

World Steel Association (worldsteel)

Contribution to the G20 GFSEC meeting – 07 March 2018





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

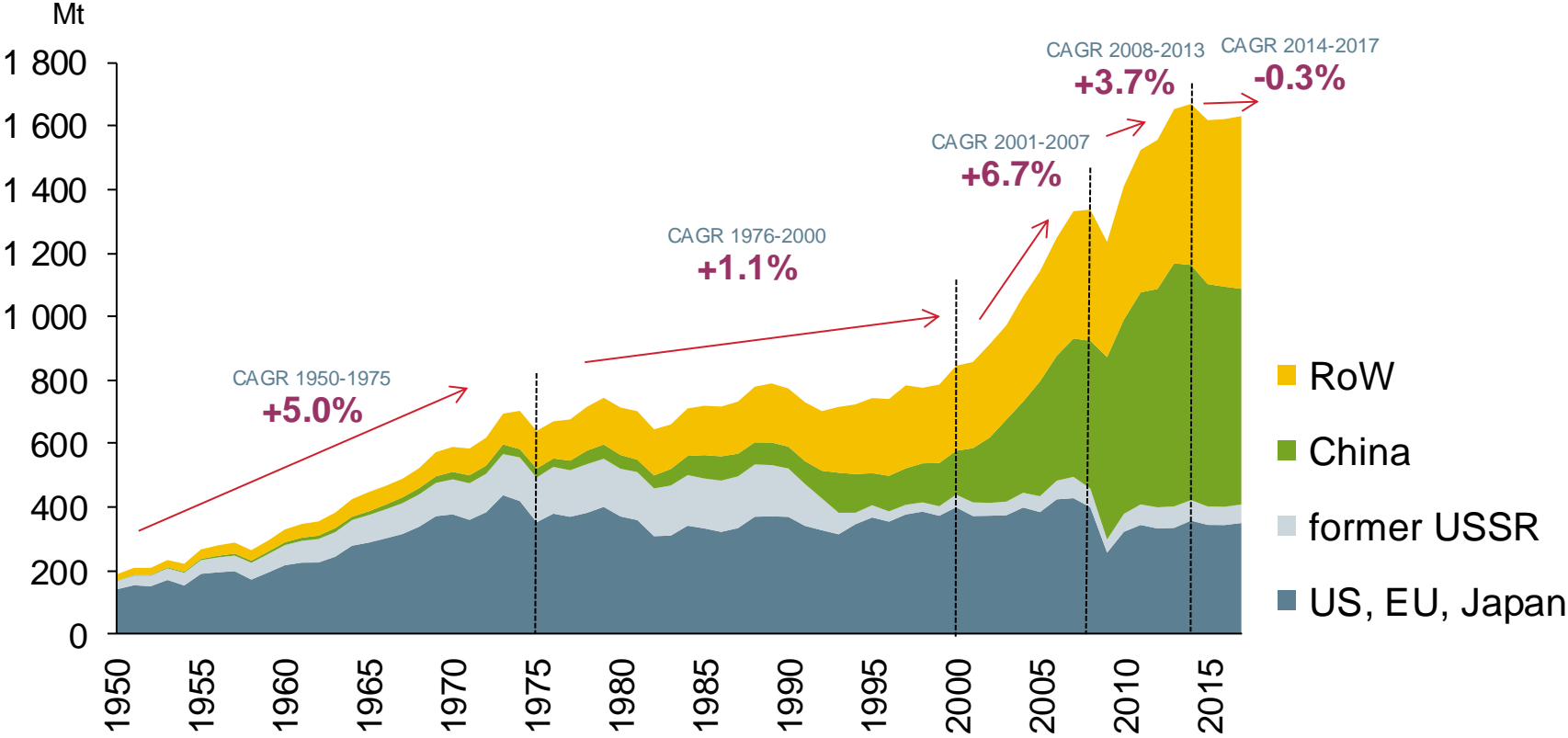
- I. Global challenge, collective response
- II. Enhance market function (1) Refraining from market distorting subsidies and government support measures
- III. Enhance market function (2) Fostering a level playing field in the steel industry
- IV. Enhance market function (3) Ensuring market based outcomes 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

