Emerging Market Economy Forum

WORKSHOP ON STEEL TRADE ISSUES

OVERVIEW OF STEEL MARKET CONDITIONS
STATEMENT BY MR. FRANCO MANNATO

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Contact: Mr. Wolfgang Hübner, Head of DoT and the Steel Unit, STI; tel.: (33 1) 45 24 91 32; fax: (33 1) 45 24 88 65; Internet: Wolfgang.Hubner@oecd.org
GLOBAL STEEL MARKET DEVELOPMENTS

1997

- WORLD STEEL CONSUMPTION
  - Total Steel consumption Increased (+6.5%)
  - OECD : An increase by 7.8% to 414.5 mln T
  - Asia : an overall increase by 1%
  - NIS : restarted increasing (+9.7%)
  - China : continued to increase by 3.9%
  - Other areas : Demand has generally been well oriented
WORLD APPARENT STEEL CONSUMPTION IN 1997

OECD 63%

Other Asia

Asia

Latin America 4%

China 15%

NIS & CEECs 5%


WORLD STEEL IMPORTS

OECD 59%

Rest of the World 22%

NIS & CEEC 4%

Other Asia 23%

WORLD STEEL EXPORTS

OECD 59%

China 21%

Other Asia 4%

Non-OECD Economies 13%

NIS & CEEC 21%
OECD DEVELOPMENTS IN 1997

• OECD steel exports increased by 3.6% (+ 3.3 mln T.)
• Steel imports increased by 7.4 % (+ 5.4 mln Tonnes)
• Crude steel production increased by 7.8 % (+29.8 mln T.) to 481.2 million tonnes
• Inventories
• Real consumption increased by some 3 %
• Capacity utilisation rate improved from 79 % in 1996 to 82 %
• Prices for steel products increased.
OECD APPARENT STEEL CONSUMPTION IN 1997

- Japan: 20%
- Korea: 9%
- Oceania: 2%
- USA: 25%
- EU(15): 30%
- Ot. Europe: 7%
- Mexico: 3%

OECD STEEL IMPORTS IN 1997

- USA: 36%
- EU15: 17%
- Oceania: 2%
- Korea: 12%
- Mexico: 1%
- Canada: 8%
- Ot. Europe: 16%
- Japan: 5%

OECD STEEL EXPORTS IN 1997

- USA: 6%
- Oceania: 4%
- Canada: 4%
- Mexico: 1%
- EU15: 31%
- Japan: 24%
- Ot. Europe: 18%
C.E.E.C.
• Steel demand increased slightly (+3.3 %)
  . Crude steel production increased by 7.8% to 13.1 mln T
  . Imports increased by 6.9% to 1.55 mln T
  . Exports increased by 10.6 % to some 7.4 mln T

N.I.S.
• Domestic steel demand picked up finally, increasing by 9.7% but representing only 25.2 mln Tonnes...
• Steel exports continued to increase slightly (+ 1.8 %) but reached 41.6 mln Tonnes
• Steel production rose 3.5% for the area but increased by almost 6 % in Ukraine and by close to 18 % in other NIS, while it declined by 1.5 % in Russia.
CHINA

- Steel demand increase by 3.9% (+3.6 mln T) to 98.7 mT
- China will remain a net steel importer for the next several years,
- Chinese steel imports declined 5.1% to some 15.5 mln T
- Chinese steel exports rose 13% to 7.3 mln T
- Crude steel production was 107.6 mln T. (+6.3%)
- China remained the first world steel producing country

ASIAN MARKETS

- India: relatively stagnant demand and production.
- ASEAN(5): steel demand dropped 8.1% (-2.7 mln T)
  - imports fell 13% (-3.6 mln T) to 24.2 mln T
  - exports dropped 32.3% (mainly intra-regional)
  - crude steel production declined slightly by 2.7%
- Other Asia: steel consumption continued to grow by 12.9%
  (+3.4 mln T) to 31.2 mln Tonnes
  - steel imports and exports were on an upward trend
  - crude steel production increased by 29.5%
  - to 17.1 mln tonnes

Total Asian steel imports represented 26% of World steel trade.
Other non-OECD Economies

• Significant increases in steel consumption in Latin America, South-Africa and Middle East.
• Net steel imports increased by 10 % at least to 17.6 m.T
• Crude steel production increased by 4.2 % to 60.9 m. T

• Steelmaking capacity

• Capacity utilisation rate

![Apparent Steel Consumption in Asia](image-url)
1998
Steel consumption

• World steel consumption should decrease by 2% (-13.5 mln T.)
• For the OECD area it may decline by 0.6%
• In Asia it may drop by more than 18.5% (-15.5 mln T.)
• In the NIS the increase should accelerate to close to 18.5%
  (+4.6 mln Tonnes)
• In China it probably should decline by 2 - 2.5%
• In the remaining areas steel demand may increase by some 5.5% (+2.7 mln Tonnes)

OECD

• Strong demand in the USA and Europe will almost balance the drops in Japan and Korea.
• OECD steel exports may decline by 5.8%
• OECD steel imports may also decline by 5.6%
• Crude steel production is expected to decline by less than 1%
• Steelmaking capacity will increase by 1.5% to over 595 mtpy
• Average capacity utilisation rate should decline to 80%
ASIAN MARKETS

As a consequence of the 1997 crisis, steel consumption will shrink in almost all countries in the region.

Declines in steel demand, by 5% in India, 26.5% in the ASEAN(5) and 19.5% in the rest of the area are expected.

Decline in steel consumption should total at least 15.5 mln Tonnes.

Steel imports should also drop by more than 30% (-14 m.T)

Crude steel production will also decline by more than 5%
CEECE and NIS

- In central and eastern Europe steel consumption growth should accelerate and grow faster than production.
- Steel demand should also accelerate in the NIS area (+18.4%) and this could help reducing steel exports
- NIS crude steel production may remain close to 1997 levels

CHINA

- Steel consumption will probably decline (-2.3%)
- Crude steel production could drop 9% to 98 mln Tonnes only
- Chinese net steel imports would then grow significantly

Non OECD Market Economies

- Steel demand should continue to increase in Latin America and Middle-East, as well as in Africa.
- Steel imports could continue to increase by more than 10% while steel exports, and particularly those from Latin America should decline.
- Crude steel production is expected to decline slightly
1999

Apparent Steel Consumption

. World steel consumption is forecast to pick up again.

. Within the OECD, steel demand should continue to grow in Europe, pick up in Asia but decline in North America.

. In Asia, steel consumption should start recovering.

. Continued growth in the NIS and CEECs

. In China, steel demand could remain weak.

. The volume of world steel trade should decline, as a consequence of additional capacities coming on stream, and could fall below 22 % of world steel consumption.