



# ITEM 14: UPDATE ON STEEL TRADE AND NEW WORK ON CIRCUMVENTION

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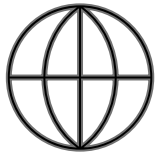
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# Structure of the presentation

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1. **Steel trade and trade policy developments [DSTI/SC\(2024\)8](#)**
  - Geographical patterns of steel trade
  - Focus on China
  - Recent steel trade actions



2. **Trade measure circumvention [DSTI/SC\(2024\)10](#)**
  - Scoping new work
  - Information sharing and the empirical tool



## Actions

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### **Document: Steel trade and trade policy developments**

- Submitted to the Steel Committee for discussion with a view to **declassification**.
- Delegates are invited to provide written comments by 17 April 2024 through the dedicated Steel Committee O.N.E. Community website.

### **Document: Exploring approaches to identify and address trade circumvention behaviours**

- Only for discussion.
- Delegates are invited to elaborate on whether they will be willing to participate to the information sharing related to Component 1.



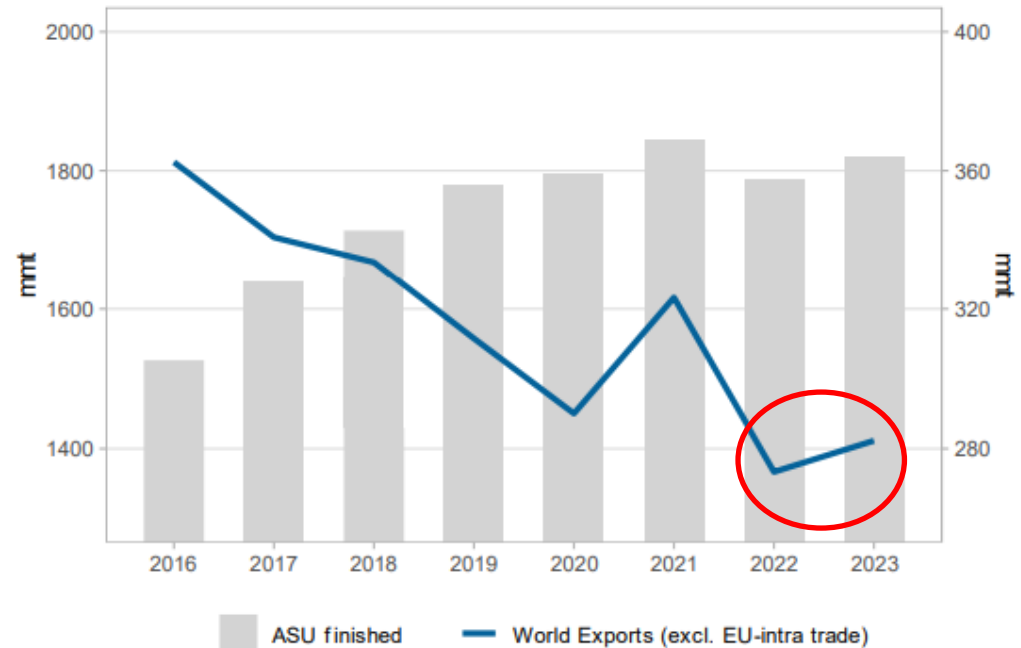
# Part 1: Steel trade and trade policy developments, DSTI/SC(2024)8



# Steel exports have increased in 2023...

- Global steel exports have increased by 3.3% globally.
- This increase is due mostly to the **significant rise in Chinese exports**, which marked a +40% in y-o-y terms → slowdown of Chinese manufacturing sector.
- Concomitant increase in steel demand globally (+2.0%), mostly driven by a surge in the infrastructure sector globally.

Global steel trade and demand





## ... mostly driven by China's exports.

### Chinese export main destinations

Destinations	Volumes (mmt)	Yearly growth
ASEAN	26.4	39.8%
KOR	8.6	33.7%
EU	4.7	8.9%
TUR	4.1	64.0%
ARE	3.7	84.6%

### Chinese exports by product



- All major CHN export partners exhibited a surge in inbound shipments.
- ASEAN countries as a group remain the main importer of CHN steel products.
- Record in the exports of flat products → lower needs of flat for the domestic infrastructure industry rather than diversification.



