

ROMANIA FERROUS AND NON-FERROUS INDUSTRY



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Foreword

The ferrous and non-ferrous industry plays a significant role within the Romanian economy as it accounted for relevant shares of the main national economic activities:

- 6.8% of total industrial output in 2009;
- 8.9% of manufacturing output in 2009;
- 11.9% of total exports of goods in 2010.

Production

In 2009, metallurgical industry registered a value of production of lei 20.9 billion (current prices), down by 39.6% from the level of the previous year.

Industrial Output Value of Ferrous and Non-ferrous Industry

- lei million, current prices -

Activity (CANE division)*	2006	2007	2008	2009
Industry - total, of which:	247,373.1	276,110.4	352,222.3	308,709.5
Manufacturing, of which:	199,286.8	222,771.4	284,452.1	237,434.7
Metallurgy	22,169.0	25,714.0	34,553.9	20,869.5

Note: *2006-2007 CANE division Rev. 1; 2008-2009 CANE division Rev.2.

Source: National Institute for Statistics, Statistics Yearbook of Romania 2010

On the 2009 year-end, the number of companies in the metallurgy industry was of 489 (against 437 companies in 2008) and the average number of the employees of 42.4 thousand persons (versus over 51.4 thousand employed persons in 2008).

The ferrous and non-ferrous output has been displayed a high degree of concentration among the production facilities - the top twenty producers covered 77.1% of the total production while top five producers accounted for a share of 52.8% in 2009.

During 2010, activity in the metallurgical industry recovered and the production came up to 127.3% of the previous year level. By the 2010 year-end, the number of employees decreased by 3.4 thousand persons to 32.9 thousand employed persons in the industry.

Iron and Steel Industry

According to the World Steel Association, Romania registered 3,721 thousand tons of crude steel, up by 34.8% y-o-y. The world steel production stood at 1,416.1 million tons, while the European Union (EU 27) recorded a crude steel production of 172.6 million tons, up by 15% and 24.4%, respectively versus a year ago.

Steel capacity utilisation ratio in Romania (9,100 tons crude steel equivalent) increased from 30.3% in 2009 to 40.9% in 2010.

Romania - Ferrous and Non-ferrous Industry

The Romanian pig iron production in 2010 was of 1,726 thousand tons - 9.6% higher than the previous year. The pig iron output increased significantly both worldwide and in the EU 27 (up by 12.2% and 30% y-o-y) to 1,025.8 million tons and 94.5 million tons, respectively.

Iron and steel production in Romania

- thousand metric tons -

	2007	2008	2009	2010
Production of crude steel, <i>of which:</i>	6,261	5,035	2,761	3,721
Oxygen blown converters	4,356	3,343	1,790	1,990
Electric furnace	1,906	1,692	971	1,731
Production of continuous cast steel	6,051	4,871	2,677	3,614
Production of pig iron	3,923	2,945	1,575	1,726
Production of hot rolled products*, <i>of which:</i>	5,730	4,652	2,862	3,540
Flat products	3,662	2,869	1,674	1,815
Long products	1,463	1,221	870	1,295
Production of tubes and tube fittings, <i>of which:</i>	767	712	479	679
Seamless tubes	605	562	318	431
Welded tubes	162	149	161	249
Exports of semis and finished steel products	3,785	3,193	2,030	2,950
Imports of semis and finished steel products	3,550	3,685	2,095	2,770
Apparent steel use**	6,110	5,800	3,345	3,555

Notes: * excluding seamless tubes

** crude steel equivalent

Source: World Steel Association - Steel Statistical Yearbook 2011 (July 2011)

Non-ferrous Industry

The non-ferrous output has been focused on the processing aluminium and aluminium alloys in a great extent, followed by copper and copper alloys products.

