STAHL 2006

9th and 10th November

Wege über Grenzen
Crossing Frontiers

Crossing Frontiers

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Stahl

Agenda

A global industry context

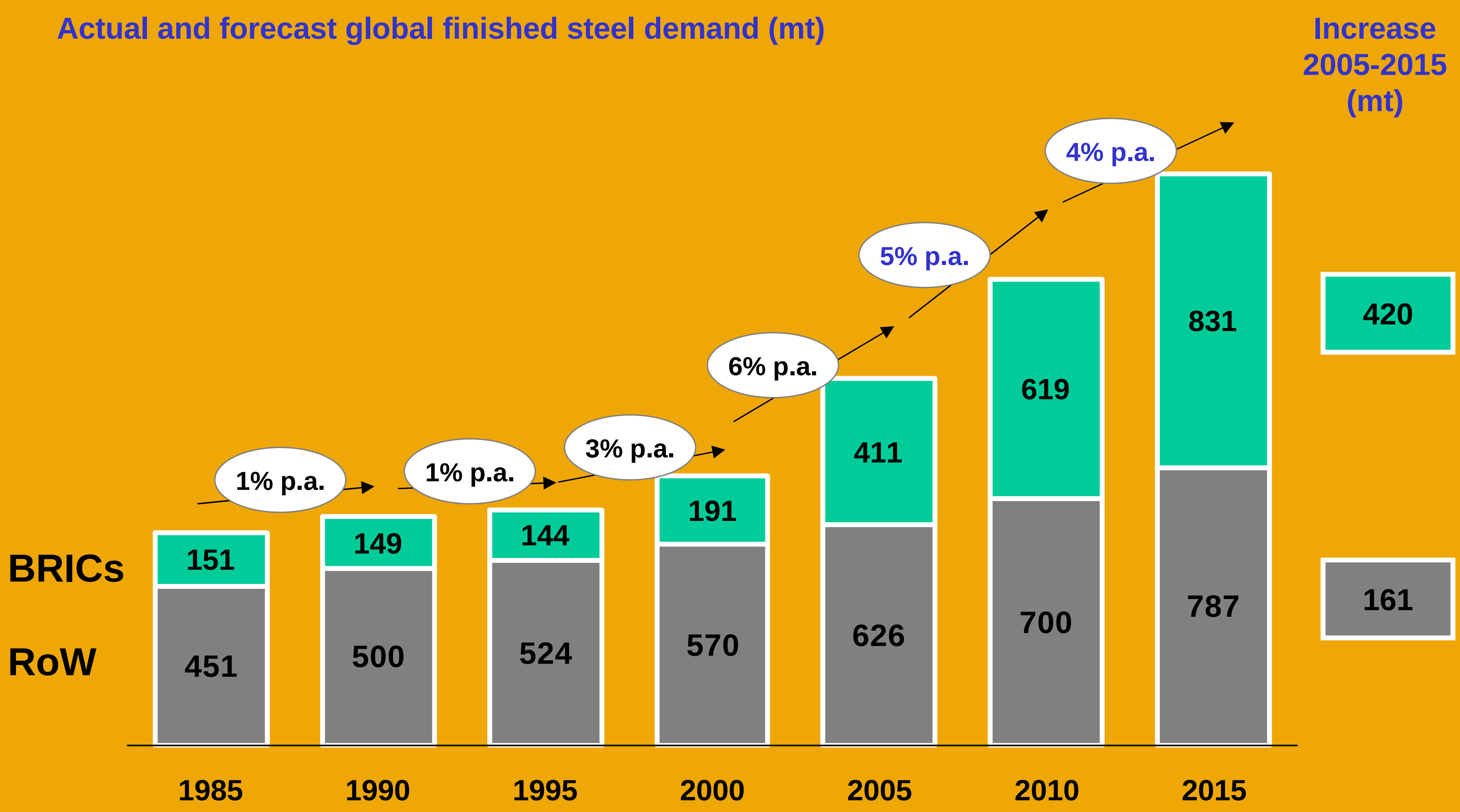
- The rise of the BRIC nations
- Consolidation
- Trade flows
- People

