Antitrust guidelines

- Most nations impose constraints on the conduct of market participants through antitrust laws. Violation of these laws can result in civil and criminal penalties. Agreements to fix prices, limit production or divide markets are typical of the activities that most clearly violate antitrust laws.

- worldsteel has printed antitrust guidelines and these are read before all member attending meetings reminding everyone of the rules.

- worldsteel activities must not serve as an opportunity for improper conduct among two or more of its members, either during meetings or related social events.
Contents

- Steel industry overview
- Steel industry sustainability
- Way forward
GFSEC 6 policy proposals
Policy principles agreed during November ministerial

I. Global challenge, collective response

II. Enhance market function (1) Refraining form market distorting subsidies and government support measures

III. Enhance market function (2) Fostering a level playing filed in the steel industry

IV. Enhance market function (3) Ensuring market based outcomes in the steel industry

V. Encouraging adjustment and thereby reducing excess capacity

VI. Ensuring greater transparency as well as review, discussion and assessment of the implementation of Global Forum policy solutions
Steel industry overview
Steel Industry passed an important demand inflection

- CAGR 1950-1975: +5.0%
- CAGR 1976-2000: +1.1%
- CAGR 2001-2007: +6.7%
- CAGR 2008-2013: +3.7%
- CAGR 2014-2017: -0.3%

*Source: worldsteel, steel demand crude steel equivalent*
Steel industry sustainability
Industry sustainability – Significant Megatrends

- Landscape
  - Climate change
  - Geo-social shifts
  - Automation

- Regime
  - Circular thinking and impact
  - Transparency

- Niche
  - Industry structure
  - Sectoral adjustment
    - Energy & material efficiency
    - Design for re-use
Industry sustainability – Significant Megatrends

- Landscape
  - Climate change
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- Regime
  - Circular thinking and impact
  - Transparency

- Niche
  - Industry structure
  - Sectoral adjustment
    - Energy & material efficiency
    - Design for re-use
Steel intensity show the impact of product improvement

Source: worldsteel
Circular economy principles will impact on steel demand

- **Reduce**: Lower steel intensity, Longer life of steel containing goods, Reduced demand for steel containing goods, Less scrap
- **Reuse**: Increase scrap supply
- **Remanufacture**: New applications to enable the circular economy
- **Recycle**: Impact on raw materials

Impact on steel demand:
- Lower steel intensity
- Longer life of steel containing goods
- Reduced demand for steel containing goods
- Less scrap

Impact on raw materials:
- Increase scrap supply
# Global Overview

Steel demand, finished steel (SRO October 2017 and MTF September 2017)

<table>
<thead>
<tr>
<th>Year</th>
<th>Demand (million tonnes)</th>
<th>Growth Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>1,515.9</td>
<td>1.0%</td>
</tr>
<tr>
<td>2017 (forecasts)</td>
<td>1,622.1</td>
<td>7.0/2.8%*</td>
</tr>
<tr>
<td>2018 (forecasts)</td>
<td>1,648.1</td>
<td>1.6%</td>
</tr>
<tr>
<td>2035 (forecasts)</td>
<td>1,865.0</td>
<td>1.1% CAGR 2017-2035</td>
</tr>
</tbody>
</table>

* : Growth rates based on adjusted Chinese crude steel production for 2016
Summary: Manifestation of the new normal

- Global steel demand will maintain moderate growth momentum with limited risks on the back of the strong global economy.
- But steel demand growth is expected to remain below GDP growth.
- The divergence between the performance of the global steel industry and the global economy could be the reflection of the megatrend forces, in particular, the circular economy trend.

Source: worldsteel (steel demand, SRO October 2017), IMF (World Economic Outlook, October 2017)
Regional Export/Import preference (1)
- Global regional trade = 300Mt

Source: worldsteel
Regional Export/Import preference (2) - Global regional trade = 20%

Net Exports (Mt)

Source: worldsteel
Increasing Importance of Indirect Trade in Steel

- Volume of indirect exports of steel was equivalent in size to 70% of direct exports in 2014
- Globalisation and the specialisation of manufacturing contributed to growth of indirect exports by 87% worldwide in the period 2000-2014
- Top 10 indirect exporters covered 69% of total

### World direct and indirect exports of steel

**Note.** Indirect exports of steel, million tonnes (Mt), finished steel equivalent.

**Direct exports**

**Indirect exports**

<table>
<thead>
<tr>
<th>Rank</th>
<th>Country</th>
<th>Mt</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>China</td>
<td>67.5</td>
</tr>
<tr>
<td>2</td>
<td>Germany</td>
<td>32.1</td>
</tr>
<tr>
<td>3</td>
<td>Japan</td>
<td>23.0</td>
</tr>
<tr>
<td>4</td>
<td>United States</td>
<td>22.3</td>
</tr>
<tr>
<td>5</td>
<td>South Korea</td>
<td>22.3</td>
</tr>
<tr>
<td>6</td>
<td>Mexico</td>
<td>13.9</td>
</tr>
<tr>
<td>7</td>
<td>Italy</td>
<td>13.0</td>
</tr>
<tr>
<td>8</td>
<td>Poland</td>
<td>9.1</td>
</tr>
<tr>
<td>9</td>
<td>Spain</td>
<td>8.9</td>
</tr>
<tr>
<td>10</td>
<td>France</td>
<td>7.9</td>
</tr>
</tbody>
</table>

**Source:** worldsteel
Trends in global age composition

Source: United Nations. World Population Prospects
Trends in age composition of more developed countries

Source: United Nations. World Population Prospects
Trends in age composition of less developed countries

Source: United Nations. World Population Prospects
Level of development and urbanisation seem to be linked.

Source: United Nations. IHSMarkit
Population and number of countries in groups with different level of GDP/cap

- 140 countries are included
- Source: United Nations, IHSMarkit
Future focus

- Embrace transparency
  - Capacities
  - Free market

- Volume to value
  - Environmentally competitive product
  - Focus on reusable solutions
  - Design and solutions
  - Value chain position

- Steel support modern society
  - Base of sustainable society
  - Viable CO2 solution
  - Capture new growth cycles
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