



ITEM 9

CROSS-BORDER INVESTMENT BY STATE ENTERPRISES

Steel Committee, 27 September 2019

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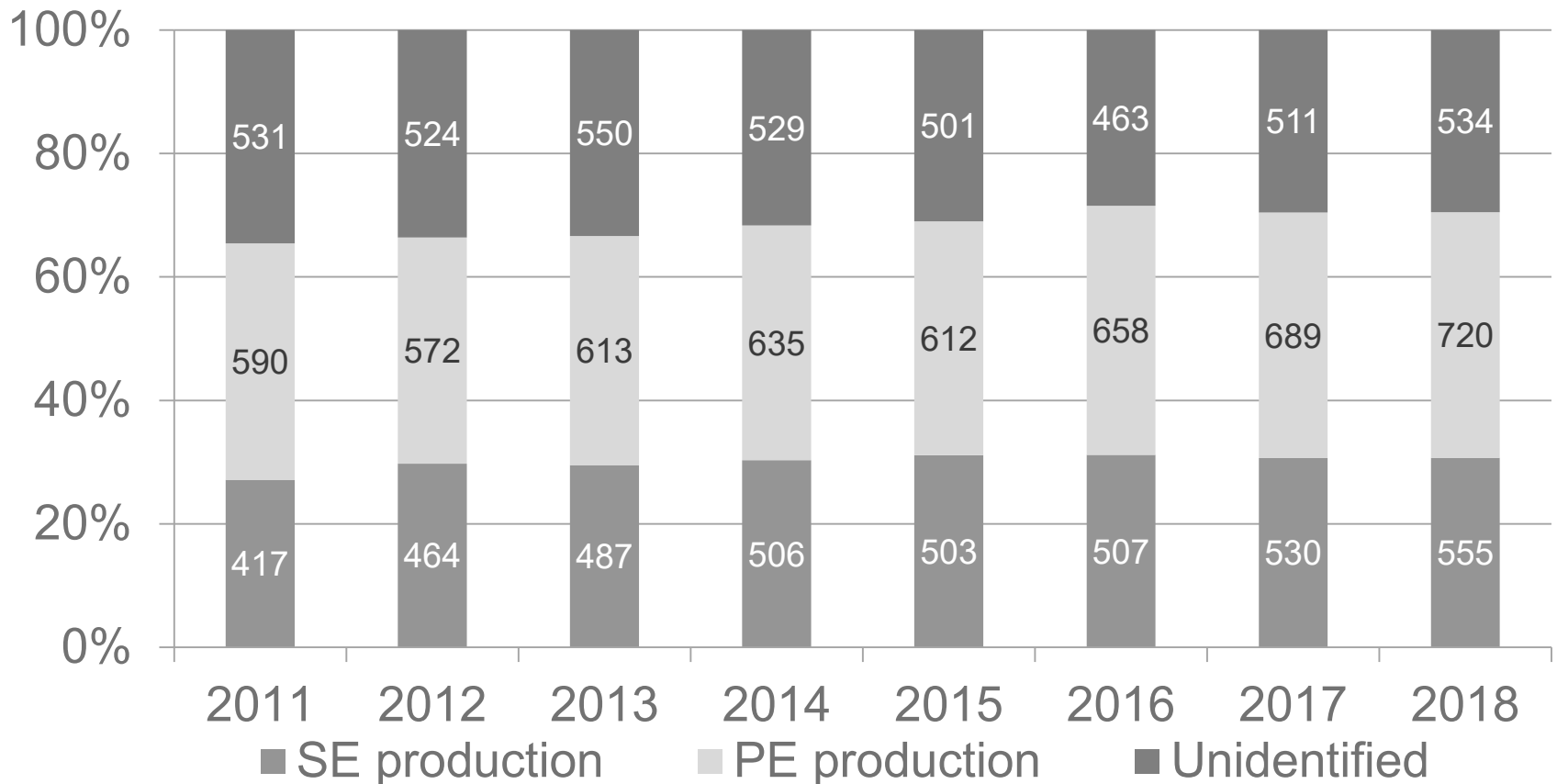
Outline