Where the EU needs to do better

- Energy markets
- Climate change regulation
- Trade regulations

Concluding remarks

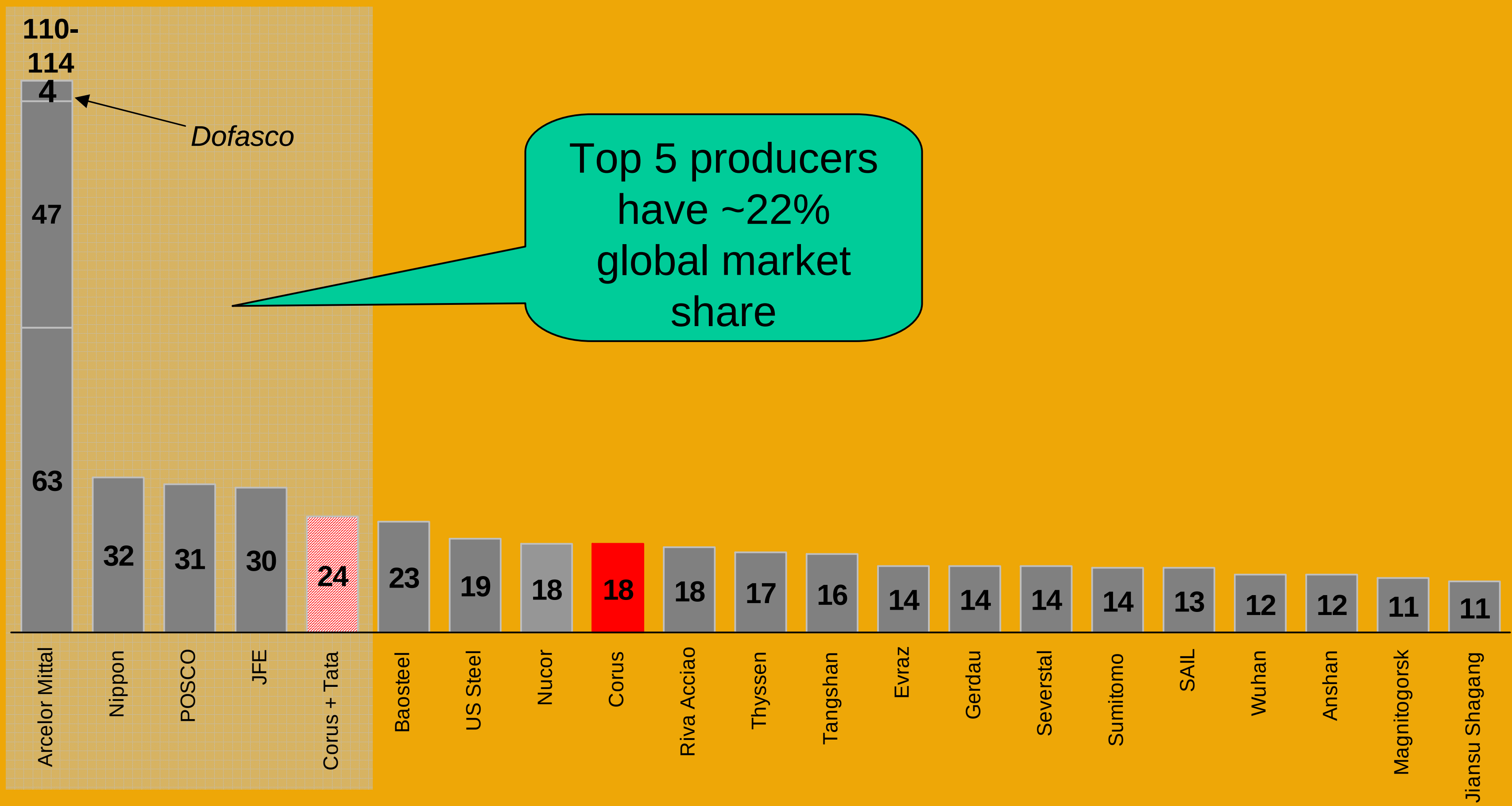
BRICs driving mid-term demand



Source: IISI, Corus

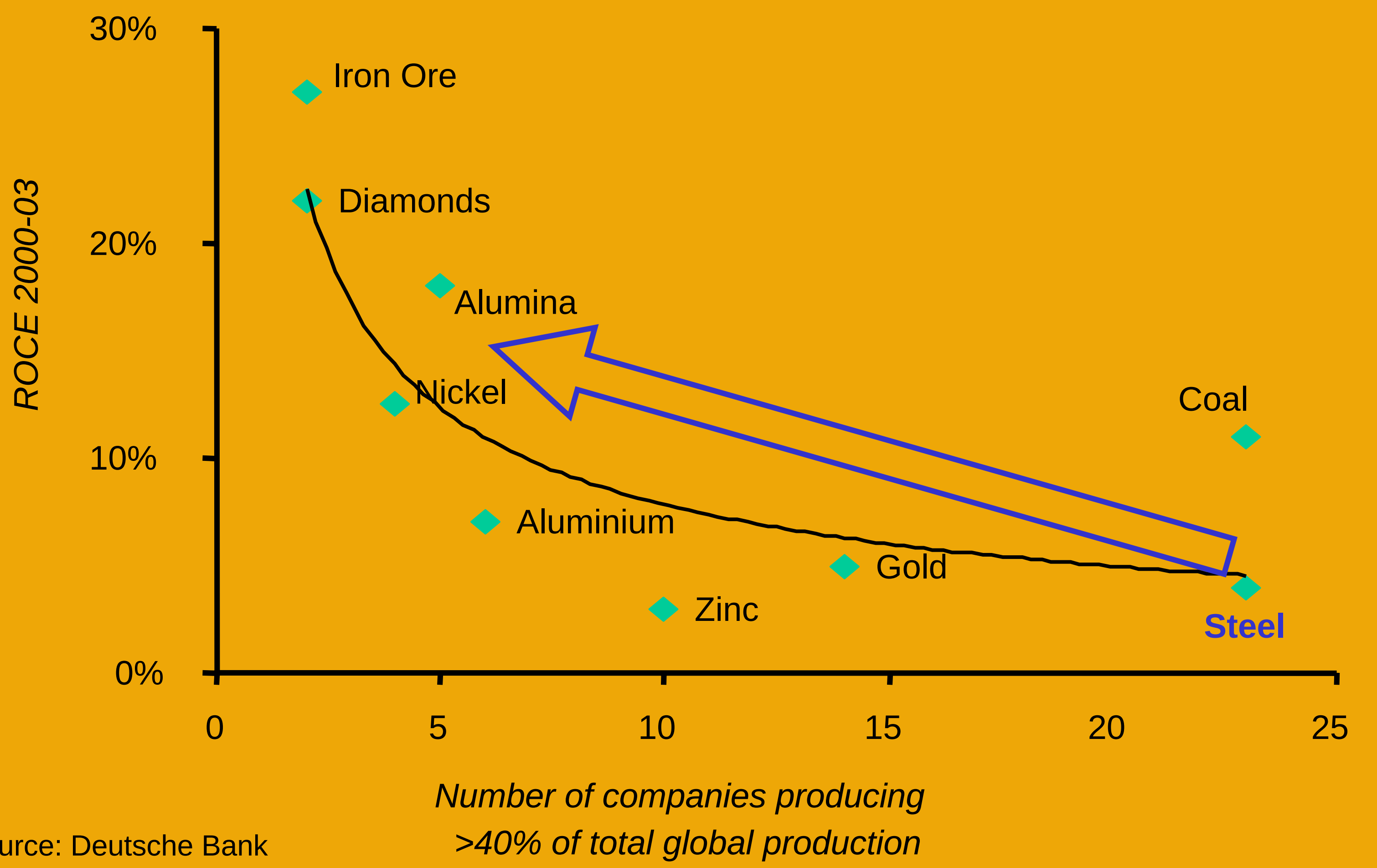
Consolidation

Top 20 largest steel makers



Source: IISI, Corus

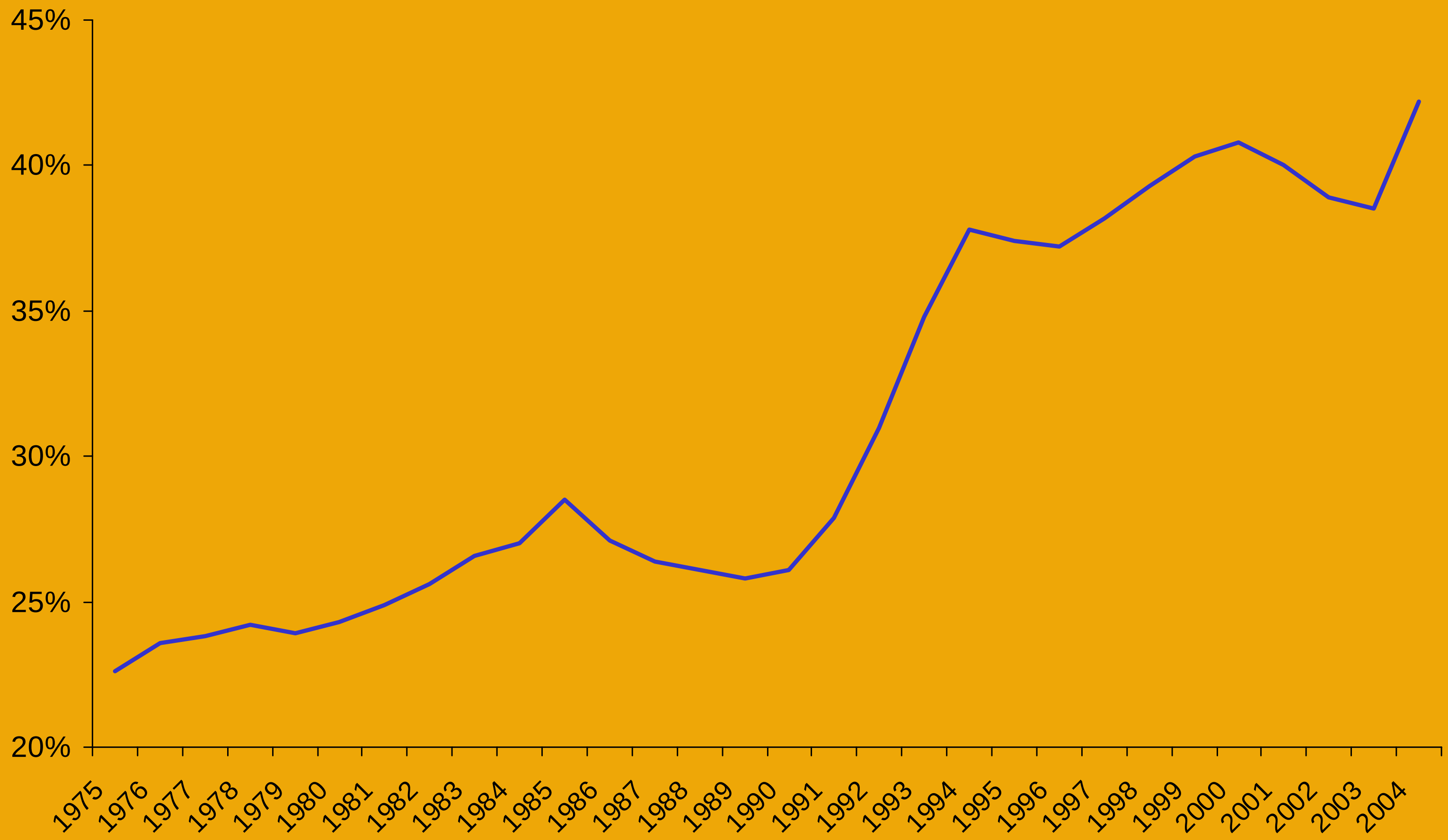
Impetus for further consolidation



Source: Deutsche Bank

Trade flows

Exports as % of global production volumes 1975-2004

