



Recent Market Development in the Japanese Steel Industry

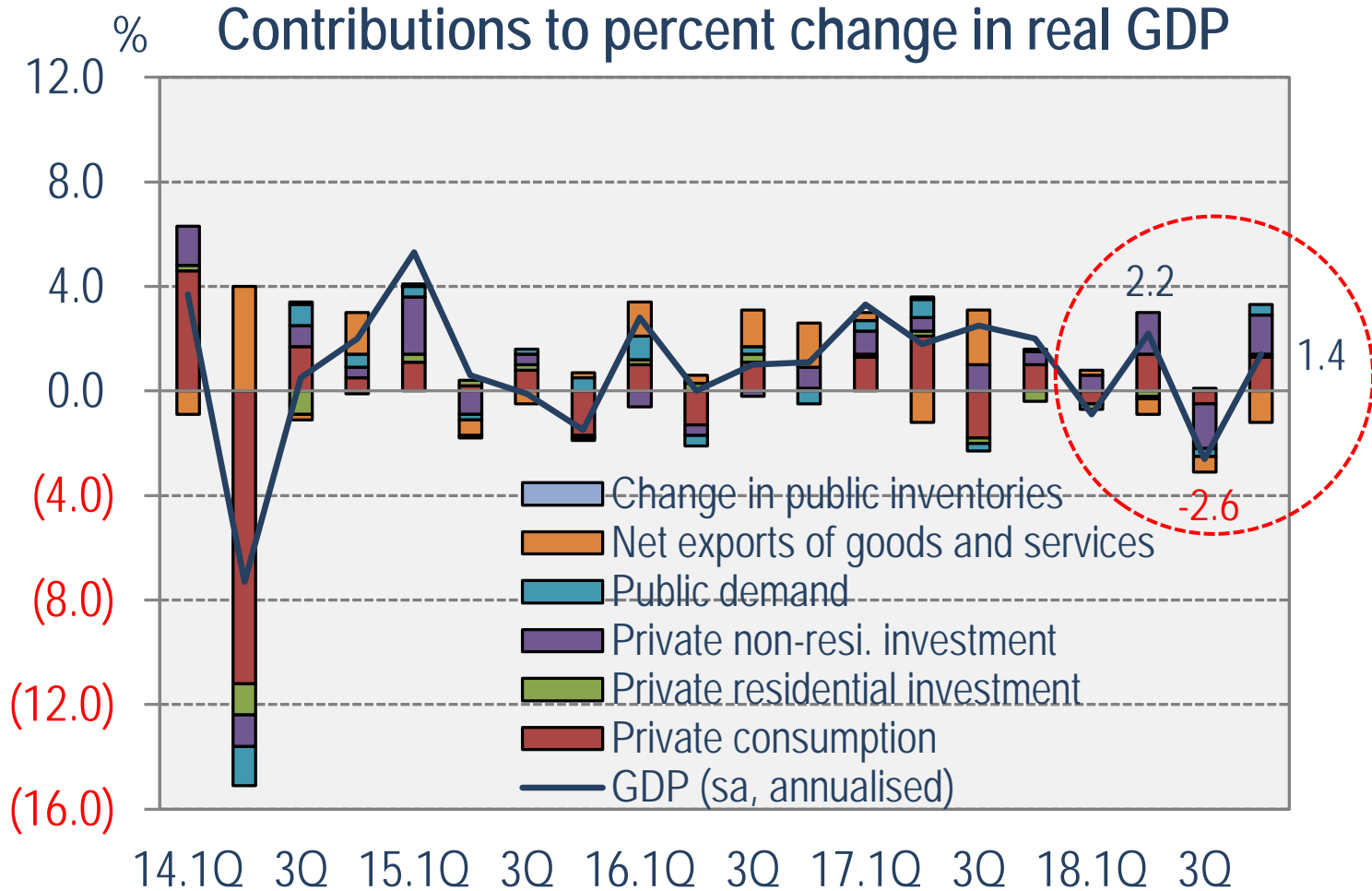
The Japan Iron and Steel Federation (JISF)

86th Session of the OECD Steel Committee, Paris 25-26 March 2019



Japan's whole economy has improved slightly supported by recovering domestic demand