Evolution of steel demand, 1950-2017



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

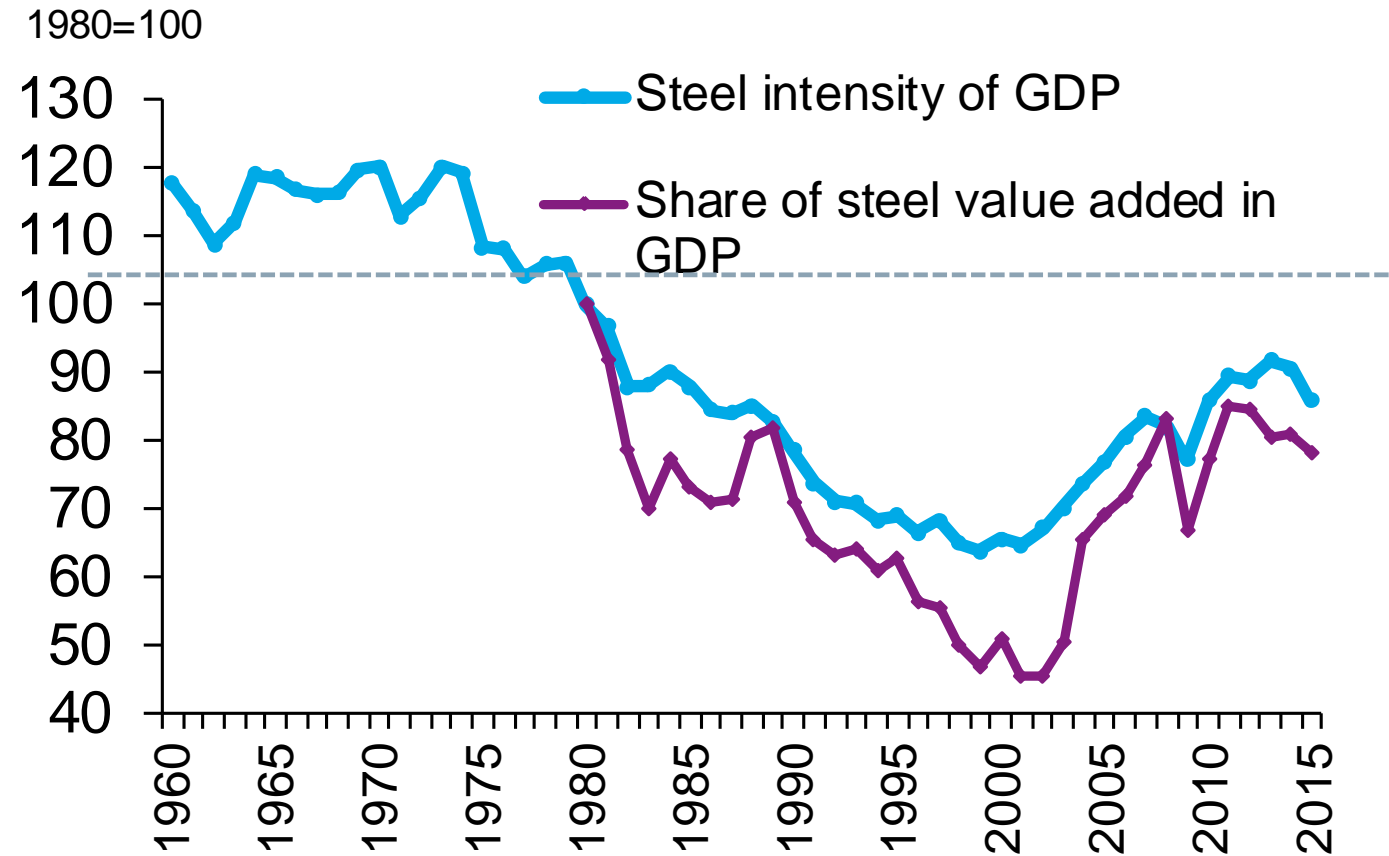
- Landscape
 - Climate change
 - **Geo-social shifts**
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Regime trends



