



THE STEEL INDUSTRY IN THE CONTEXT OF GVC

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Background

➤ Goals

- Steel value chains in a global context
- Interconnected value chains
- Trade and innovation policy are important

➤ What are Global Value Chains (GVCs)?

- A **value chain** includes all the activities needed for bringing a product to the market.
- These activities may be performed by one or more firms within economies.
- The spread of activities and interaction among firms across economies make value chains **global**.



Outline

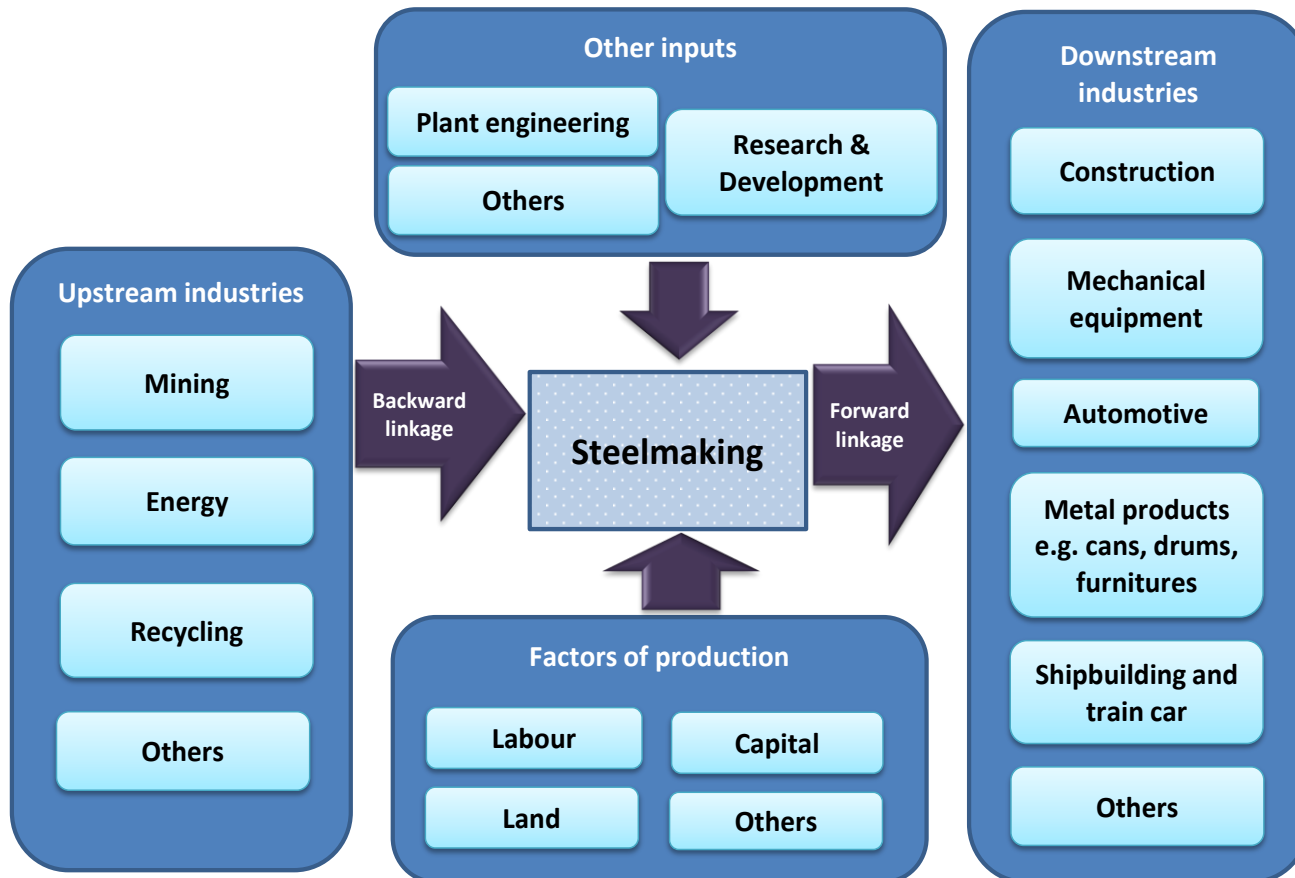
1. Steel industry in GVCs: backward and forward linkages
2. Moving from Quantity to Value
3. Input (mining) dependency?
4. Global or Regional Value Chains?
5. Concluding remarks



