

Summary GFSEC Ministerial June 8, 2023

On Thursday, June 8, 2023, members of the Global Forum on Steel Excess Capacity (GFSEC) gathered at ministerial level in Paris to exchange views about global steel excess capacity and the state of the industry. The event took place directly after the Ministerial Council Meeting of the OECD. The meeting was chaired by the Honourable Mary Ng, Minister of International Trade, Export Promotion, Small Business and Economic Development of Canada.

Minister Ng and the OECD Facilitator gave opening remarks. They underlined the GFSEC's role as a unique international forum to deal with global steel excess capacity and stressed that excess capacity not only impacts the competitiveness of steel firms but also their ability to engage in the decarbonisation of the industry. Furthermore, they pointed to the success of the GFSEC in its early years in reducing excess capacity, but also urged that renewed efforts and global cooperation are needed for reducing the capacity- demand gap, showing that global excess capacity continues to exceed total production by all current GFSEC members. This gap between capacity and demand is set to increase significantly in the coming years given planned investments and weak demand projections. Excess capacity lowers steel prices and hurts profitability, which hinders investments in process and product innovations. Furthermore, carbon emissions would be significantly lower were excess capacity reduced.

A representative from the steel industry presented their perspective and laid out the challenges their companies are facing. The representative noted that market share has been lost to carbon intensive imports from countries with unfair trade practices where excess capacity is typically high and persistent. In response, the representative called for enhanced and deepened collaboration among various stakeholders in research, data collection, enhanced steel import monitoring, trade remedy system improvements as well as expanding the use of policy tools, such as procurement policies, to address the challenge.

In a full round of interventions, members highlighted the importance of the GFSEC in addressing the problem of steel overcapacity, lauded the work of the forum and stated their commitment to further engage in it. Many stated that the problem of excess capacity was driven by non-market practices such as subsidies in non-GFSEC countries. In that vein, many members highlighted the openness of the forum to welcome new and former members and expressed their support for engaging with countries outside of the current GFSEC membership, including in ASEAN. Some mentioned the impact of excess capacity on their domestic industry and the challenge this entails to decarbonise the steel industry. Several members furthermore underlined their commitment to steel decarbonisation and pointed at the link between capacity developments and decarbonisation.

The ministerial statement adopted during that meeting can be found on: <https://www.steelforum.org/events/gfsec-ministerial-statement-june-2023.pdf>