



ITEM 9: A COMPANION MANUAL TO THE DATABASE ON STEEL SUBSIDIES AND GOVERNMENT SUPPORT MEASURES

Steel Committee, March 2018

Fabien Mercier

Email: fabien.mercier@oecd.org



Introduction

- Steel subsidies are **harmful to the global steel market**:
 - They **decrease the efficiency** of the steel market as a whole, as they maintain some inefficient firms in the market and cause others to leave
 - They impede a level-playing field, thus **creating international trade frictions** which can jeopardise free trade and have spill-over effects
- An **inventory** of all government support measures impacting the steel industry is part of the Programme of Work and Budget 2017-2018:
 - To enable the **study of the economic impact** of different types of support measures
 - To help in the design of **the draft guidelines on government support measures [DSTI/SC(2018)7]**, by providing a picture of the subsidy landscape

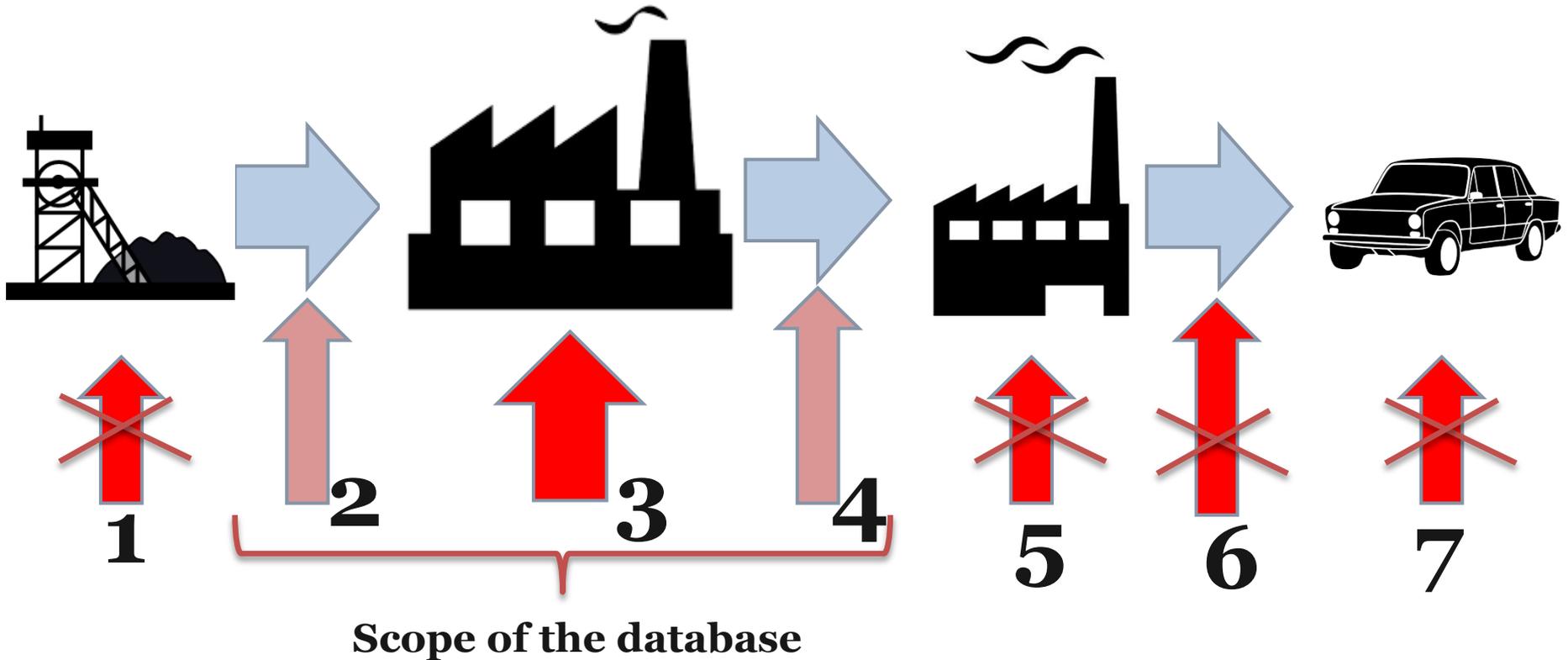


Outline

1. Scope of the subsidy database
2. Data-collecting approaches
3. Structure of the database
4. Fields of the database
5. Current coverage of the database