1. Why cross-border investment of state enterprises?
2. What do we already know?
3. What may we wish to know next?



State enterprises in steel making

Global crude-steel production by ownership

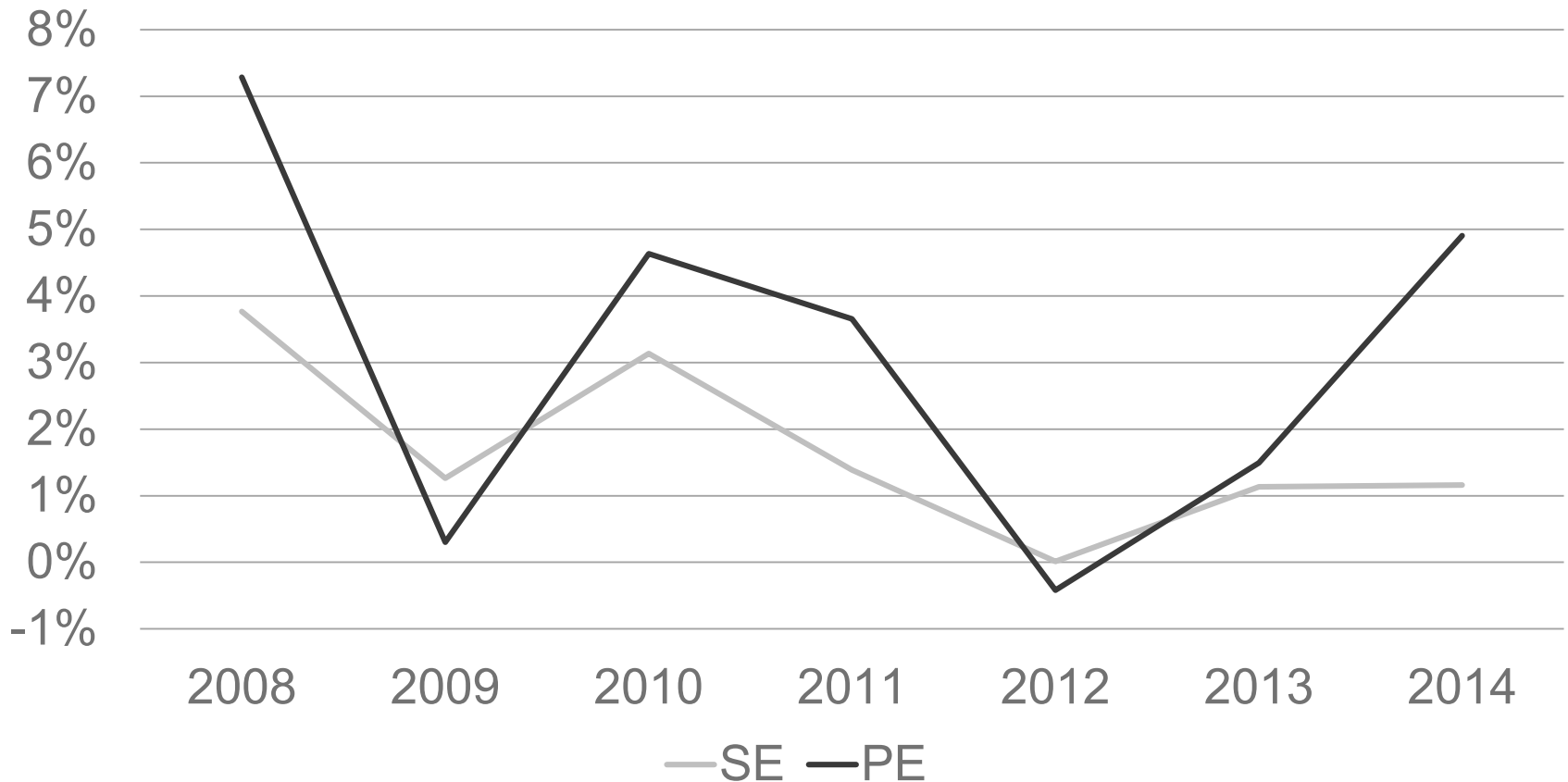


Note: the numbers over the columns represent crude-steel production in million metric tonnes
Source: worldsteel, OECD calculations