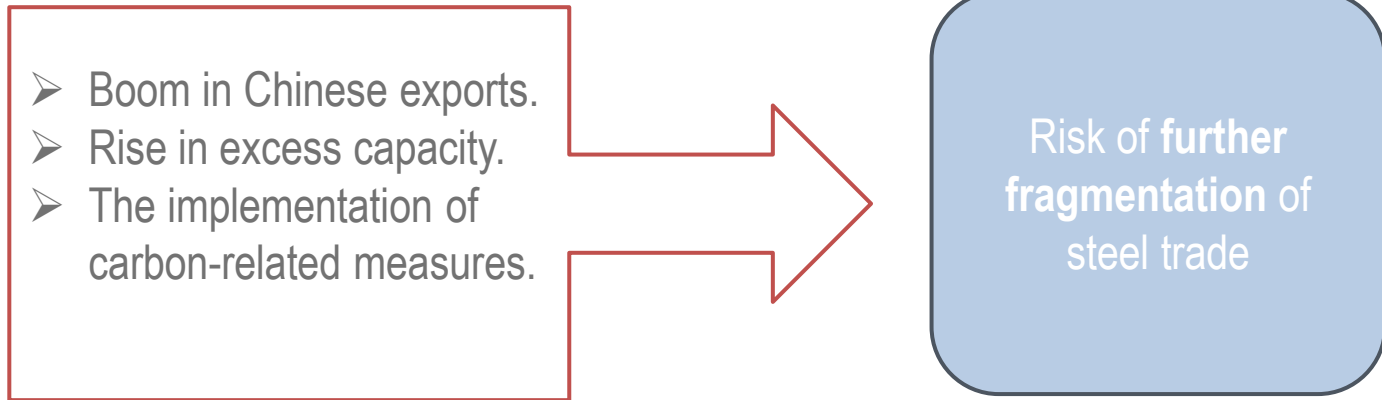
# Non-Asian steel economies record sluggish exports

	Exports (mmt)				Imports (mmt)		
	2022	2023	Var.		2022	2023	Var.
CHN	68.1	95.0	39.5%	CHN	17.1	10.7	-37.2%
JPN	31.7	32.3	1.9%	JPN	5.3	5.8	9.9%
KOR	25.5	26.9	5.8%	KOR	13.7	15.2	11.1%
EU27	23.1	22.8	-1.2%	EU27	42.6	39.3	-7.7%
RUS	17.8	13.1	-26.7%	RUS	1.2	1.2	-0.8%
TUR	17.6	12.4	-29.5%	TUR	15.8	18.4	16.2%
BRA	12.1	12.1	-0.3%	BRA	3.3	5.1	53.7%
IND	12.1	10.1	-16.2%	IND	6.9	8.8	28.2%

- Besides China, only Japan and Korea recorded positive export growth.
- The EU also sees a slight reduction of its export/import positions amidst reduction in steel demand (-5%) in 2023.
- Türkiye recorded a significant drop in exports (almost 30%) in 2023, widespread across all product categories. Increased imports from China, Korea and ASEAN.



