

CBC North Radio News – May 10, 2004

Steel Prices Soar

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CBC: The groups planning the pipeline down the Mackenzie Valley and the Deh Cho bridge are watching steel prices closely. The price of steel soared by as much as 50 percent earlier this year. The increases could add millions to the costs of those projects. Julie Green reports.

GREEN: It's the demand for steel from developing economies that's driving prices up. Economists like Derrick Burrilton (?), of TD Financial think they'll come back down again, but not to the levels they were at before Christmas.

BURRILTON: Even if we do see a bit of a reversal, we're still looking at steel prices to remain a good 25, 30 percent over a year earlier levels. So still a high level for steel prices.

GREEN: The Deh Cho Bridge Corporation may be ready to order steel later this year. Project Manager Andrew Gamble has been keeping an eye on prices. Steel girders amount to a quarter of the \$60 million worth of construction costs. A 20 percent price increase would add about \$3 million to that total. Gamble says that's manageable, but if it's more, the Bridge Corporation will be looking at concrete as an alternative to steel.

GAMBLE: We're not going to pay 50 percent more because if the prices are that high we'll switch to the concrete, but we had chosen the steel because of the transportation and erection issues. It's a little easier, a little lighter.

GREEN: The people at the Mackenzie gas project are monitoring steel prices as well. Steel accounts for as much as 60 percent of pipeline construction costs. But a spokesman says prices aren't an immediate concern because they are not going to be making a decision even to order steel for a couple of years. Julie Green, CBC News, Yellowknife.