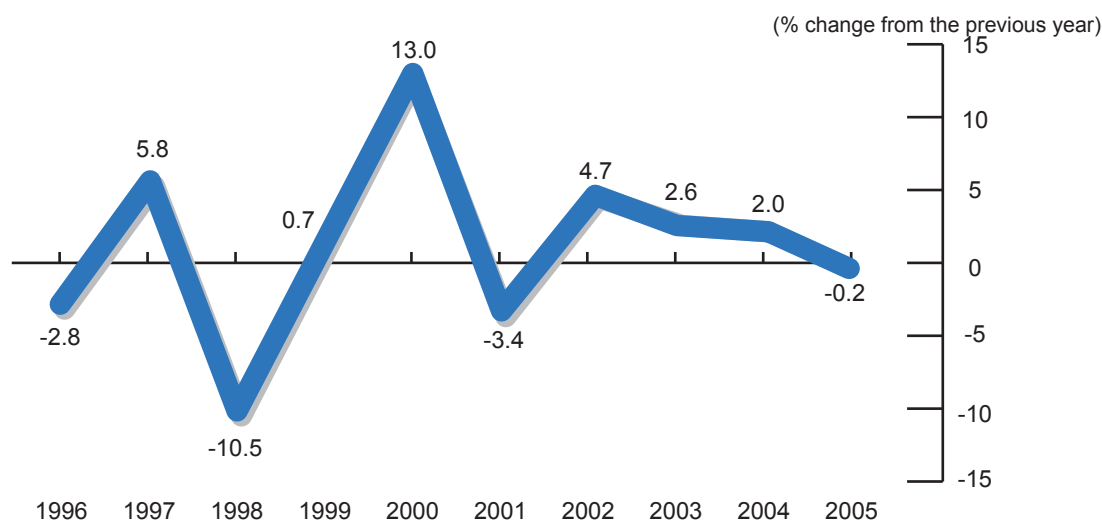
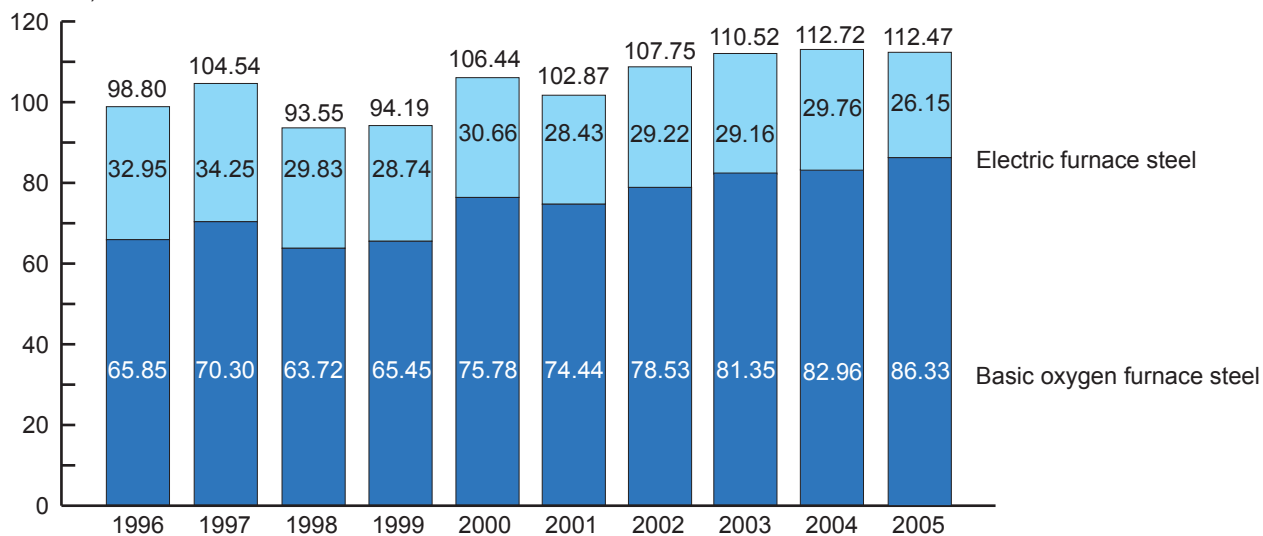
Crude steel production, though dropping 0.2%, still marks the fourth-largest tonnage on record at 112.47 million tons

Crude steel production in 2005 totaled 112.47 million tons, down 0.2% from the previous year. However, it exceeded the 100-million-ton mark for the sixth year in a row and posted the fourth-largest tonnage on record, after registering 119.32 million tons in 1973, 117.13 million tons in 1974, and 112.72 million tons in 2004. Notably, production of crude special steel reached 24.54 million tons, rising 4.0%, or 0.95 million tons, over the year before, when the previous record of 23.58 million tons was posted. Thus, crude special steel production hit a record high for the fourth straight year. By demand sector, demand from manufacturers continued firm as in the previous year, particularly in such major user industries as motor vehicles, shipbuilding, and industrial machinery. On the other hand, demand from the construction sector fell slightly below the previous year's level from both building construction and civil engineering projects. Meanwhile, slackening demand in Southeast Asian markets and other factors caused exports — shipments of general-purpose products in particular — to trend downward in the second half. As a result, exports ended up below the previous year's level.