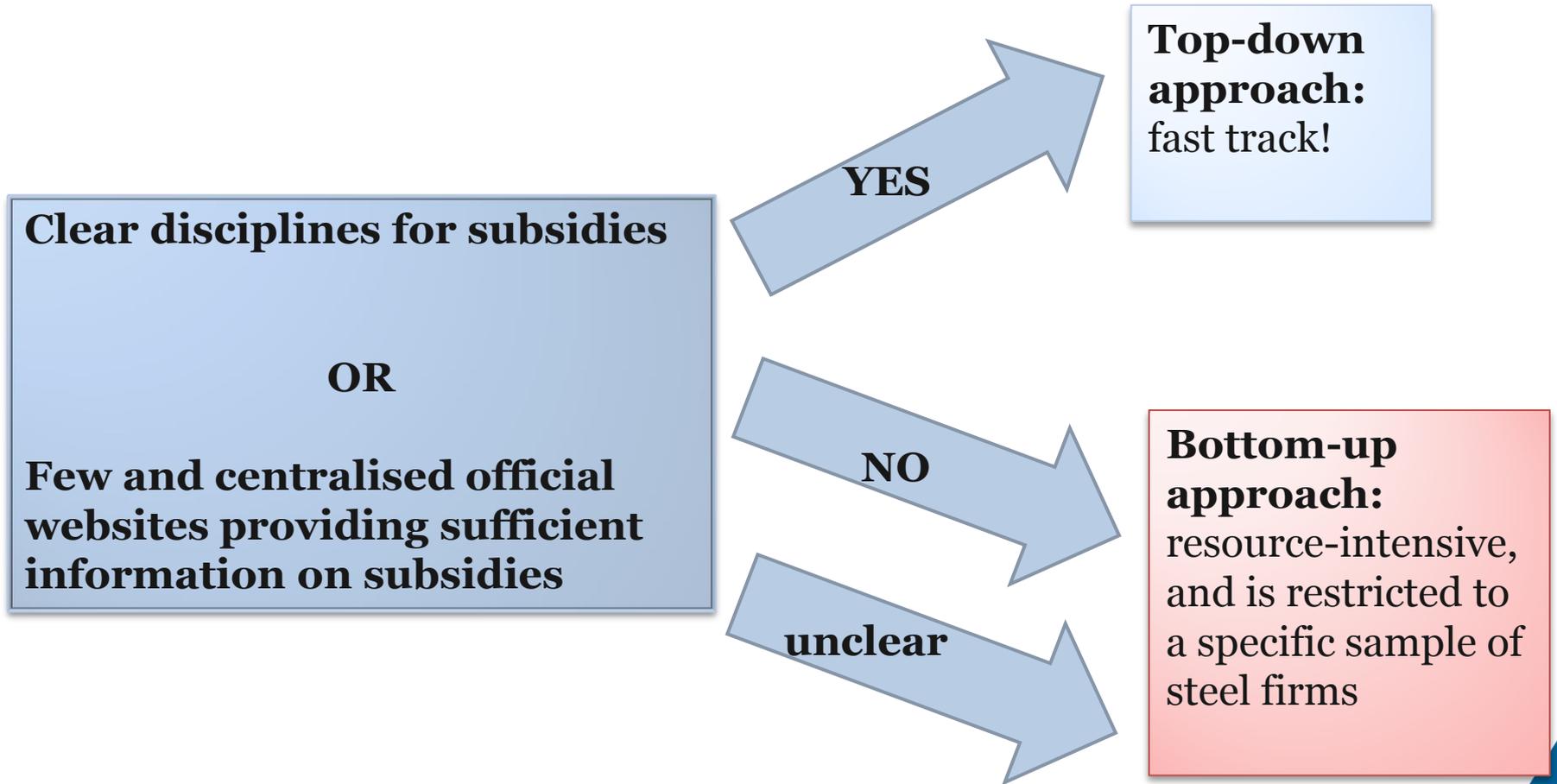
Scope of the subsidy database



Recall that only subsidies directed specifically (de jure or de facto) to Steel firms are within the scope