Steel intensity show the impact of product improvement

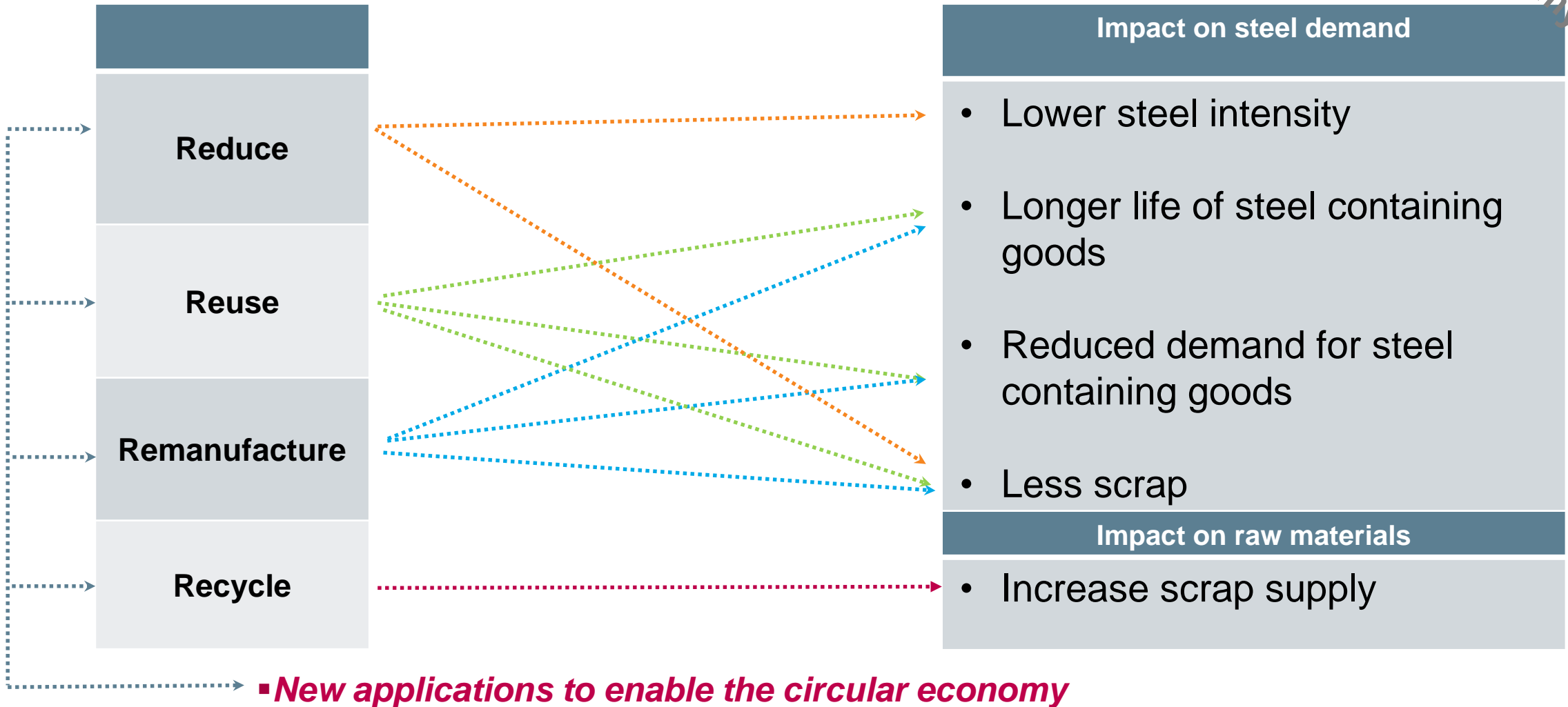
Circular
Economy



Source: worldsteel

Circular economy principles will impact on steel demand

Circular Economy



Global Overview

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

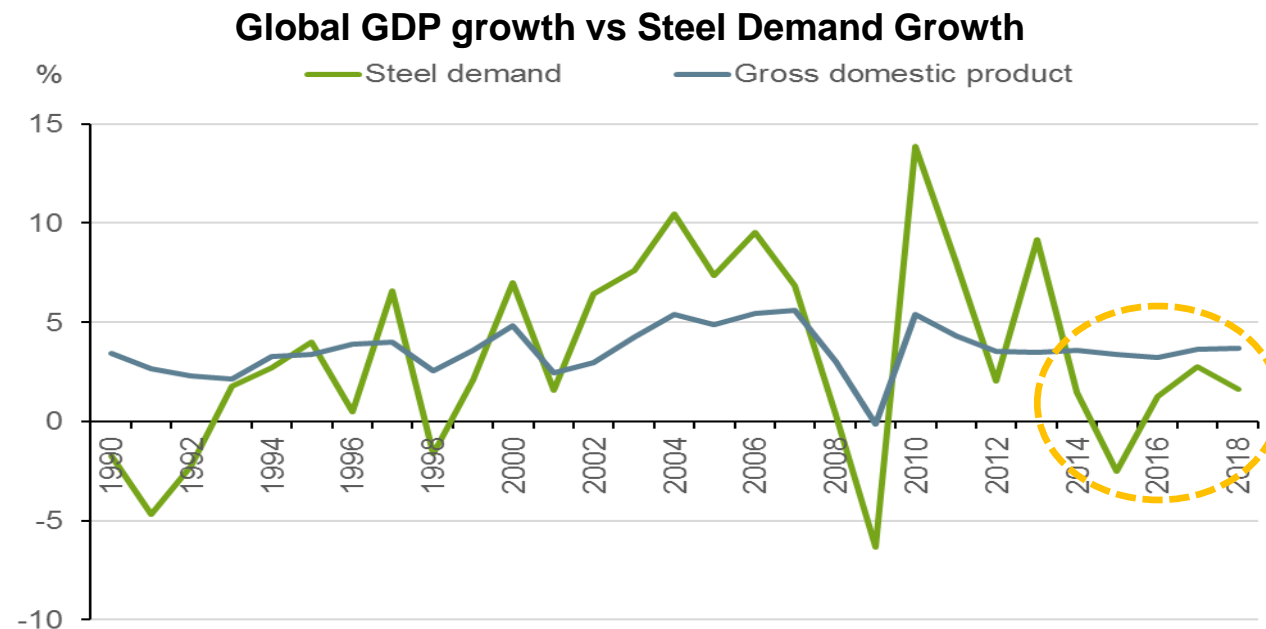
Circular
Economy

2016
1 515.9 million tonnes, 1.0% growth
2017 (forecasts)
1 622.1 million tonnes, 7.0/ 2.8%* growth
2018 (forecasts)
1 648.1 million tonnes, 1.6% growth
2035 (forecasts)
1 865.0 million tonnes, 1.1% CAGR 2017-2035