Production of hot-rolled ordinary steel products totaled 80.85 million tons, down 3.0%, or 2.50 million tons, from the previous year. Supported by strong demand from the manufacturing sector, output of plates, hot-rolled wide strips, and other flat-rolled products continued at a high level. In early autumn, however, production started trending downward as an inventory glut began to be perceived, particularly for flat-rolled products. On the other hand, hot-rolled special steel production reached 20.36 million tons, an increase of 0.52 million tons, or 2.6%, over the previous year. It posted growth for the sixth consecutive year, breaking the all-time record established the year before.

• Crude Steel Production

(Million tons)



Source: "Monthly of Iron and Steel, Non-ferrous Metal, and Fabricated Metals Statistics," Ministry of Economy, Trade and Industry

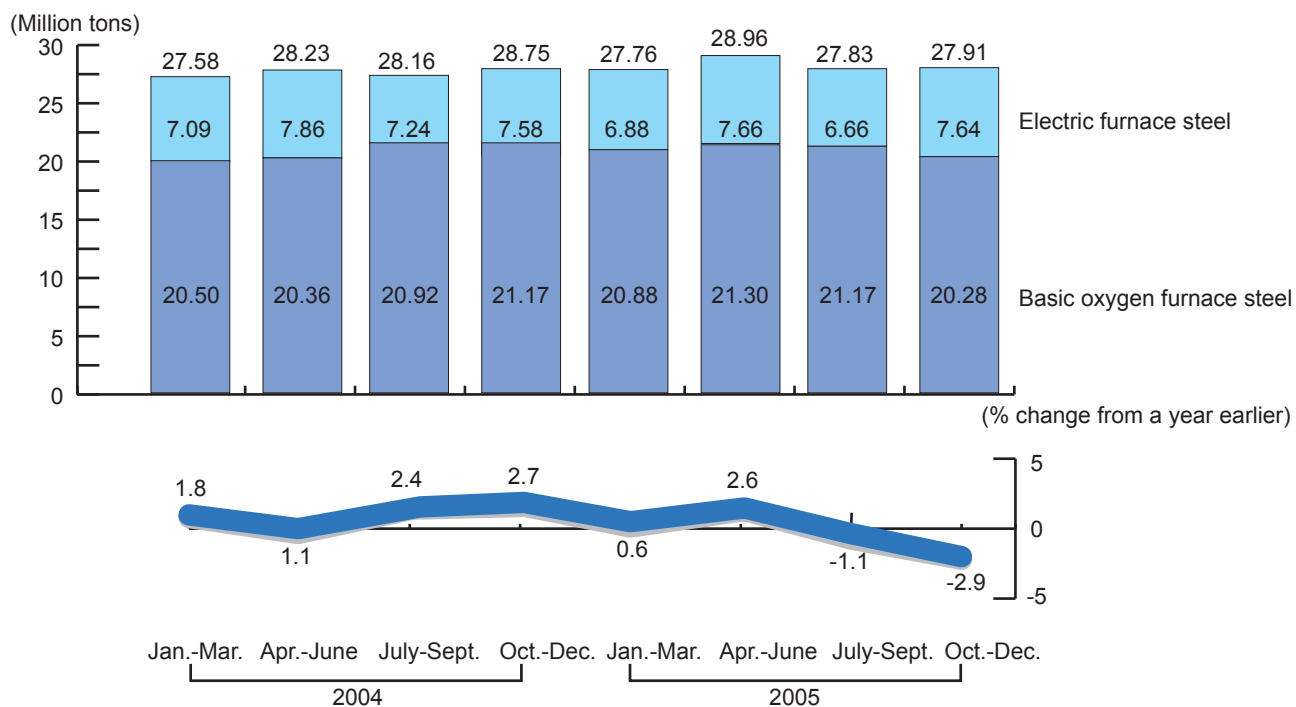
• Actual Iron and Steel Production

(Million tons)