Evolution of real GDP

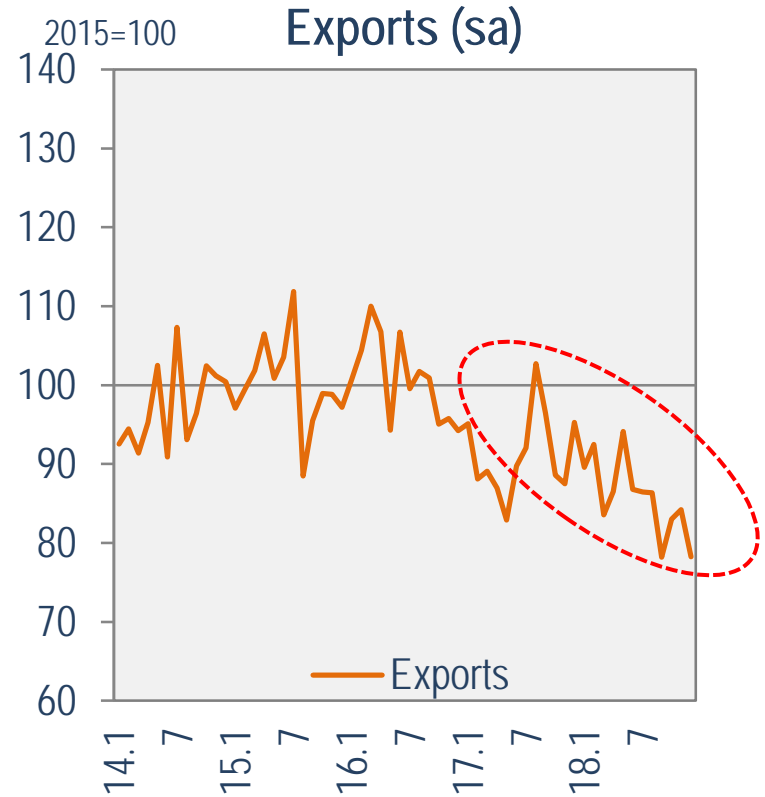
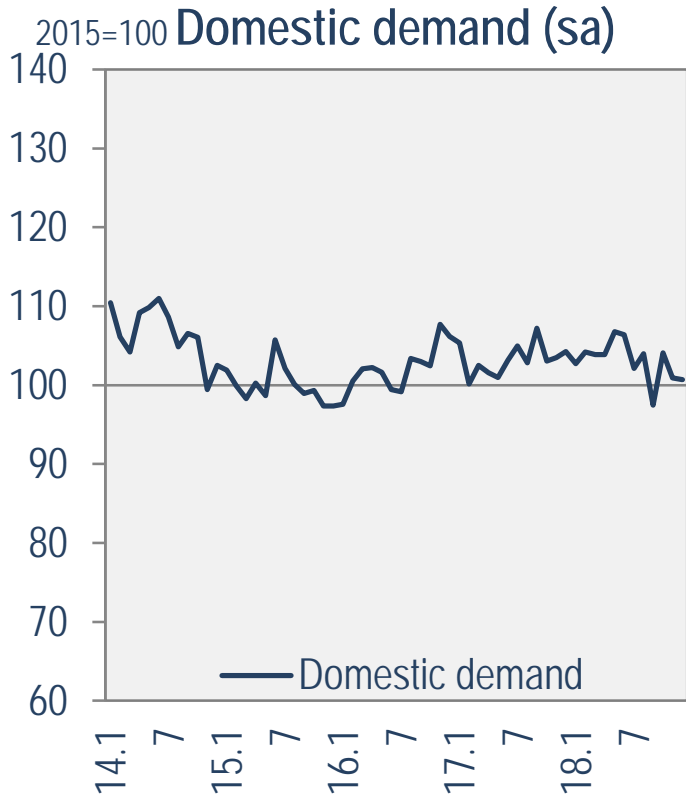


Source: Cabinet Office



Supply-side issues (e.g. natural disasters) have made Japanese steel firms difficult to meet foreign demand