Aluminum and Copper Production in Romania

- thousand tons -

	Code and product group (PRODCOM classification)	2008	2009
24421153	Unwrought aluminium alloys in primary forms	296.6	...
24421155	Unwrought aluminium alloys in secondary forms	12.1	10.5
24422230	Aluminium bars, rods and profiles	12.6	11.2
24422670	Aluminium tubes, pipes and fittings	2.2	1.0
24441370	Unwrought copper alloys	7.5	...

Note: ...no data available

Source: PRODCOM database - EUROSTAT (2010)

Investments

Significant investment programmes were being carried on in the metallurgical industry aiming at modernizing the production capacities for turning them to be more efficient and competitive. Adjustments in consumptions of raw materials and energy, increases in labor productivity and improvements of the product quality were put in place to make the Romanian steel industry more consistent with the requirements and standards on the European Union market.

In 2008, according to the National Institute of Statistics, the total investment in the metallurgical sector amounted to lei 745,040.4 thousand and increased by 60.2% (in nominal terms) as against a year before. The increase was mostly due to the installation and modernization of new rolling mills for cold rolled steel strips and hot rolled long products.

In 2009, according to the same source, the total investment in the metallurgical sector amounted to lei 746,677.6 thousand and increased in nominal terms by 0.2% as against 2008. The increase was due to the installation and modernization of the new rolling mills accounted for 36.0% of total investments in industry (up 0.8% y-o-y) splitted between investments in rolling mills for cold rolled steel strips (up 148.8% y-o-y) and rolling mills for hot rolled flat products (up 13.4% y-o-y), as well. The investment in other metallurgical plants increased by 34.0% in 2009 versus the previous year.

Investments in Ferrous and Non-ferrous Industry

- lei thousand, current prices -

	2008	2009
Investments - total, of which for:	745,040.4	746,677.6
Rolling mills, of which:	266,671.9	268,669.7
Long products	116,028.0	21,073.6
Flat products	90,243.9	102,332.5
Cold strips	58,169.0	144,736.0
Other metallurgical plants	188,415.1	253,175.8
Foundries	164,296.2	149,663.0

Source: National Institute for Statistics, Activity in Metallurgical Sector 2009, Industry Statistics Series 2010.

Foreign Trade

Between 2006 and 2010, Romanian exports of *Base metals and articles thereof* (Section XV of the Combined Nomenclature - CN based on the Harmonized System) accounted for 10.1% - 16.2% of the total national exports and for 9.7% - 11.4% of the total imports.

Iron and Steel Products

During the same period of time, external deliveries of *Iron and steel* (Chapter 72 CN) covered between 45.1% and 49.8% of the total Romanian exports of *Base metals and articles thereof*, whereas foreign supplies came to shares of 32.4% - 42.4% of the national import registered for this CN section.