* : 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

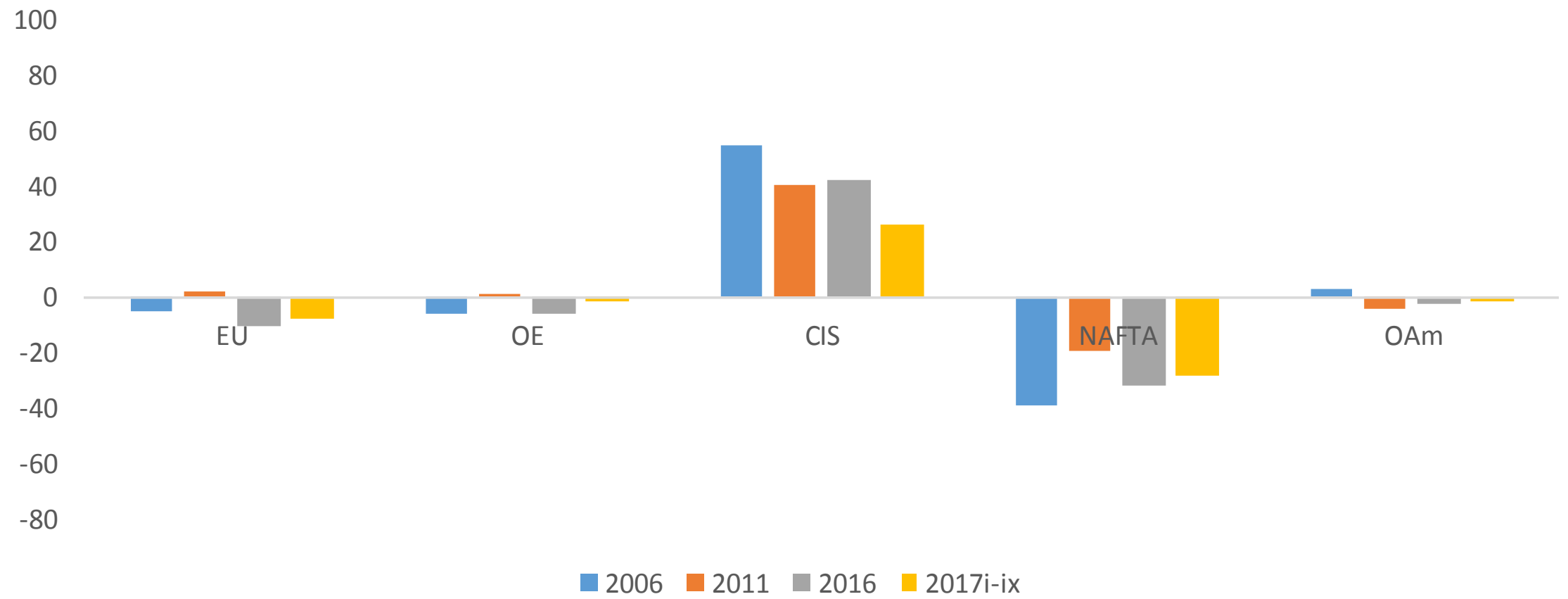


Source: worldsteel (steel demand, SRO October 2017), IMF (World Economic Outlook, October 2017)

Regional Export/Import preference (1)

- Global regional trade = 300Mt

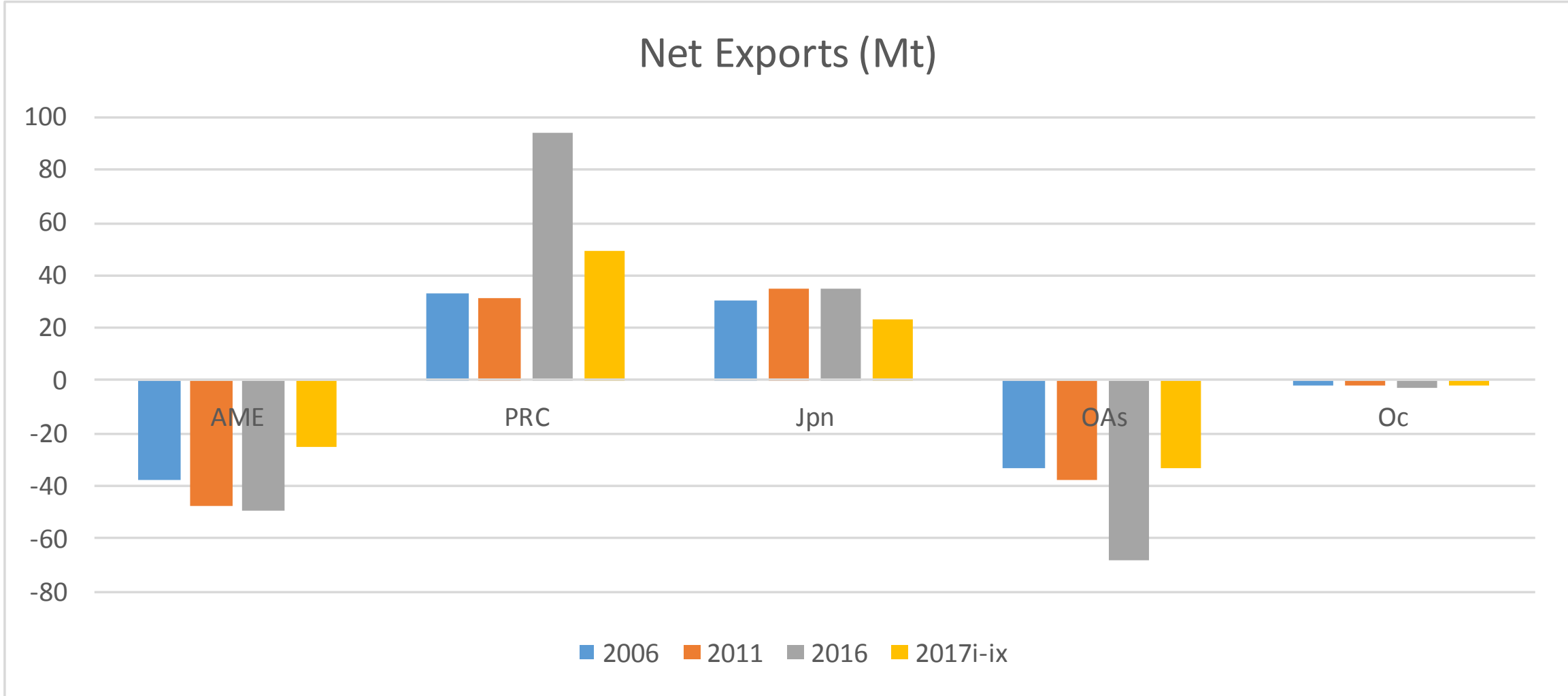
Net Exports (Mt)



Source: worldsteel

Regional Export/Import preference (2)

- Global regional trade = 20%



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



■ Top 10 indirect exporters in 2014

Rank	Country	Mt
1	China	67.5
2	Germany	32.1
3	Japan	23.0
4	United States	22.3
5	South Korea	22.3
6	Mexico	13.9
7	Italy	13.0
8	Poland	9.1
9	Spain	8.9
10	France	7.9

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

■ Direct exports of steel, million tonnes (Mt), finished and semi-finished steel products.