Evolution of ordinary steel orders



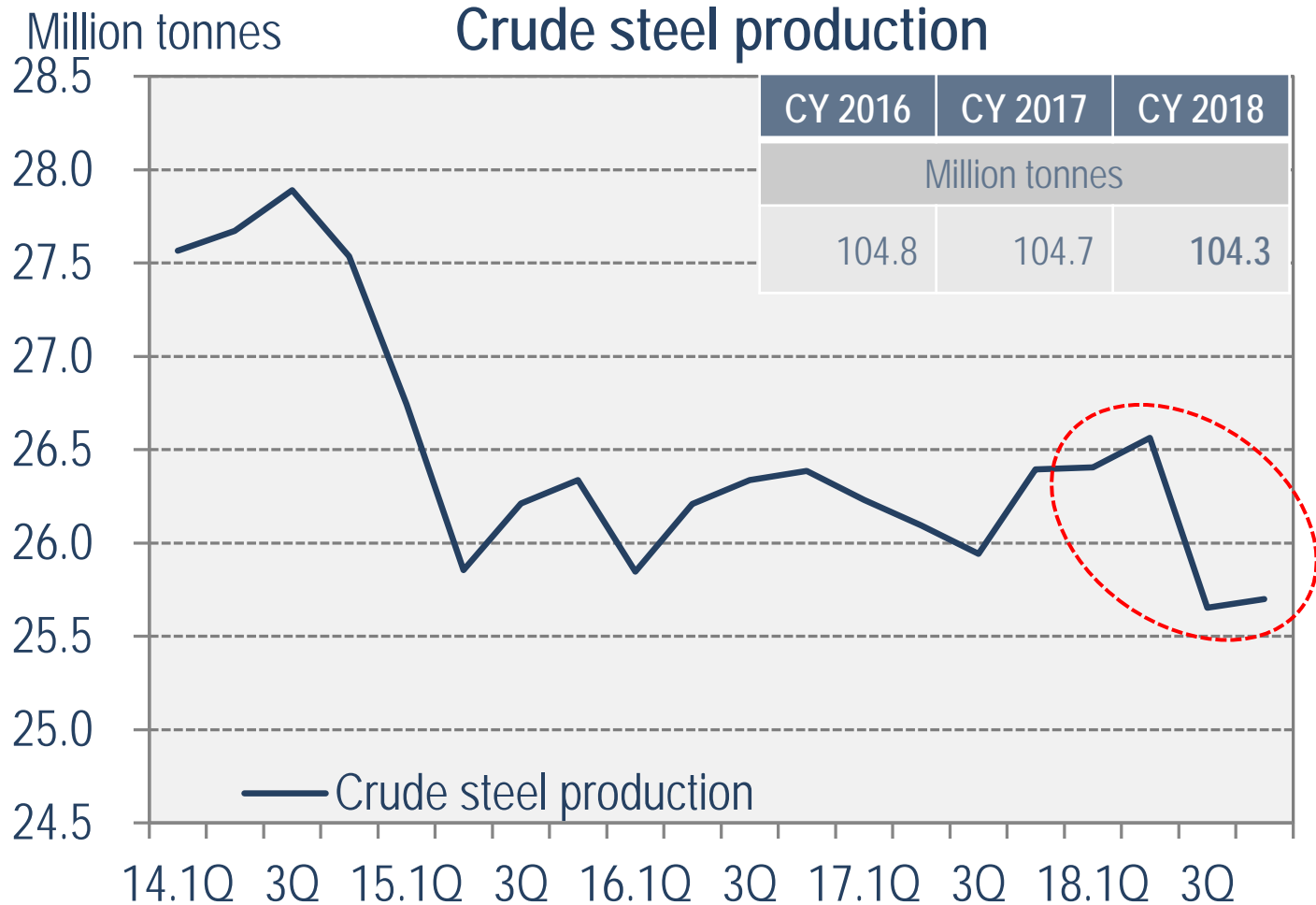
Natural disaster type	Location	Month
Earthquake	Osaka	June 2018
Torrential rain	Western Japan	July 2018
Earthquake	Hokkaido	September 2018
Typhoon No. 21	Western Japan	September 2018

Source: JISF



The lower output was not due to a slowdown in domestic demand, but rather from supply-side constraints (e.g. natural disasters)

Evolution of crude steel production



Source: JISF calculation based on data from METI



Japan's steel demand is expected to remain stable in FY 2019, with a slight change in manufacturing sectors