- Exports had an uneven development - the lowest level being in 2009 (EUR 1,316.6 million) and the highest one in 2008 (EUR 2,457.7 million). In 2010, exports of *Iron and steel* amounted to EUR 2,166.2 million (an increase of 64.5% over the previous year) and the main deliveries on foreign markets were as follows: *Ferrous waste and scrap* with an export value of EUR 729.0 million (a share of 33.7% of *Iron and steel* exports), *Flat-rolled products of iron or non-alloy steel, of a width of 600 mm or more, hot rolled* - EUR 578.1 million (26.7%), and *Flat-rolled products of stainless steel, of a width of less than 600 mm* - EUR 137.3 million (6.3%).
- Imports were on up and down trend, as well - between the value limits of EUR 1,229.2 million in 2009 and of EUR 2,753.6 million in 2008. In 2010, imports of *Iron and steel* stood at EUR 1,841.6 million (up by 49.8% y-o-y) and they were mainly covered by *Flat-rolled products of iron or non-alloy steel, of a width of 600 mm or more* with an import value of EUR 232.2 million (12.6% of *Iron and steel* imports), *Flat-rolled products of iron or non-alloy steel, of a width of 600 mm or more, hot rolled* - EUR 210.2 million (11.4%), and *Flat-rolled products of stainless steel, of a width of 600 mm or more* - EUR 83.7 million (10.0%).
- Trade balance registered the highest positive values in 2010 for the following product groups: *Ferrous waste and scrap* (EUR 715.4 million), *Flat-rolled products of iron or non-alloy steel, of a width of 600 mm or more, hot rolled* (EUR 367.9 million), and *Flat-rolled products of stainless steel, of a width of less than 600 mm* (EUR 118.6 million).
- In 2010, external deliveries of *Ferrous waste and scrap* were mainly to Turkey (79.9% of total exports of this product group), Greece (5.1%), Germany (4.5%), Great Britain (2.6%) and Bulgaria (2.4%) while the top five suppliers were Czech Rep. (73.1% of total imports), Hungary (9.8%), Turkey (6.8%), Austria (5.6%) and Germany (3.8%). *Flat-rolled products of iron or non-alloy steel, of a width of 600 mm or more, hot rolled* were exported to Turkey (64.7%), Macedonia FYR (10.2%), India (5.0%), Austria (3.1%) and Germany (2.5%), and imported from Ukraine (20.2%), Serbia (11.1%), China (9.7%), Bulgaria (9.3%) and South Korea (9.2%). For *Flat-rolled products of stainless steel, of a width of less than 600 mm*, the main exporting markets were Germany (46.9%), Sweden (10.4%), Italy (9.2%), Turkey (8.1%) and France (3.7%). Imports of these products came in from Italy (72.2%), Germany (12.6%), France (3.5%), The Netherlands (2.5%) and Great Britain (2.4%).

Romanian exports of *Iron and steel products* (Chapter 73 CN) accounted for 22.9% to 27.6% of the total foreign deliveries recorded for *Base metals and articles thereof* between 2006 and 2010. On the import side, external supplies covered 30.6% to 35.5% of those registered for this CN Section.

Romania - Ferrous and Non-ferrous Industry

- Exports went down to the minimum value of EUR 807.0 million in 2009 after the highest level of EUR 1,261.9 million in 2008. In 2010, exports recovered to the level of EUR 1,121.8 million based on the deliveries of *Tubes, pipes and hollow profiles, seamless, of iron (other than cast iron) or steel* with an export value of EUR 373.1 million (33.3% of *Iron and steel products* exports), *Articles of iron or steel* - EUR 181.9 million (16.2%), and *Structures and parts of structures* - EUR 127.7 million (11.4%).
- Imports displayed an upward trend between 2006 and 2008, from EUR 1,289.7 million to EUR 1,987.2 million. In 2010, imports were of EUR 1,590.1 million and consisted mainly of *Articles of iron or steel* - EUR 340.6 million (a share of 21.4% of total imports), *Structures and parts of structures* - EUR 301.0 million (18.9%), and *Screws, bolts, nuts and similar articles, of iron or steel* EUR 206.7 million (13.0%).
- In 2010, trade balance for *Iron and steel products* was in excess for the following product groups: *Tubes, pipes and hollow profiles, seamless, of iron (other than cast iron) or steel* (EUR 243.2 million), (EUR 66.5 million), *Tubes and pipes, having circular cross-sections, the external diameter of which exceeds 406.4 mm, of iron or steel* (EUR 6.8 million).

Romanian Iron and Steel Foreign Trade

- EUR million -

Code and product group (Combined Nomenclature classification)		2006	2007	2008	2009	2010
72 Iron and steel	Export	1,897.4	2,389.8	2,457.7	1,316.6	2,166.2
	Import	1,464.3	2,229.1	2,753.6	1,229.2	1,841.6
	Balance	433.1	160.7	-295.9	87.4	324.6
73 Iron and steel products	Export	917.0	1,097.1	1,261.9	807.0	1,121.8
	Import	1,289.7	1,746.7	1,987.2	1,345.5	1,590.1
	Balance	-372.7	-649.6	-725.3	-538.5	-468.3