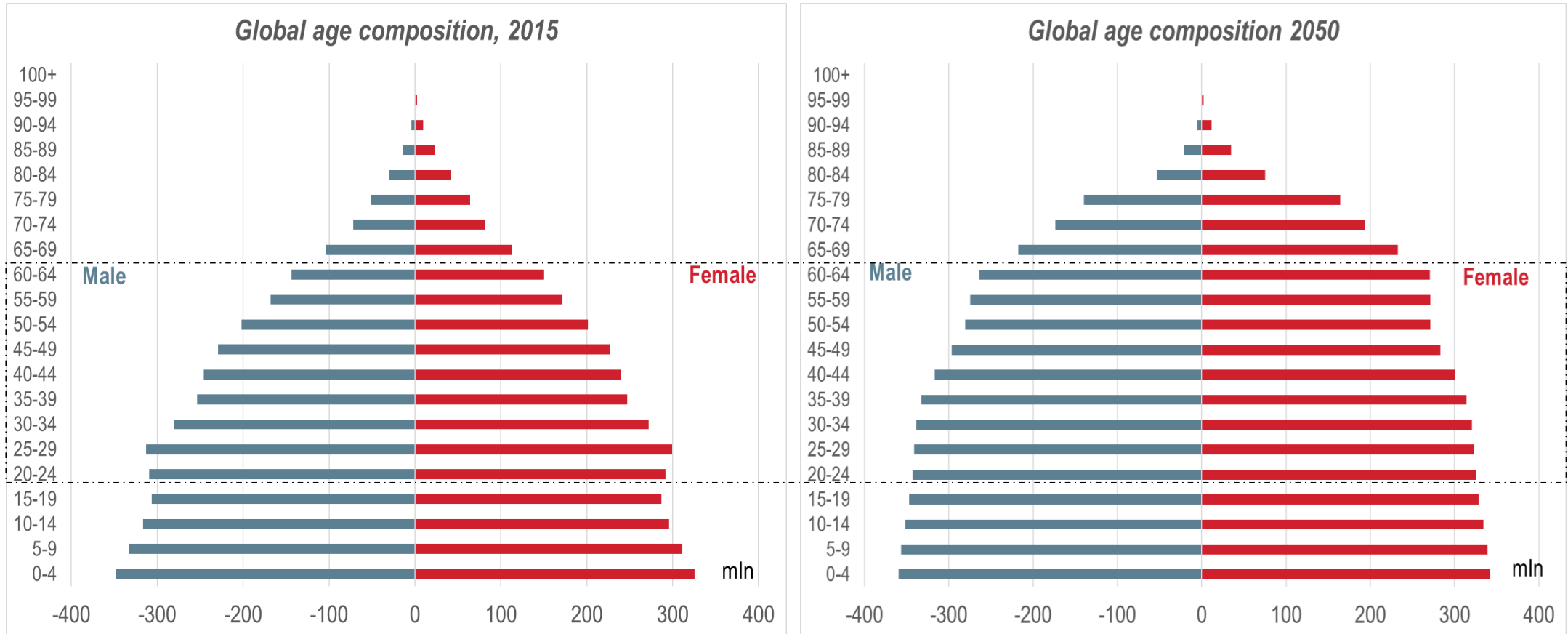
■ Source: worldsteel

Landscape trends



Trends in global age composition

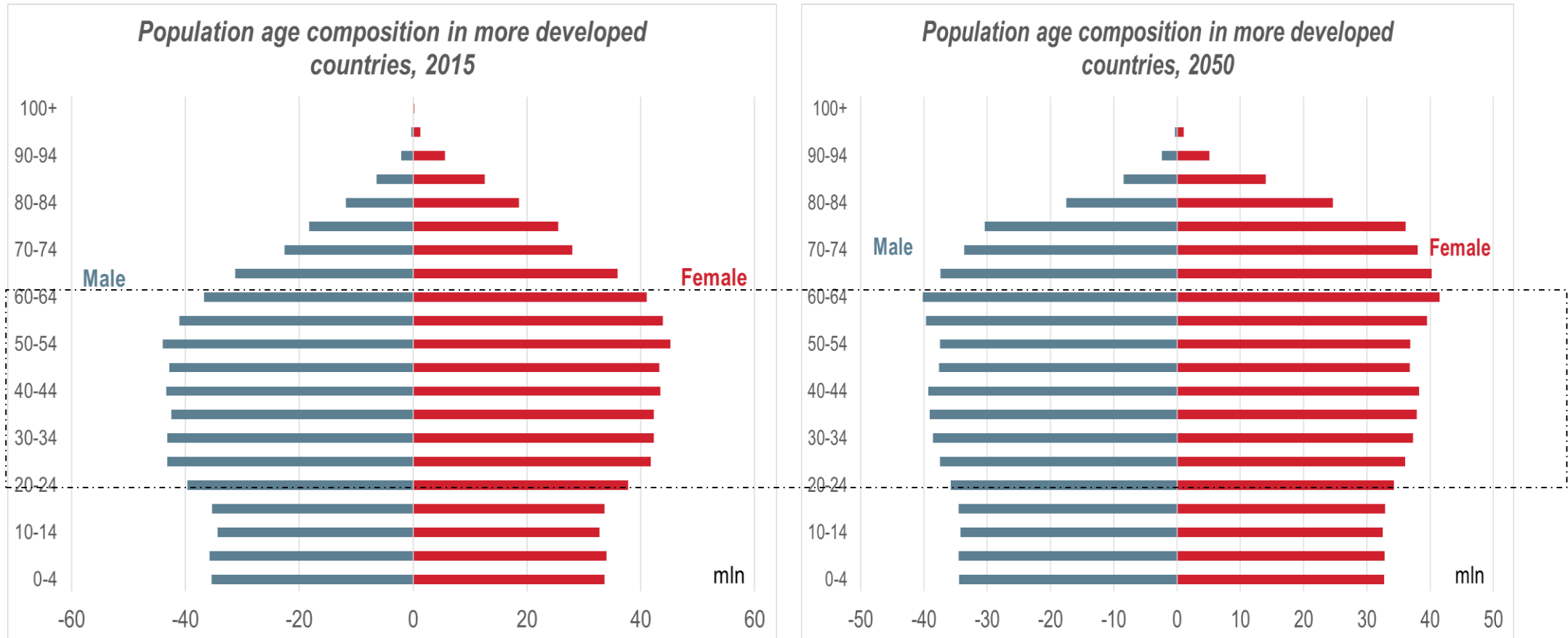
Geo-Social
shifts