Outlook

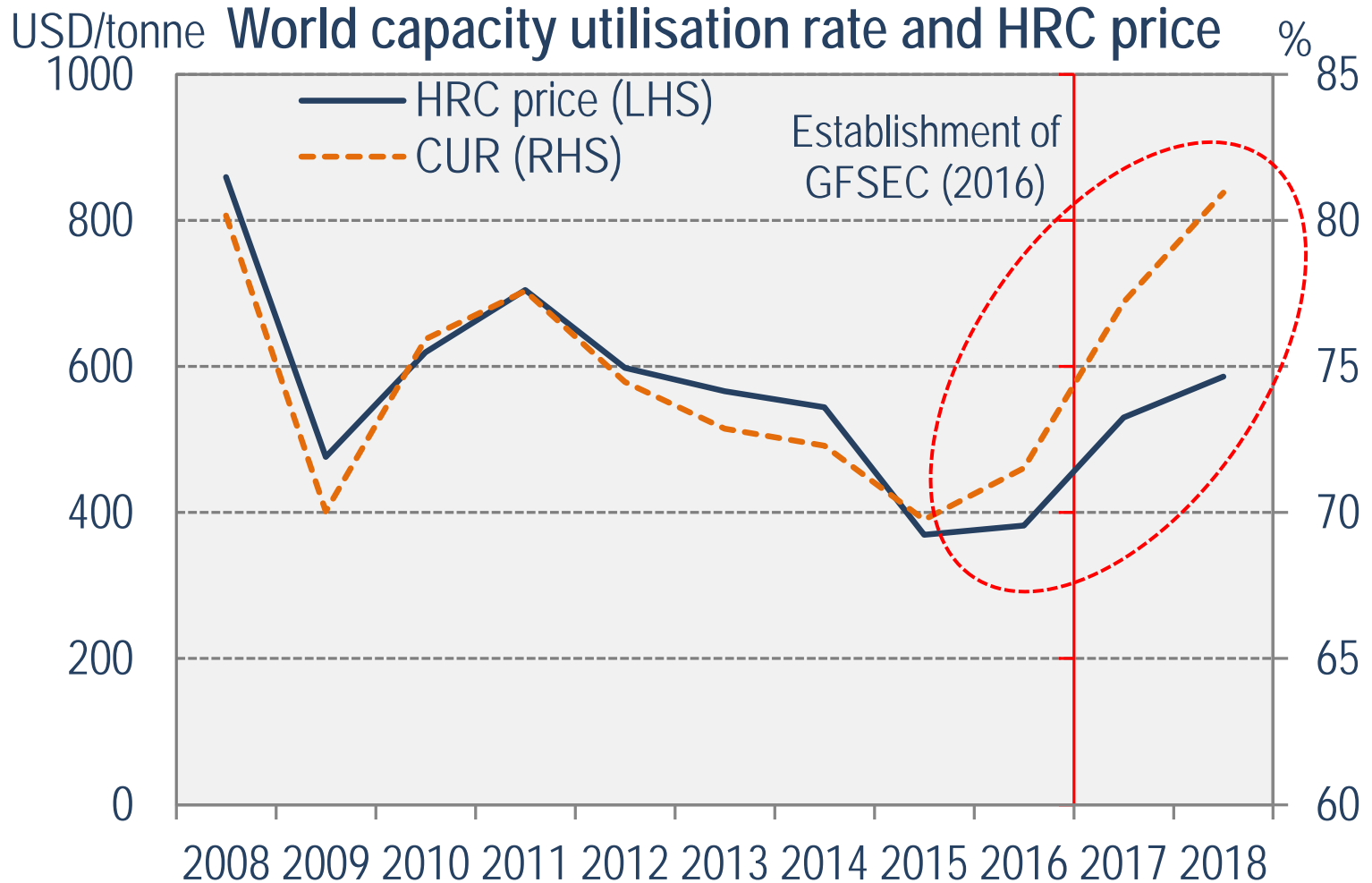
	Sectors		FY 2017	FY 2018	FY 2019	FY 2019
			Million tons			Y-o-Y %
Ordinary steel			49.75	49.51	49.34	-0.4
	Construction		21.67	21.28	21.34	0.3
		(Civil engineering)	6.85	6.70	6.96	4.0
		(Building)	14.82	14.59	14.38	-1.5
	Manufacturing		28.08	28.23	28.00	-0.8
		(Shipbuilding)	4.08	4.03	4.03	0.0
		(Automotive)	11.31	11.33	11.13	-1.8
		(Industrial machinery)	5.05	5.22	5.28	1.1
		(Electrical machinery)	3.10	3.10	3.07	-0.9
Special steel			13.14	13.41	13.29	-0.9