Source: National Institute for Statistics, Romania Trade and Invest (data processing)

- Top 5 markets for the Romanian exports of *Tubes, pipes and hollow profiles, seamless, of iron (other than cast iron) or steel* in 2010 were as follows: Italy (24.8% of total exports of these products), USA (24.3%), Germany (10.8%), Spain (3.3%) and France (2.8%), whereas imports into domestic market came mainly from Italy (a share of 19.8% of the Romanian imports of such products), Germany (15.1%), France (13.1%), Poland (12.1%), and Czech Rep. (6.2%). *Stranded wire, ropes, cables of iron or steel, not electrically insulated* were exported in Germany (13.9%), Italy (11.5%), Slovak Rep. (11.5%), USA (10.5%) and Poland (9.8%), and imports were, mainly, from Belarus (33.6%), Germany (16.7%), Hungary (15.8%), Italy (10.8%) and France (5.7%). For *Tubes and pipes, having circular cross-sections, the external diameter of which exceeds 406.4 mm, of iron or steel* the main trading partners were as follows: exports went to USA (43.3%), Italy (17.3%), Germany (14.4%), France (9.3%) and Austria (8.9%), while imports came from Germany (42.0%), Italy (18.3%), Turkey (10.5%), Slovak Rep. (7.8%) and Spain (4.3%).

Romania - Ferrous and Non-ferrous Industry

Non-ferrous Products

External trade of the Romanian non-ferrous industry consists mainly of trading aluminium and copper products.

Romanian Non-ferrous Industry Foreign Trade

- EUR million -

Code and product group (Combined Nomenclature classification)		2006	2007	2008	2009	2010
74	Copper and articles thereof	Export	216.9	263.3	238.3	162.8
		Import	325.1	448.3	473.9	291.5
		Balance	-108.2	-185.0	-235.6	-128.7
75	Nickel and articles thereof	Export	1.3	4.0	8.2	3.3
		Import	32.4	39.1	24.7	16.2
		Balance	-31.1	-35.1	-16.5	-12.9
76	Aluminium and articles thereof	Export	643.1	666.6	637.6	412.9
		Import	382.0	494.1	529.7	349.8
		Balance	261.1	172.5	107.9	63.1
78	Lead and articles thereof	Export	20.4	54.7	43.2	18.6
		Import	2.7	3.8	4.5	12.8
		Balance	17.7	50.9	38.7	5.8
79	Zinc and articles thereof	Export	49.3	128.7	84.2	13.3
		Import	34.5	52.4	33.9	31.0
		Balance	14.8	76.3	50.3	-17.7
80	Tin and articles thereof	Export	0.4	0.5	0.7	3.3
		Import	7.9	6.4	8.5	5.1
		Balance	-7.5	-5.9	-7.8	-1.8

Source: National Institute for Statistics, Romania Trade and Invest (data processing)

During 2006-2010, the external deliveries of **Aluminium and articles thereof** (Chapter 76, CN) covered shares of 12.9% to 16.6% of the total Romanian exports of **Base metals and articles thereof** (Section XV, CN) whereas foreign supplies came to shares of 8.1% to 9.7% of the national import registered for this CN section. The main trends were as follows:

- Exports were growing to EUR 666.6 million by 2007 and going down to EUR 412.9 million in 2009. A recovery trend to EUR 604.2 million was displayed in 2010 based on deliveries of *Aluminium bars, rods and profiles* (EUR 173.8 million, or a share of 28.8% of total exports of **Aluminium and articles thereof**), *Aluminium plates, sheets and strips of a thickness over 0.2 mm* (EUR 110.2 million, or 18.2%), and *Aluminium wire* (EUR 105.0 million, or 17.4%).
- Imports went also up-and-down between limits of EUR 529.7 million in 2008 and EUR 349.7 million in 2009, and recovered lately to the amount of EUR 495.7 million In 2010, the main

imported aluminium products were: *Aluminium bars, rods and profiles* (EUR 84.7 million, or a share of 17.1% of total imports of *Aluminium and articles thereof*), *Articles of aluminium not specified* (EUR 82.5 million or 16.6%), and *Aluminium waste and scrap* (EUR 71.8 million or 14.5%).

