THE STEEL INDUSTRY IN THE CONTEXT OF GVC

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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.
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

Factors of production:
- Labour
- Capital
- Land
- Others

Upstream industries:
- Mining
- Energy
- Recycling
- Others

Other inputs:
- Plant engineering
- Others
- Research & Development

Downstream industries:
- Construction
- Mechanical equipment
- Automotive
- Metal products e.g. cans, drums, furnitures
- Shipbuilding and train car
- Others

Backward linkage:
- Steelmaking

Forward linkage:
- Construction
- Mechanical equipment
- Automotive
- Metal products e.g. cans, drums, furnitures
- Shipbuilding and train car
- Others
Steel industry in GVCs: backward and forward linkages
Moving from Quantity to Value

World Shares in Value Added differ from Shares of Steel Production Volume
Input mining and foreign dependency

[Graph showing input mining and foreign dependency with various categories and countries plotted on the x-axis and percentage on the y-axis.]
Global or Regional Value Chains?

The chart illustrates the distribution of value chains for various regions and countries. The categories include:

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

Each country or region is represented by a vertical bar that splits into segments corresponding to these categories.
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?