# Key facts on trade policies affecting steel



## Key facts

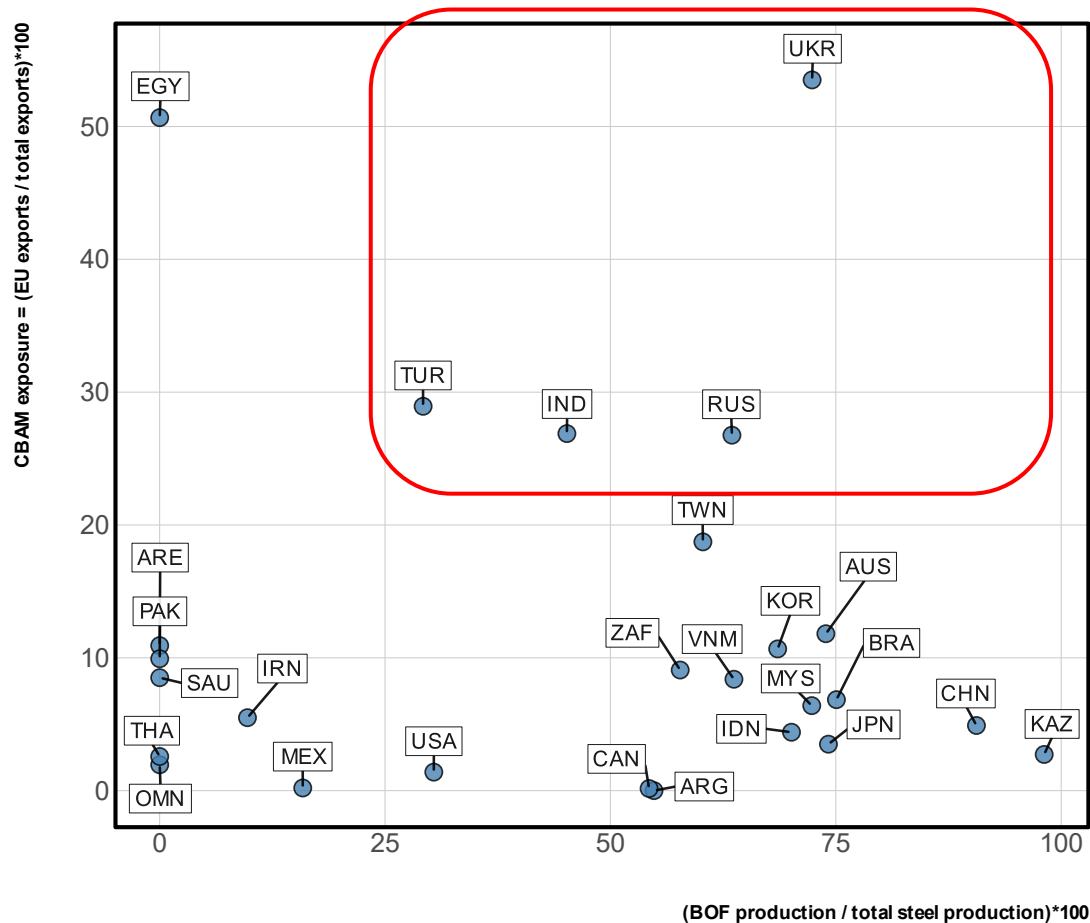
- Countries' exposure to CBAM: Ukraine is currently the most affected.
- Limited number of new tariff developments: Most of the measures are an extension of earlier tariffs measures.
- NTMs and Anti-dumping investigations are on the rise again.
- Four safeguard measures taken in the second half of 2023, reflecting import surges of steel.





# Key facts on trade policies affecting steel: **CBAM**

- **CBAM exposure:** comparing BOF production shares and EU export orientation, Ukraine is by far the most exposed to CBAM regulations.



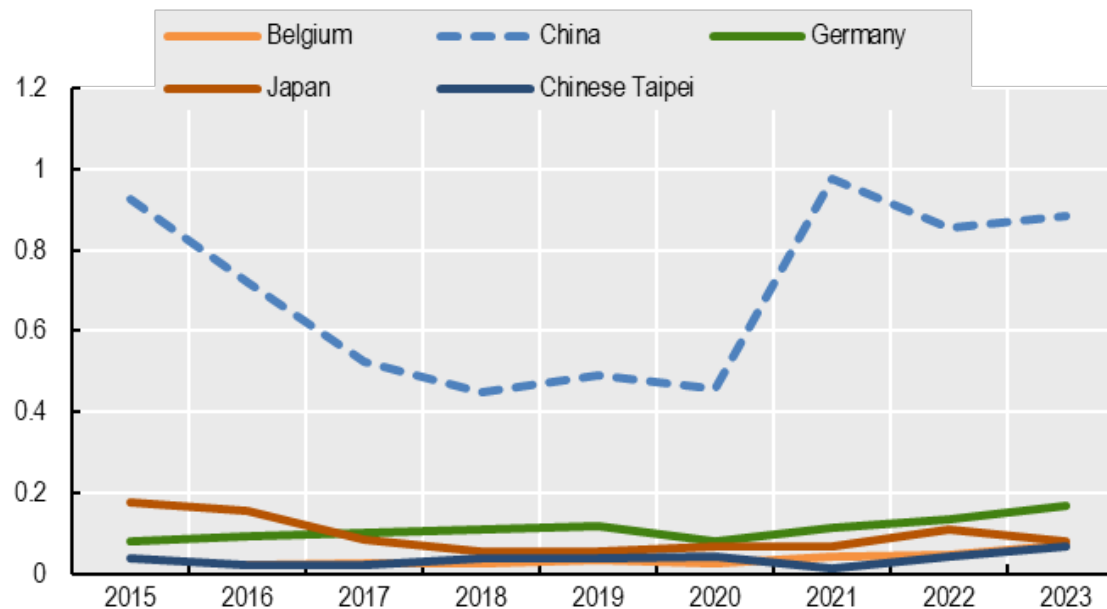


# Key facts on trade policies affecting steel: **tariffs**

## Tariffs:

- Only a few tariff updates in 2023, which indicates that the recourse to this instrument is rather limited.
- South Africa introduced three new measures aimed at covering flat rolled and wires products.