Comparing economic performance

Steel: profit margins by ownership

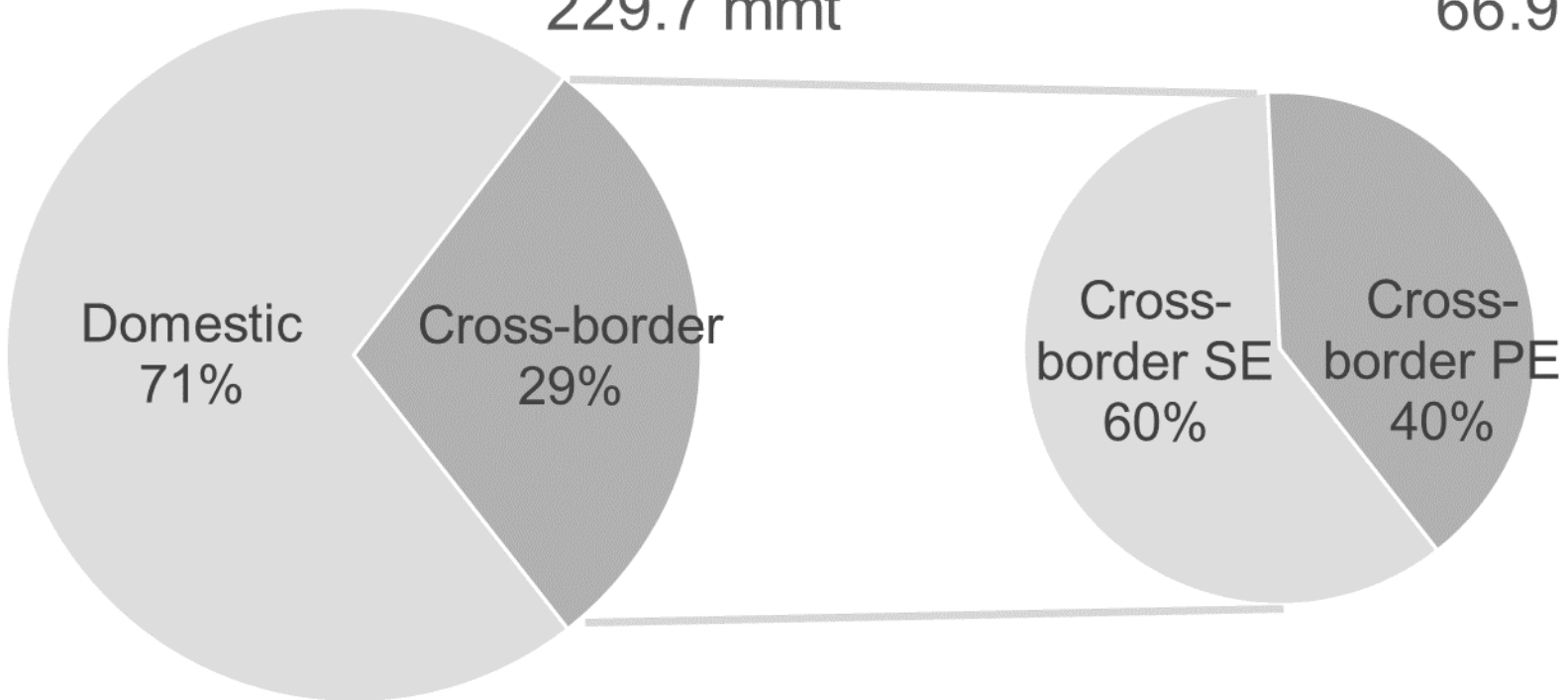


Note: Profit margins are net: all expenses including tax, interest, depreciation and amortisation accounted for
Source: Mattera G. and Silva F. 2018 State enterprises in the steel sector *OECD*



Proposed new capacity

Steelmaking projects,
by investment destination (left) and ownership (right)
229.7 mmt 66.9 mmt



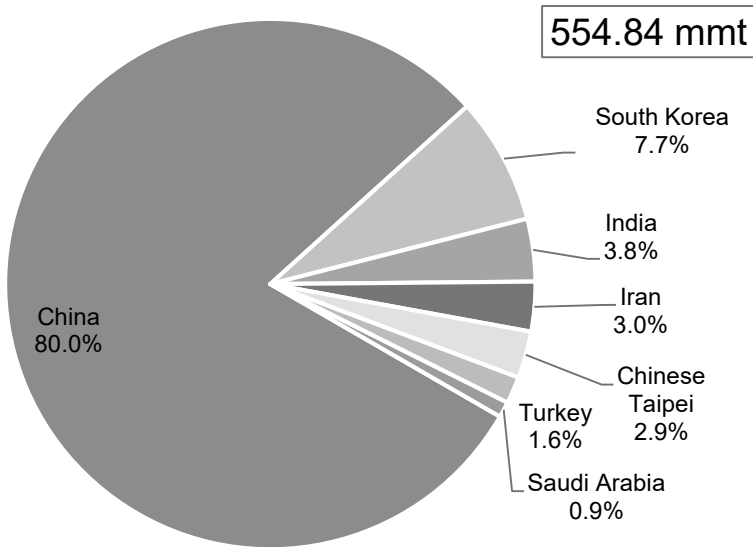
Note: *Underway* projects as well as the more speculative *planned* projects are included.
Source: OECD data and calculations



Data hurdles and future work

Possible areas of future investigation:

2018 Crude steel production
State enterprises in the top 100 steel producers



- What was the evolution in cross-border investment activity involving steel SEs over the last two decades?
- What is the geographical distribution (origin as well as destination) of cross-border investment activity by steel SEs?
- What is the extent of steel SEs' involvement in greenfield and in brownfield cross-border investments, as well as M&As?
- Do SEs seek full or partial ownership of steel assets?
- How do domestic enterprises, PEs as well as SEs, perform compared to foreign SEs?
- Is the performance of domestic and foreign SEs different in host countries?
- Is there a link between the economic performance of SEs at home and abroad?
- Are companies invested in by foreign SEs less likely to exit?



Thank you for your comments and
suggestions



For discussion: research questions

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