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The Romanian Steel Industry

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In 1973 Romania produced 8.2 million metric tons of crude steel -- slightly more than 1% of the world total -- and ranked 14th among world producers. Among the Communist countries of Eastern Europe Romania ranks third, after Poland and Czechoslovakia.

Notwithstanding its modest standing among world steel producers, Romania has made considerable progress since 1960 when its output of steel amounted to only 1.0 million tons. Much of the impetus for expansion of the iron and steel industry came during 1966-70 when annual investment averaged about 3.3 billion leis -- about 75% more than annual outlays during the preceding 5-year period. Investment dropped off somewhat to 3.0 billion leis in 1971 and 3.2 billion leis in 1972.

The major share of investment since 1965 has gone for the construction of a large new integrated steel plant at Galati near the Black Sea. The plant is scheduled to attain an annual output of 5 million tons of crude steel by 1975. Another important project has been the construction of an alloy steel plant at Tirgoviste. Several of the older plants -- mainly those at Hunedoara and Resita are undergoing modernization and some expansion.

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Because its domestic resources of raw materials are limited, Romania has become increasingly dependent on foreign supplies in order to sustain the growth in iron and steel production. Domestic production of iron ore has leveled off at about 3.5 million tons whereas imports of iron ore have increased steadily, reaching 7.6 million tons in 1972, and they are scheduled for further increases in the years ahead. Domestic production of coke, much of which is produced using imported coking coal, remained steady at 1.1 million tons during 1965-72 whereas imports of coke increased from 0.9 to 2.5 million tons during the same period. Domestic production in 1973 probably increased as a result of completion of new coking facilities at the Galati plant.

The technical level of the steel industry has been improved in recent years as new facilities have been completed. Romania has produced some of the equipment and components for these projects, but, for the most part, they are of foreign design and manufacture. Austria has provided oxygen converter steelmaking equipment and technology; the USSR has supplied a hot strip mill as well as designs and major components for large capacity blast furnaces; and West Germany, France, and the UK have supplied a variety of rolling mills, including a cold rolled sheet mill.

During the 1960s Romania was a substantial net importer of steel, but, as domestic production of steel has been increased, the balance of trade with respect to steel products has improved. Exports of steel have been increased substantially and, although imports have also been increased to meet growing needs of the economy, exports are now approximately equal to imports. The total turnover in steel trade has been roughly 3 million tons annually during 1970-72 (see the attached table for trade data as well as production data).

Romania plans further substantial increases in steel production. The goal for crude steel production in 1975 is about 10 million tons and an ambitious target of 18 million tons has been set for 1980.

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Romanian Steel Industry Production and Trade

|                   | <u>1960</u> | <u>1965</u> | <u>1970</u> | <u>1971</u> | <u>1972</u> | <u>1973</u> |
|-------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <u>Production</u> |             |             |             |             |             |             |
| Iron ore          | 1.5         | 2.5         | 3.2         | 3.5         | 3.4         | N.A.        |
| Coke              | 0.8         | 1.1         | 1.1         | 1.1         | 1.1         | N.A.        |
| Pig iron          | 1.0         | 2.0         | 4.2         | 4.4         | 4.9         | 5.4         |
| Crude steel       | 1.8         | 3.4         | 6.5         | 6.8         | 7.4         | 8.2         |
| Rolled steel      | 1.3         | 2.3         | 4.5         | 4.8         | 5.2         | 5.8         |
| <u>Imports</u>    |             |             |             |             |             |             |
| Iron ore          | 0.9         | 2.6         | 6.3         | 6.9         | 7.6         | N.A.        |
| Coke              | 0.7         | 0.9         | 2.4         | 2.4         | 2.5         | N.A.        |
| Rolled steel      | 0.9         | 1.2         | 1.5         | 1.6         | 1.5         | N.A.        |
| <u>Exports</u>    |             |             |             |             |             |             |
| Rolled steel      | 0.5         | 0.6         | 1.6         | 1.4         | 1.3         | N.A.        |

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