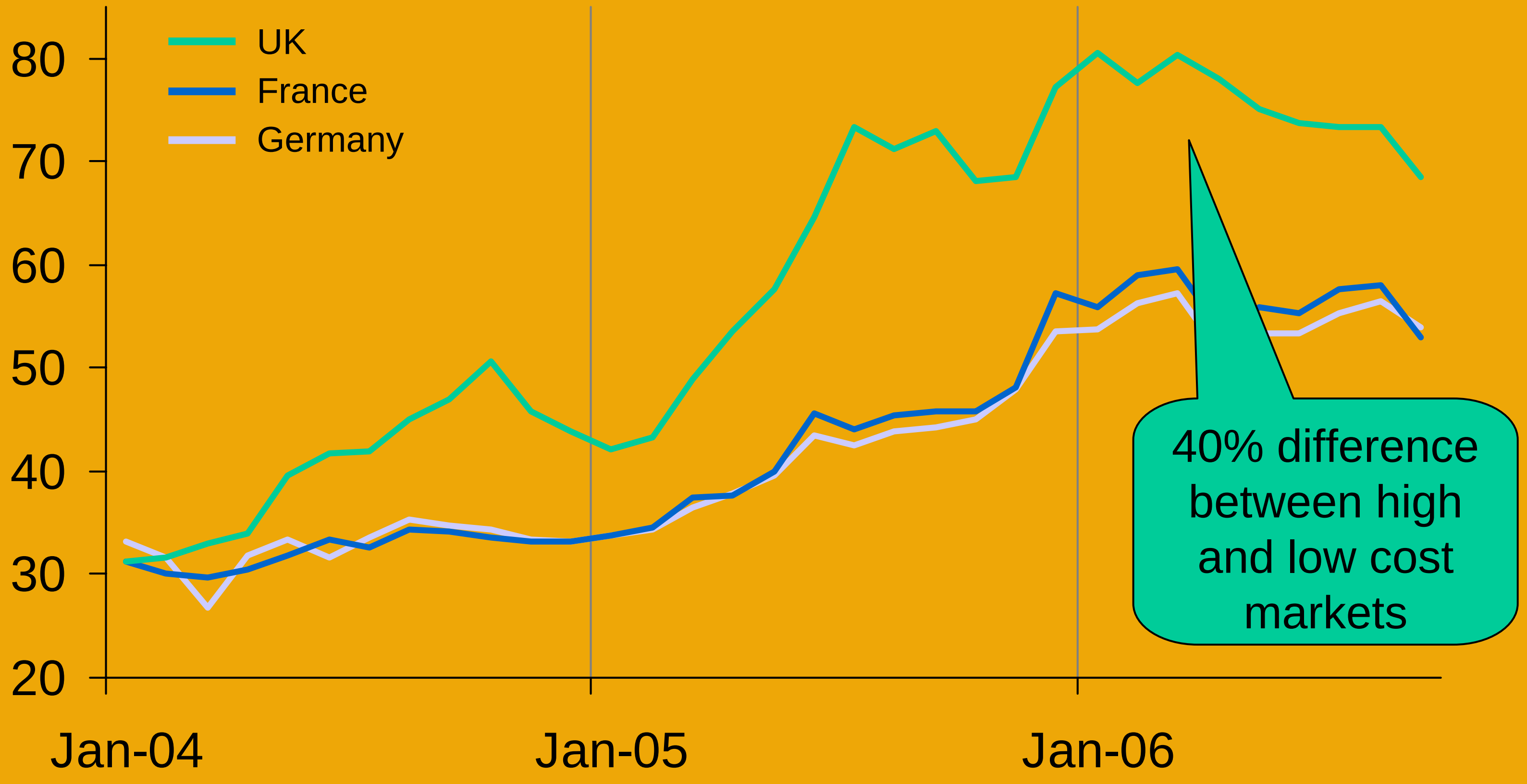


Source: IISI

New skills

A single EU market in electricity?

Wholesale electricity costs (Fwd annual baseload, €/MWh)



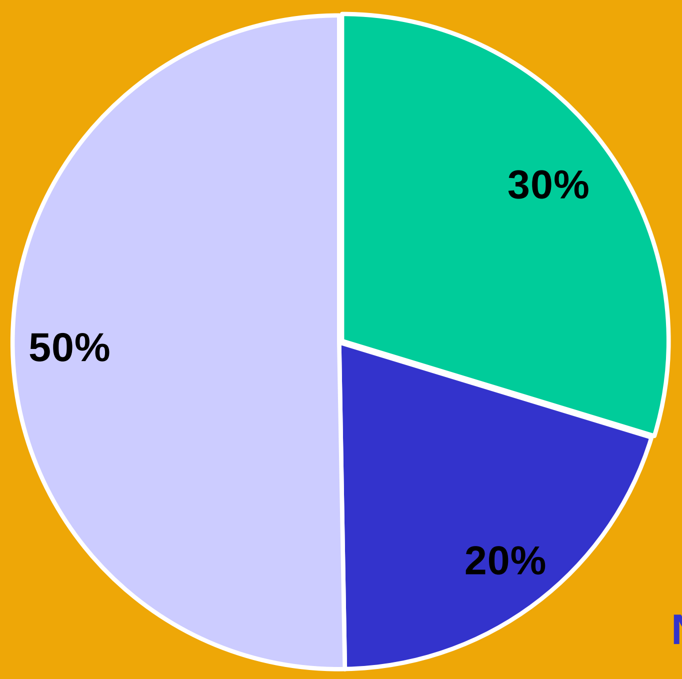
Source: Herens, Corus

Energy Market Reform

1. Enforcement of European competition rules
2. Price transparency and unbundling
3. Cross-border competition and interconnections
4. New electricity generation capacity
5. EU security of supply

Share of steel industry subject to 'Kyoto'

Global steel production (2005) split by national obligations under Kyoto agreement
100% = 1,129mt



Sources: IISI, Climate Change Secretariat

Climate change and EU ETS

- Currently distorts competition
  - Within same sectors between EU countries
  - Between EU and rest of World
  - Between materials
  - Boosts generator profits
  - Does not sufficiently reward innovation

- The Scheme is broken and needs reform

Concluding remarks

- Crossing frontiers is a core feature of the new steel environment
- On balance it has been a good thing
- As an industry we are responding by changing
- The EU needs a more robust policy framework to support competitiveness
  - EU energy market
  - EU Emissions Trading
  - Free and fair trade system

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THANK YOU FOR YOUR ATTENTION

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