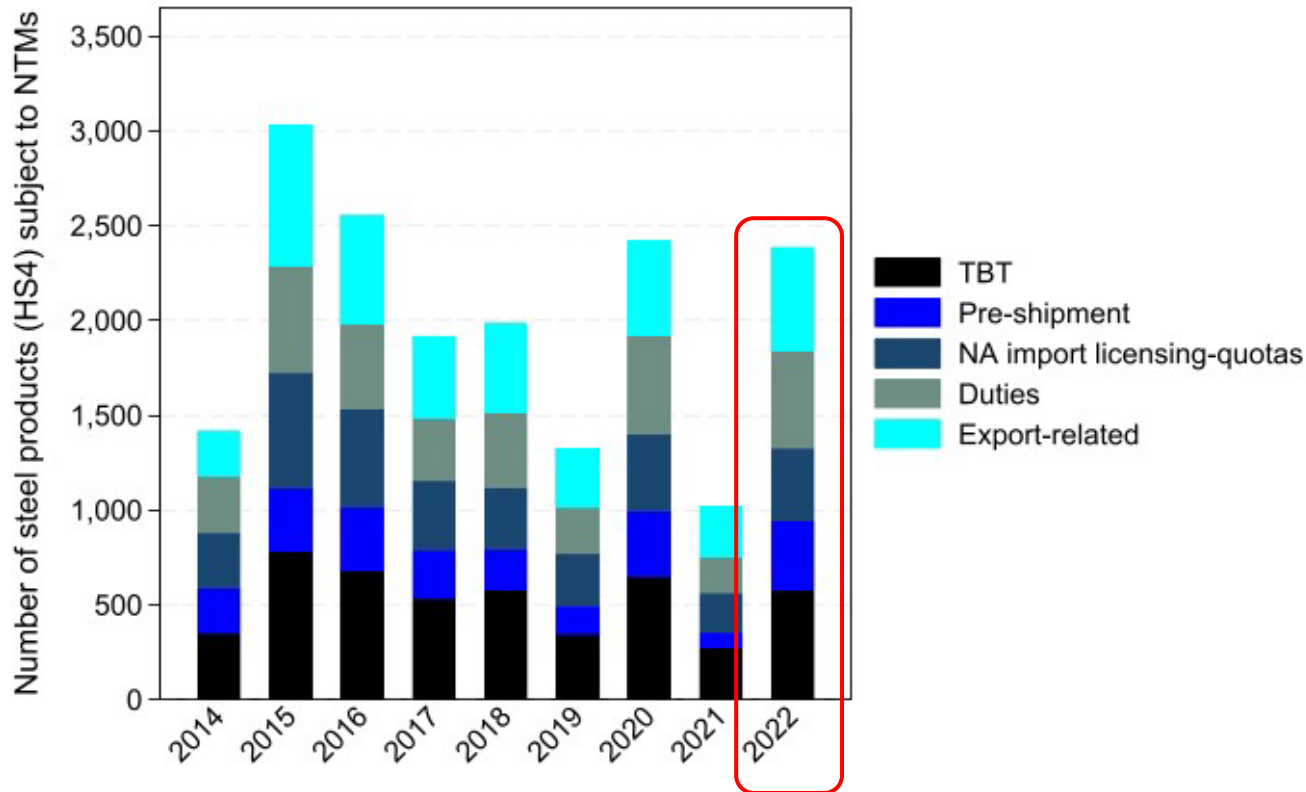
South African imports from China have surged recently (mmt)





# Key facts on trade policies affecting steel: **NTMs**

- **NTMs:** Recent analysis indicates a notable surge in the implementation of NTMs affecting steel products in 2022.