Source: United Nations. World Population Prospects

Trends in age composition of more developed countries

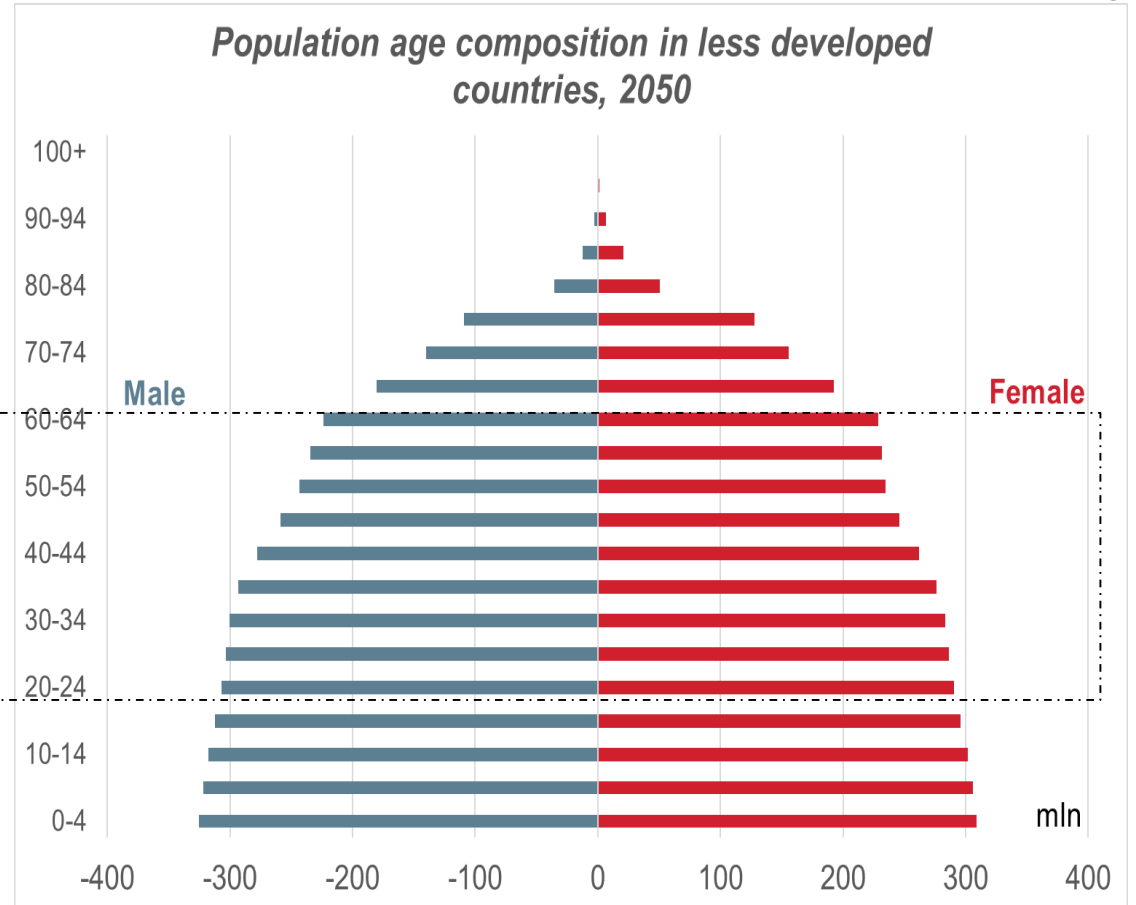
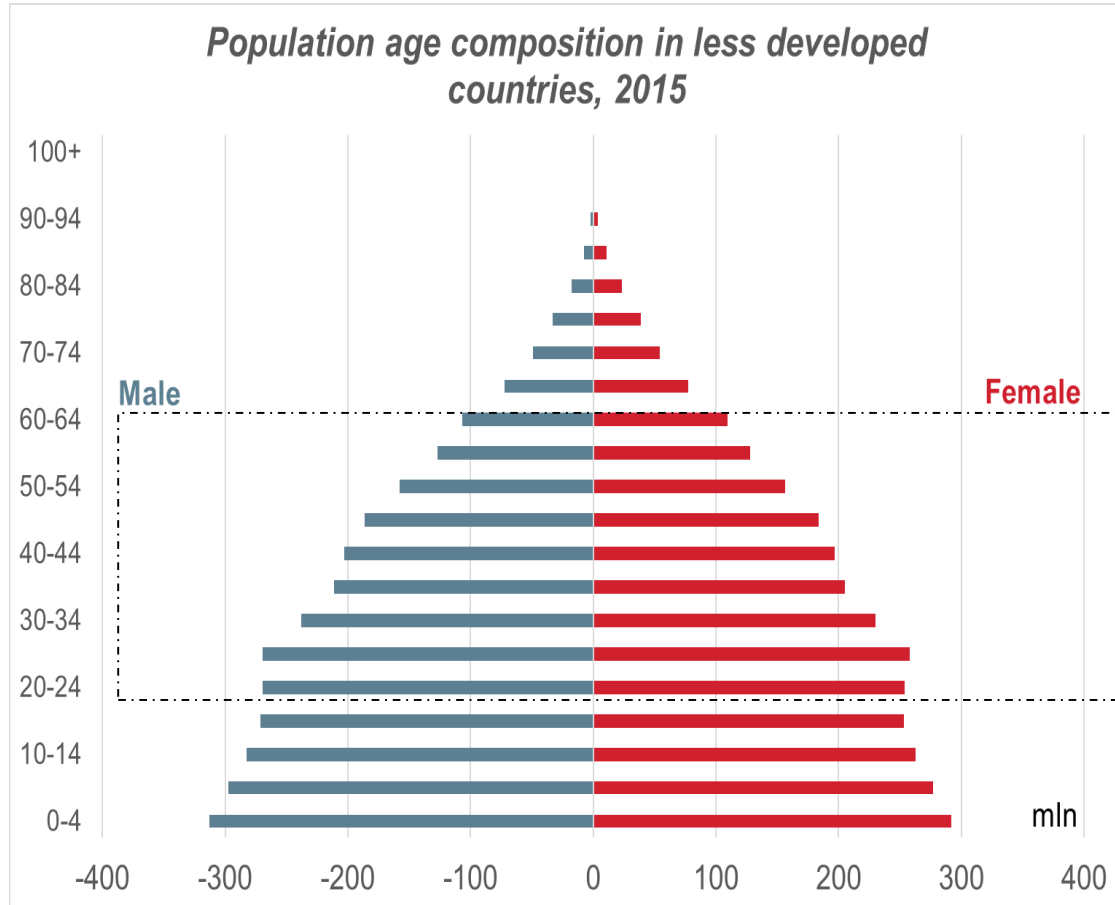
Geo-Social shifts