Product/year	Past record	2001	2002	2003	2004	2005	Change (2005/2004) (%)
Pig iron	90.44 (in 1974)	78.84	80.98	82.09	82.97	83.06	0.1
Total of crude steel	119.32 (in 1973)	102.87	107.75	110.51	112.72	112.47	-2.0
Basic oxygen furnace steel	96.06 (in 1973)	74.44	78.53	81.35	82.96	83.63	0.8
Electric furnace steel	34.70 (in 1990)	28.43	29.21	29.16	29.76	28.85	-3.1
Ordinary steel	105.94 (in 1973)	83.96	87.35	88.33	89.13	87.94	-1.3
Special steel	24.54 (in 2005)	18.91	20.40	22.18	23.58	24.54	4.0

Source: "Monthly of Iron and Steel, Non-ferrous Metal, and Fabricated Metals Statistics," Ministry of Economy, Trade and Industry

• Crude Steel Production (on Quarterly Basis)



Source: "Monthly of Iron and Steel, Non-ferrous Metal, and Fabricated Metals Statistics," Ministry of Economy, Trade and Industry

• Production of Hot-Rolled Ordinary Steel Products

Product	Production			Share (%)	Change (2005/2004) (%)
	2003	2004	2005		
Rails and accessories	400	400	390	0.5	-2.9
Shapes and sheet pilings	7,760	8,170	7,390	9.1	-9.6
Bars	12,840	12,650	12,260	15.2	-3.1
Wire rods	3,120	2,960	2,690	3.3	-9.0
Plates (≥6mm)	9,920	11,130	11,960	14.8	7.5
Medium plates and sheets (<6mm)	240	200	190	0.2	-2.7
Wide strips (≥600mm)	45,470	45,610	44,010	54.4	-3.5
Strips and hoops (<600mm)	1,210	1,280	1,130	1.4	-11.4
Rounds for tubes, tires and rolled wheels	810	950	820	1.0	-14.2
Total	81,770	83,350	80,850	100.0	-3.0

Source: "Monthly of Iron and Steel, Non-ferrous Metal, and Fabricated Metals Statistics," Ministry of Economy, Trade and Industry

Note: The figures below the thousands are omitted.

• Production of Cold-Rolled Ordinary Steel Products and Coated Sheets

Product	Production			Change (2005/2004) (%)
	2003	2004	2005	
Cold-rolled ordinary steel products				
Strips and hoops (<600mm)	170	170	160	-6.6
Wide strips (≥600mm)	23,430	23,690	23,070	-2.6
Sheets	50	50	50	-11.1
Electrical sheets	1,930	2,180	2,100	-3.8
Coated sheets				
Tinplate	1,190	1,100	1,010	-7.8
Galvanized sheets	14,000	14,270	13,990	-2.0
Tin free steel	870	890	800	-9.3
Other metallic-coated sheets	1,320	1,440	1,570	9.5

Source: "Monthly of Iron and Steel, Non-ferrous Metal, and Fabricated Metals Statistics," Ministry of Economy, Trade and Industry

Note: The figures below the thousands are omitted.

• Production of Hot-Rolled Special Steels

(Thousand tons)

Product	Production			Share (%)	Change (2005/2004) (%)
	2003	2004	2005		
Tool steels	270	270	290	1.4	4.9
Structural carbon steels	4,280	4,560	4,790	23.5	5.1
Structural alloy steels	3,050	3,300	3,760	18.5	14.0
Spring steels	450	450	480	2.4	7.2
Bearing steels	810	830	940	4.6	13.8
Stainless steels	3,330	3,430	3,260	16.0	-5.1
Heat-resisting steels	370	340	330	1.6	-4.1
Free-cutting steels	1,040	1,090	1,110	5.4	2.0
Piano wire rods	760	850	760	3.7	-10.6
High tensile strength steels	4,310	4,650	4,570	22.5	-1.6
High-manganese steels	60	70	70	0.3	-6.2
Total	18,740	19,840	20,360	100.0	2.6

Source: "Monthly of Iron and Steel, Non-ferrous Metal, and Fabricated Metals Statistics," Ministry of Economy, Trade and Industry

Note: The figures below the thousands are omitted.

• Production of Hot-Rolled Pipes and Tubes

(Thousand tons)

Product	2003	2004	2005	Change (2005/2004) (%)
Hot-rolled ordinary steel pipes and tubes	5,390	5,750	5,640	-2.0
Seamless	710	770	730	-5.0
Butt-welded	220	240	230	-3.6
Electric-welded	3,520	3,780	3,670	-2.7
Arc-welded	940	960	1,000	3.7
Hot-rolled special steel pipes and tubes	2,700	2,900	2,810	-3.0
Seamless	990	1,140	1,300	13.8
Electric-welded	380	370	380	1.2
Arc-welded	1,330	1,390	1,140	-18.0

Source: "Monthly of Iron and Steel, Non-ferrous Metal, and Fabricated Metals Statistics," Ministry of Economy, Trade and Industry

Note: The figures below the thousands are omitted.