Steel Drums: An Economic Indicator?

The 55-gallon steel drum, long considered the workhorse of the chemical industry, is still the most widely used industrial package for the transport of many types of hazardous and non-hazardous goods.

Today, global steel drum production tops 220 million\(^1\) units per year, equating to approximately 600,000 drums per day! Laid end-to-end, that’s enough to circle the earth more than 4.5 times!

Since the invention of the steel drum in 1905, the industry has had a powerful effect on global and regional economies and has been shown to offer a good indication of economic trends both in the United States and abroad.

Prior to World War II\(^2\), the steel used to make drums was primarily produced in the United States, Europe and Japan. Over the past 20 years, steel production has shifted away from developed markets and into emerging markets such as India, Russia and China. Similarly, user markets in those regions are growing and changing. Between 2000 and 2010, global chemical output in emerging economies grew 84 percent. This expansion was led by China, which accounted for 65 percent of the increase.\(^3\)

While chemical production was shifting, the sites where crude oil was produced also began to shift. In 1980, the U.S. and Saudi Arabia were the primary producers. By 1997, production had expanded in Russia and China. Expansion spread to South America by 2016 as well.\(^4\) Meanwhile, global demand for paint and coatings has also increased in the Asia Pacific region, reflecting the growth of the emerging economies in that area.\(^5\) These shifts in user markets have had an enormous impact on the production of steel of drums around the world.

Upon closer examination of the relationship between steel drum production and GDP, a significant trend appears in the United States. Steel drum production correlates closely to changes in GDP and Industrial Production data. The data was compared to industrial production as it more accurately reflects the markets that use steel drums.\(^6\)

Taking a deeper dive, the total numbers of drums sold in each region also differs and reflects the growth of emerging economies in the Asia Pacific region. In the United States, total production of steel drums was 26,788,449 units.\(^7\) As a contrast, the total drums produced in the AOSD regions was 110 million units.\(^8\)

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\(^1\) AOSD, ISDI & SEFA  
\(^2\) AISI, World Steel  
\(^3\) World Economic Forum  
\(^4\) US DOE, Energy Information Agency  
\(^5\) Freedonia Group  
\(^6\) ICDM  
\(^7\) ISDI  
\(^8\) AOSD