Source: United Nations. World Population Prospects

Trends in age composition of less developed countries

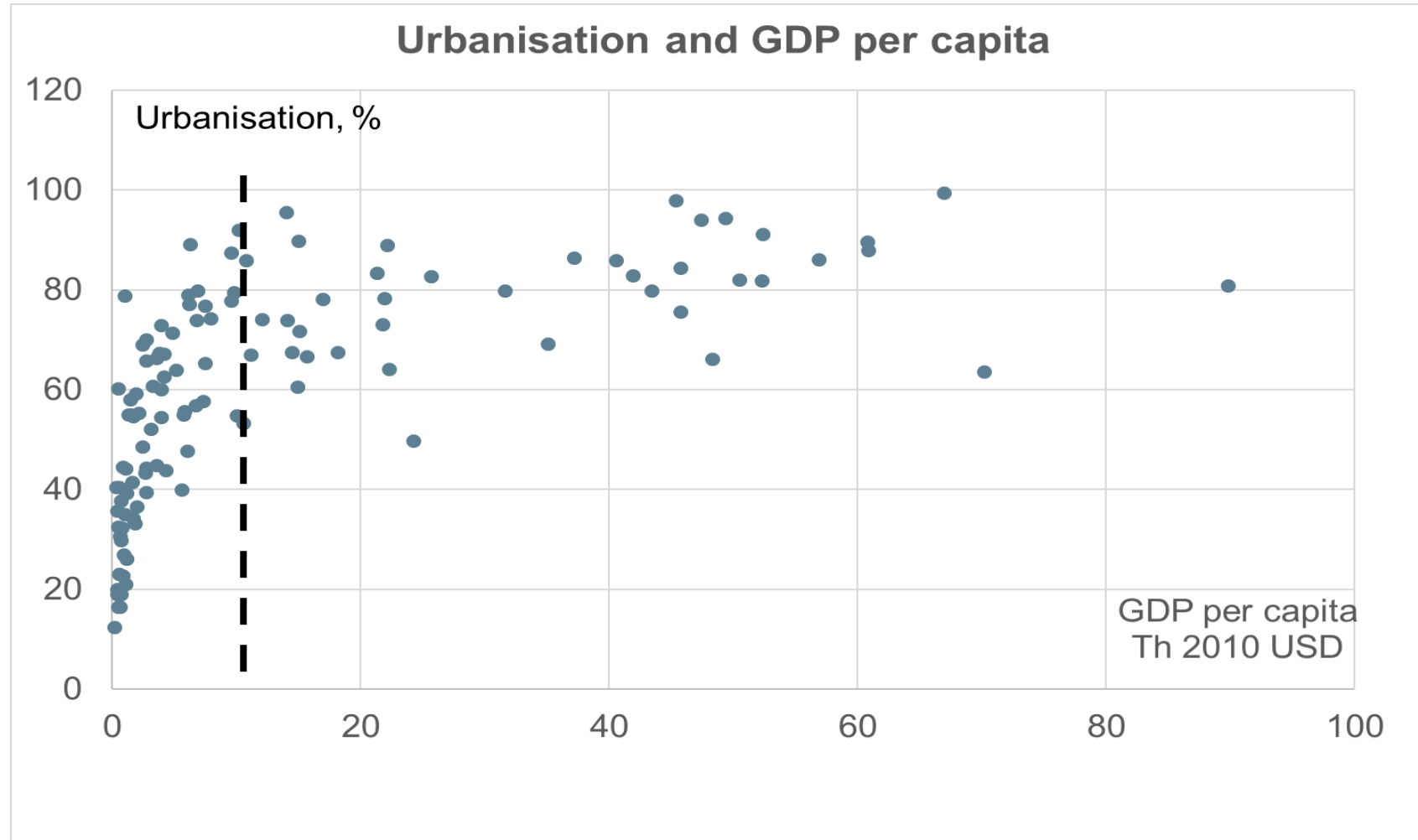
Geo-Social shifts



Source: United Nations. World Population Prospects

Level of development and urbanisation seem to be linked.

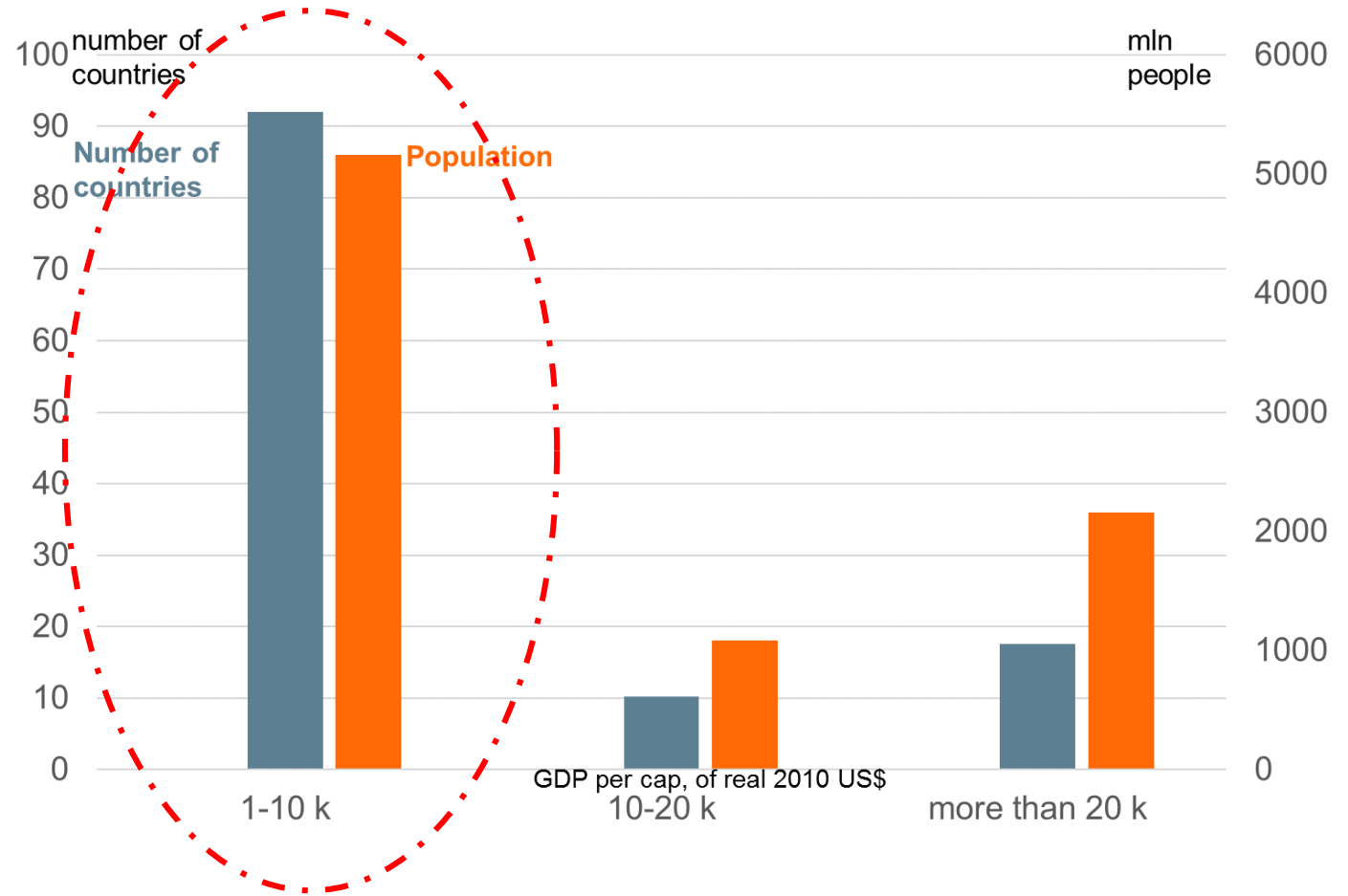
Geo-Social
shifts



Source: United Nations. IHSMarkit

Population and number of countries in groups with different level of GDP/cap

Geo-Social shifts



- * 140 countries are included
- Source: United Nations. IHSMarkit

Way forward



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

worldsteel
ASSOCIATION

worldsteel.org