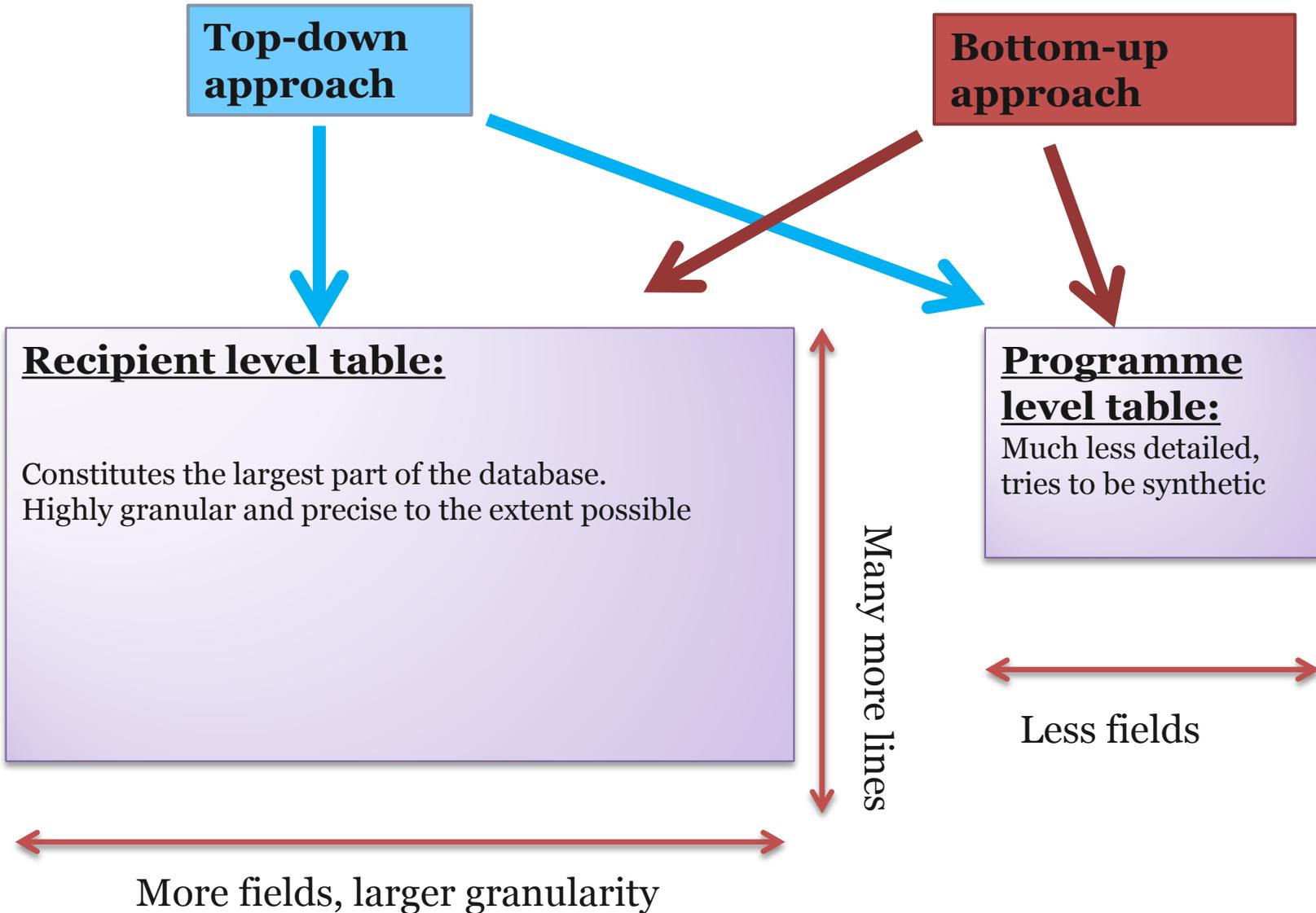


Data-collecting approaches





Structure of the database: 2 main tables





Structure of the database: additional tables

Sales and profits table:

Contains some basic profit and cash flow numbers for all steel firms where the bottom-up approach was followed, so as to allow, for example, computing support as a percentage of some firm-level quantity

The group ownership table:

a group tree of ownership was tentatively built in order to understand more complex corporate group structure

**Accessory
Databases that
do not contain
information
on subsidies**

Coverage matrix :

Provides an overview of the coverage and allows to identify remaining work and information gaps.



Fields of the database

- Each line of the database contains a large number of fields, e.g.:
 - The date on which the subsidy was provided
 - The amounts of a cash grant
 - The interest rate of a subsidised loan
 - The amount of a loan guarantee
- Because data is not always available, fields can be left blank
- The manual explains in detail the meaning of each field
- Sources can be “trusted”: government official websites, company (audited) annual reports, etc.



Current size of the database and coverage by instruments

Instrument	Trusted sources ?		total
	yes	no	
Cash grants, awards and cost refunds	291	275	566
Subsidised loans, bond purchase and equity infusion	31	95	126
Debt forgiveness and debt restructuring	1	0	1
Tax benefits	46	9	55
Unknown	400	144	544
total	816	523	1 333

(Number of lines by instruments as of December 2017)



Thank you for
your attention



Annex: a simple idea for extrapolating subsidy amounts