Steel industry in GVCs:

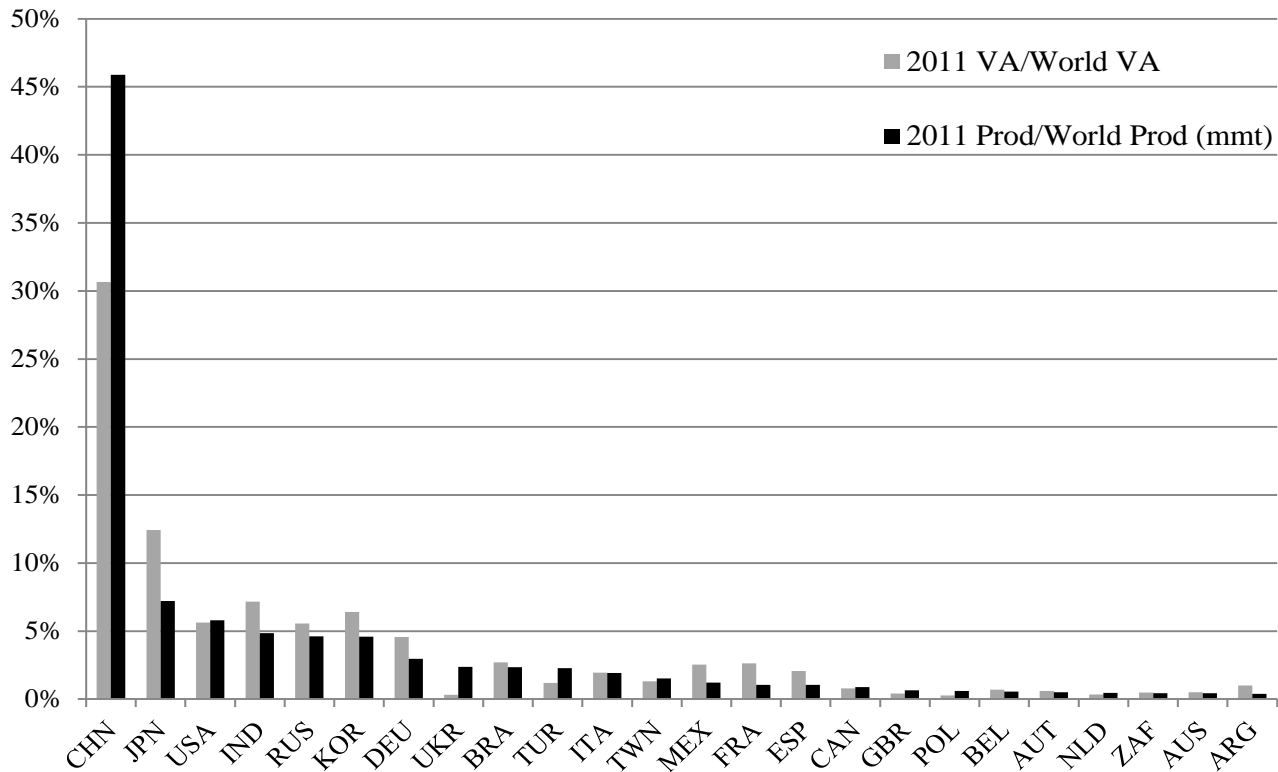
backward and forward linkages

➤ Value accumulation through production steps





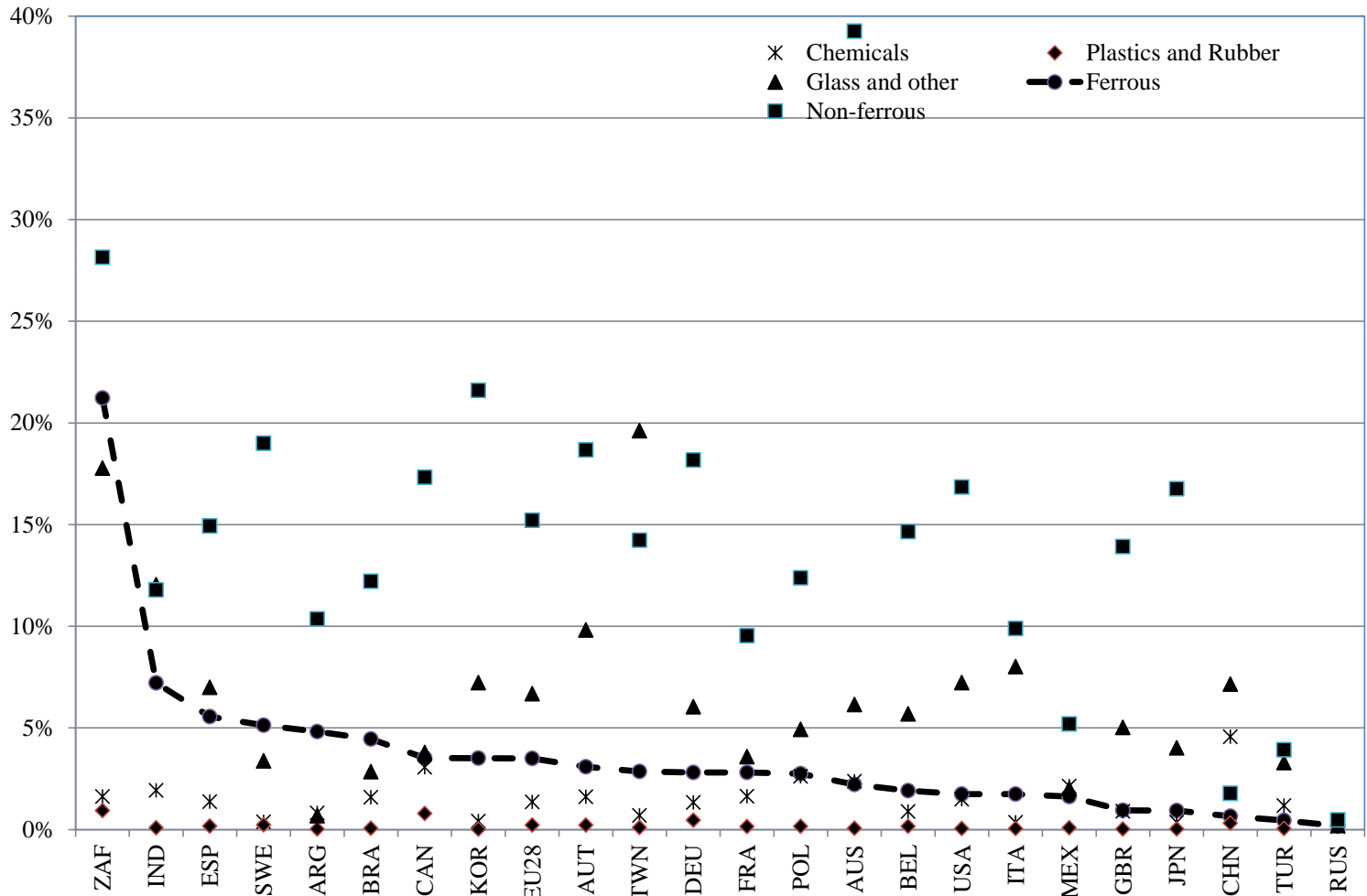
Moving from Quantity to Value



World Shares in Value Added differ from Shares of Steel Production Volume



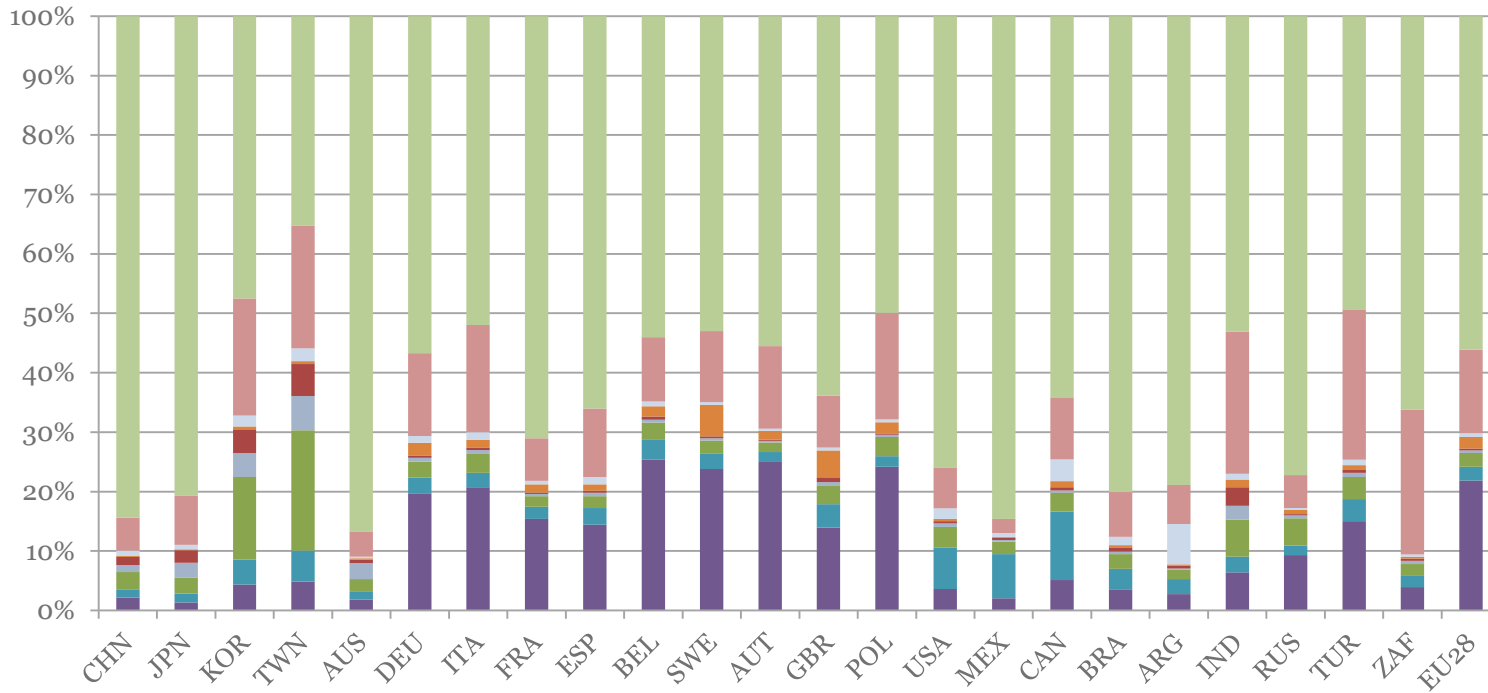
Input mining and foreign dependency





Global or Regional Value Chains?

- EU28
- ASEAN
- South and Central America
- North America
- Oceania
- Rest of the world
- East Asia
- Other OECD Europe
- Domestic





Concluding remarks

- Moving from quantity to value: a role for innovation policy.
- Interdependencies through the value chain.
- Regional dimension in steel value chains.
- Trade policy in the context of value chains.



Questions for discussion

- What does the current GVC for steel look like? Which activities have high/low value-added? Where, along the chain, are the major and emerging economies located in general?
- Has the emergence of new players in international steel markets changed the degree to which steelmaking tasks are fragmented?
- What challenges and opportunities do GVCs bring to steelmaking firms in developed and emerging economies?
- To what extent has there been a clustering of steelmaking and upstream/downstream activities? What are the advantages and disadvantages of vertical integration?
- How do steel and raw materials trade policies affect the different industries along the steel value chain?