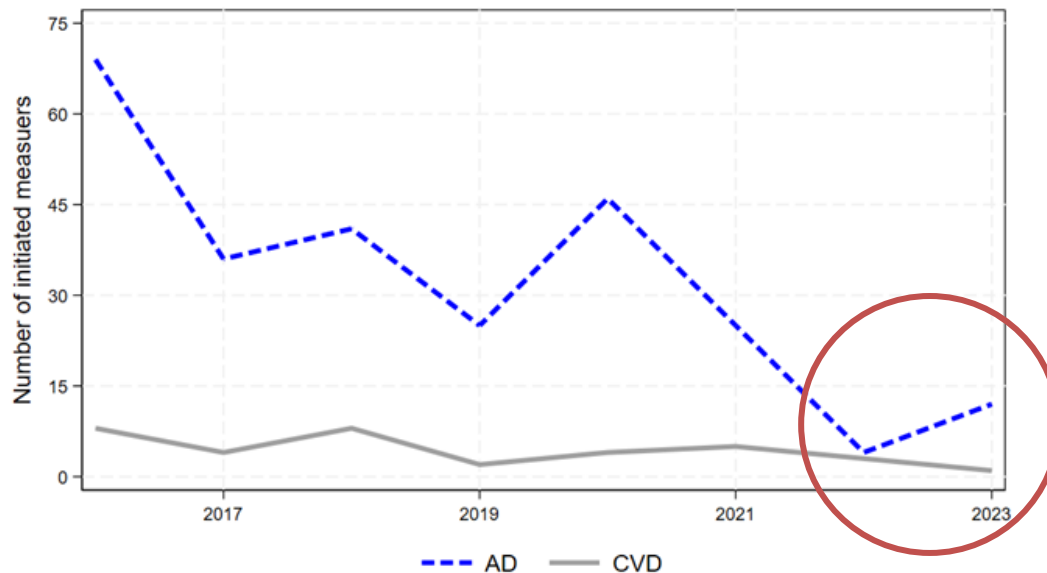




# Key facts on trade policies affecting steel: **trade remedies**

- AD/CVD: Slight increase in the application of AD investigations.
- Safeguards: Four safeguard measures taken in the second half of 2023, reflecting import surges of steel.

Anti-dumping investigations to rise again in 2023





## A summary

1. Increase in global trade of steel in 2023 (+3.3%), mostly fuelled by the surge in Chinese exports (+40%). Chinese export figures approached the peak levels of 2016.
2. Many other major steelmaking economies have exhibited weaker steel export performance.
3. Rising steel excess capacity and surging Chinese exports risk triggering more trade defense actions in a global steel market.
4. CBAM is likely to affect steel industries worldwide differently depending their exposure to EU exports and the carbon intensity of their production. Preliminary analysis suggests that Ukraine is by far the most affected.
5. Increase in the implementation of NTMs related to steel in 2022: importance to close monitoring these developments.

Moving forward in 2024, steel trade could be impacted by a variety of factors:

- Steel excess capacity on the rise again, coupled with a boom in Chinese exports → resurgence in the use of trade defense instruments.
- Escalation of logistic costs, spurred by terror attacks in the Red Sea region, together with the existing geopolitical tensions may further disrupt steel trade.



**Paper 2: Exploring approaches to identify and address trade circumvention behaviours,  
DSTI/SC(2024)/10**



## A scoping paper

### Why is this important?

- The circumvention of trade policy measures is a widespread problem in current global trade.
- Steel products are often plagued by these behaviours.
- Previous OECD work indicated that 44% of trade remedy actions were characterised by suspicious circumvention behaviours.



### Effects:

- Reduces effectiveness of trade measures.
- Impact on industries and employment
- Reduces incentives to decrease inefficient capacity.

New challenges faced by the steel industry will likely give more impetus to circumvention behaviours:

- Rise of carbon-related trade measures
- Indirect steel trade
- Rise of cross-border investments in the steel industry

How could the OECD support new work in this domain?



New project  
DSTI/SC(2024)/10



# Component 1

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## **Component 1: Information sharing**

An information sharing exercise based on a questionnaire wherein delegations to the Steel Committee could share insights about their strategies for addressing circumvention cases.

The Questionnaire will include information on the following aspects:

- Legal framework and regulations
- Economic analysis
- Enforcement mechanisms and practices
- Case studies and lesson learned





## Component 2

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### **Component 2: An empirical tool for identifying circumvention behaviours.**

The objective is to improve the understanding on the most advanced econometric approaches and visual frameworks to assist Steel Committee members and relevant trade authorities in detecting potential circumvention behaviours.

A look at different types of circumvention:

- Rerouting
- Modification/Alteration
- Minor Assembly

... but also at different trade policy instruments:

- Trade remedy actions (mostly anti-dumping/countervailing)
- Sanctions



**Thank you!**

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