

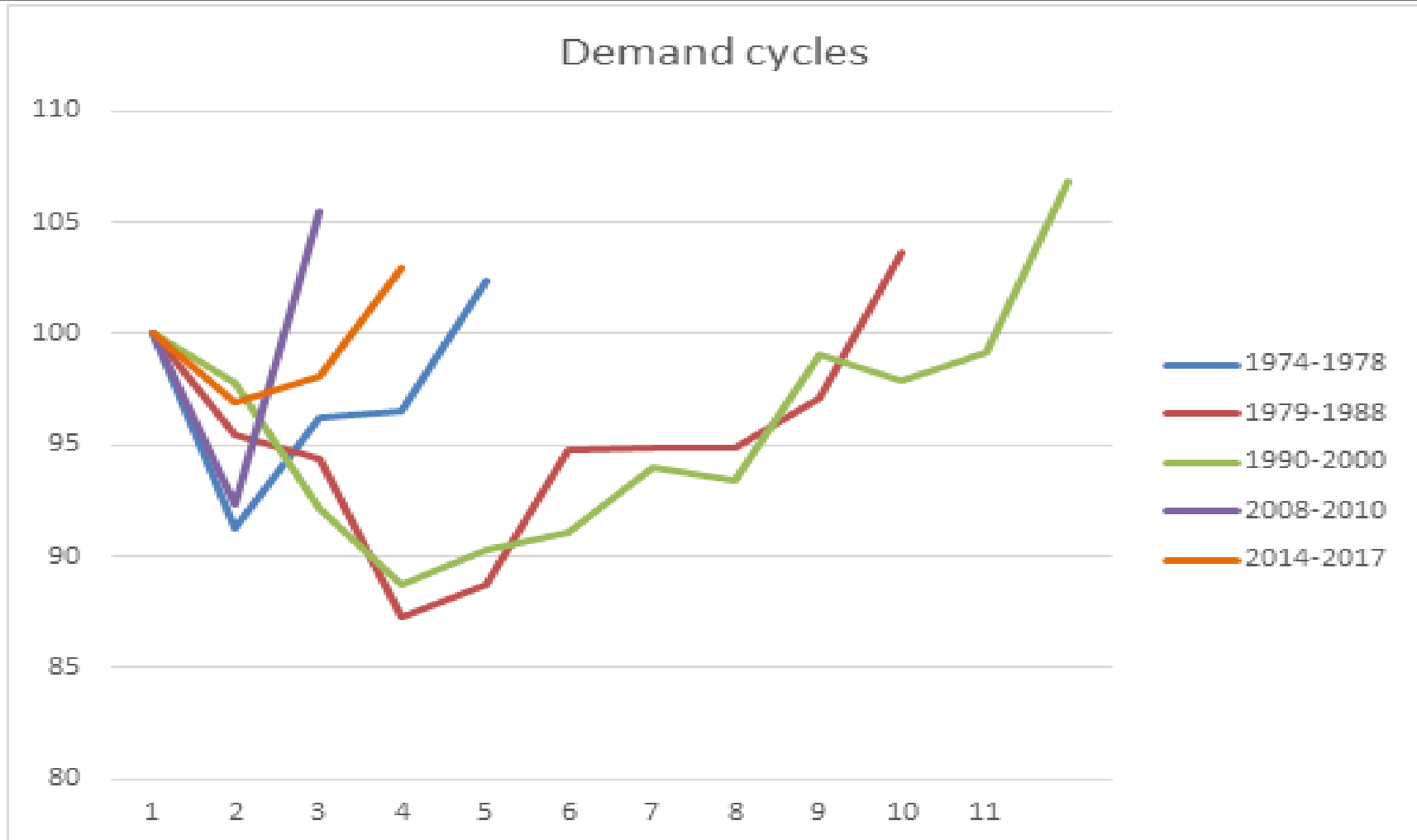


Avoiding the next steel crisis: thoughts for consideration

92th Steel Committee meeting
Agenda item 5
19 September 2022



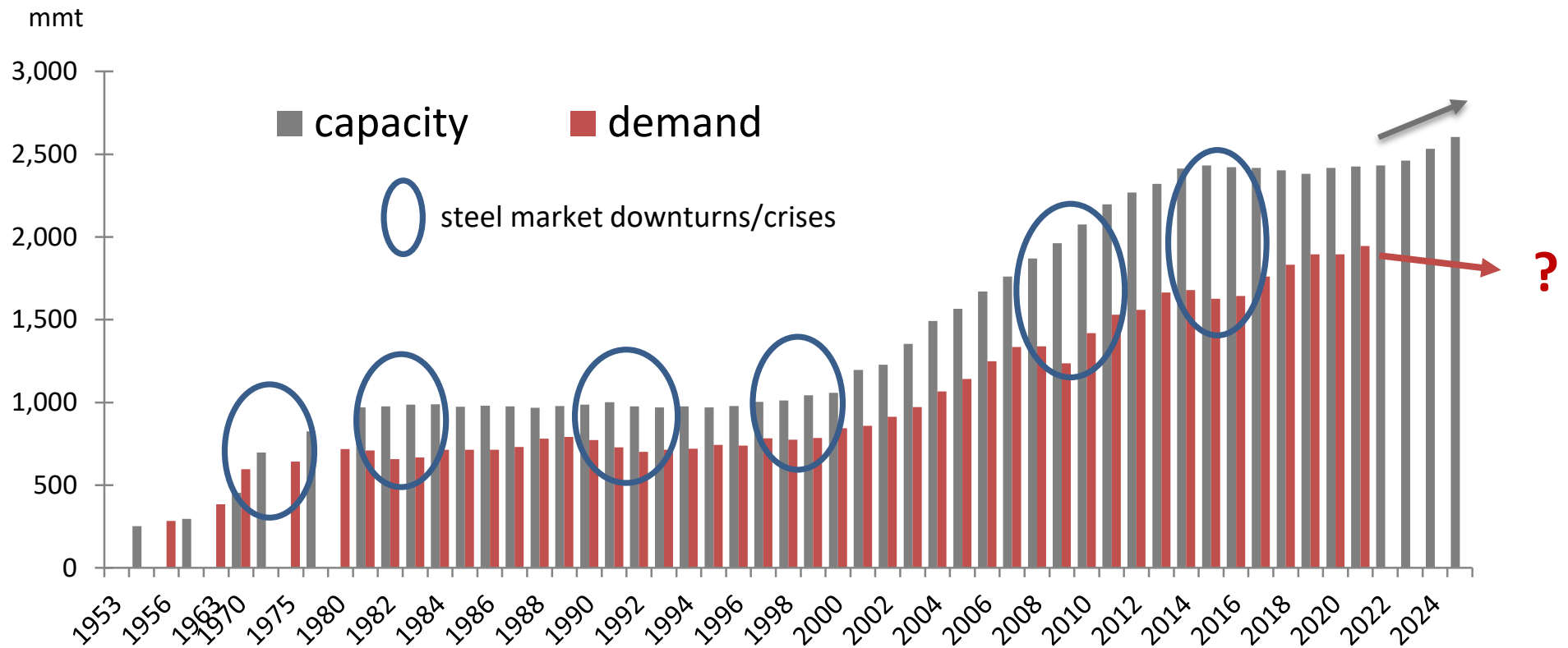
Global economic recessions trigger steel demand downturns



This figure compares five downturns in steel consumption and production, normalizing the data so that the cycles can be compared with each other in terms of their depth and length. The graph shows comparable cycles, with the first data point representing the year just before the downturn occurred and the final point indicating the year in which consumption and production finally reached their pre-downturn level (index, 100=year before crisis).



Limited adjustment of capacity to demand leads to steel crises





Avoiding the next crisis: some considerations

- **Refrain from any new subsidies/support that lead to net capacity increases**, while noting that support for decarbonisation will be needed.
- **Avoiding targets for capacity** that can overshoot demand and lead to instabilities on world steel markets
- **Limit export restrictions** on raw materials that artificially lower the cost of steel production and stimulate output
- **Less volume, more value**: the world needs more value added steel products, and less volume. Limit capacity growth and focus on better steel products.
- **Market forces ensure a healthy and competitive** steel industry!