- Aluminium trade balance was in excess for *Aluminium wire* (a positive balance of EUR 92.7 million in 2010), *Aluminium bars, rods and profiles* (EUR 89.1 million), and *Aluminium plates, sheets and strips of a thickness over 0.2 mm* (EUR 56.6 million).
- Exports of *Aluminium wire* were mainly to Czech Rep. (23.9% of total deliveries of such products), Hungary (23.8%), Poland (15.5%), Greece (10.4%) and Bulgaria (7.6%), while imports came especially from France (28.0% of total dispatches into domestic market), Russia (21.7%), Germany (9.0%), Hungary (7.1%) and Turkey (7.1%). Top five markets for *Aluminium plates, sheets and strips of a thickness over 0.2 mm* were Germany (16.2%), Italy (13.5%), Great Britain (11.8%), Poland (10.8%) and Turkey (6.1%), whereas the imports were mainly covered by Poland (44.9%), Germany (9.4%), Greece (9.2%), Turkey (7.0%) and France (4.0%).

The Romanian exports of *Copper and articles thereof* (Chapter 74, CN) accounted for shares between 4.8% to 6.0% of the total foreign deliveries of *Base metals and articles thereof* (Section XV, CN). During the same time reference (2006-2010), the imports of *Copper and articles thereof* covered 7.3% - 9.0% of total external supplies of *Base metals and articles thereof* into the domestic market.

- Exports followed a downward trend to EUR 162.8 million by 2009 and increased fast to EUR 266.8 million in 2010. The main copper products delivered on foreign markets were: *Copper waste and scrap* with EUR 218.3 million (81.8% of the total exports of *Copper and articles thereof*), *Stranded wires, cables, plaited bands of copper* with EUR 28.1 million (10.5%), and *Articles of copper not specified* with EUR 6.2 million (2.3%).
- Imports of *Copper and articles thereof* went down from EUR 473.9 million in 2008 to EUR 291.5 million in 2009, and increased to EUR 460.2 million a year later. In 2010, these imports consisted specifically of *Cooper wire* (EUR 298.0 million, or 64.8% of imports of *Copper and articles thereof*), *Copper tubes and pipes* (EUR 49.4 million, or 10.7%) and *Copper tube and pipe fittings* (EUR 26.8 million, or 5.8%).
- Trade balance stayed in excess in 2010 for *Copper waste and scrap* with EUR 205.8 million, *Stranded wires, cables, plaited bands of copper* with EUR 14.7 million, and *Master alloys of copper* with EUR 1.9 million.
- In 2010 the top five markets for the Romanian deliveries of *Copper waste and scrap* were Bulgaria (30.3% of total exports of this product group), China (23.9%), Germany (13.0%), Austria (10.2%) and Italy (4.4%), whereas top five foreign suppliers were Czech Rep. (71.9% din total import of such products), Bulgaria (13.9%), Hungary (6.5%), Germany (2.7%) and Austria (1.7%). *Stranded wires, cables, plaited bands of copper* were mainly delivered to Poland (82.5%), Slovak Rep. (15.4%), Hungary (1.4%), France (0.4%) and Moldova (0.1%), and bought from Germany (73.1%), Italy (9.2%), Turkey (8.4%), Spain (2.4%) and France (1.2%). The Romanian main trading partners of *Master alloys of copper* were Italy (54.6%), Czech Rep. (42.9%), Ireland (1.2%), France (1.2%) and Spain (0.1%) for external dispatches, and Germany (82.9%), Italy (7.7%), Czech Rep. (5.3%), Turkey (2.4%) and The Netherlands (0.7%) for foreign supplies into domestic market.



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