Source: JISF



Global steel market conditions have improved since 2016

Development of the global steel market (1)

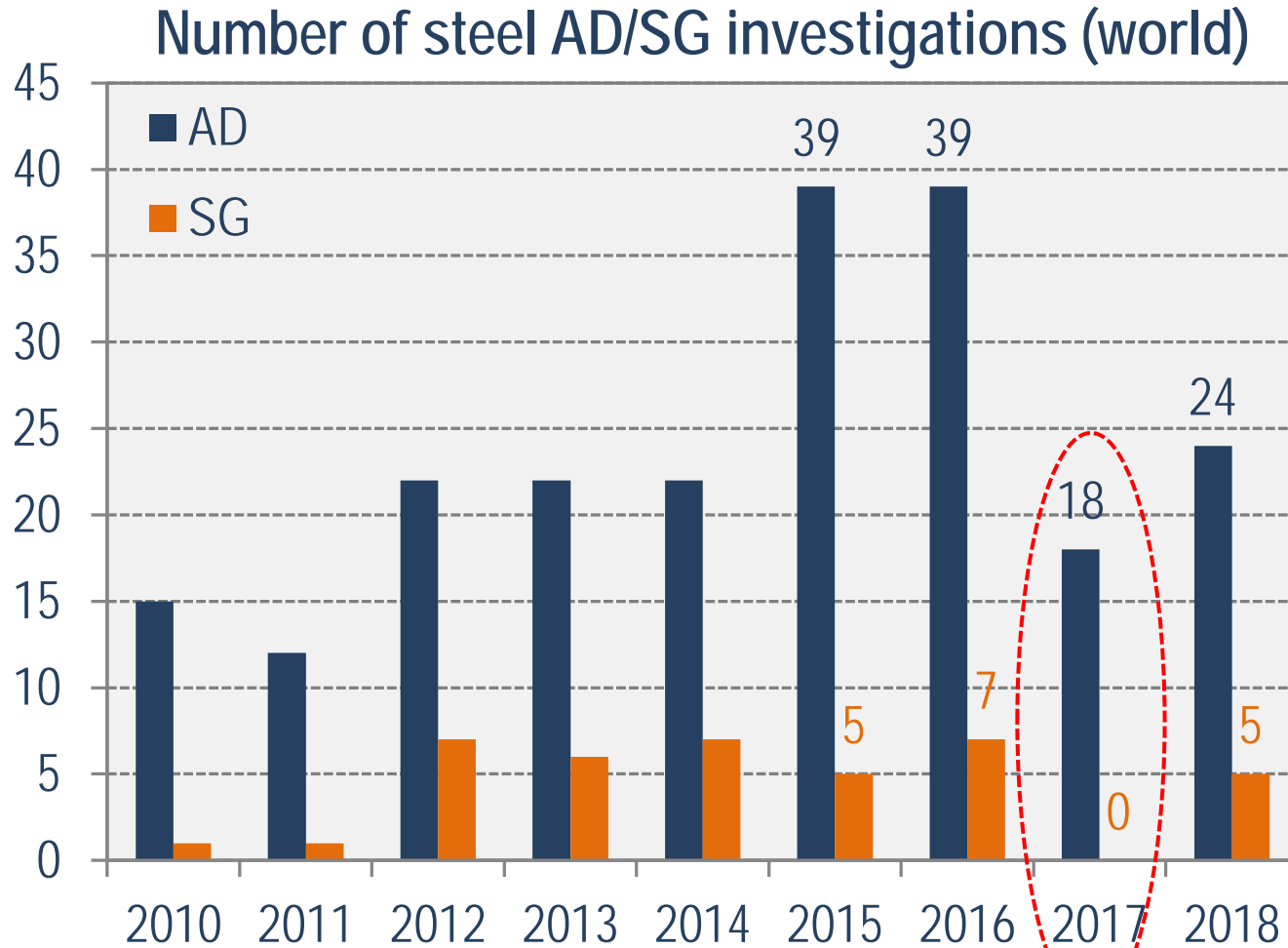


Source: JISF calculation based on data from OECD



... and there was a temporary breathing space in trade friction in 2017

Development of the global steel market (2)



Source: JISF



The global steel industry needs to make efforts to promote the viability of the steel industry

Efforts to promote the viability of the steel industry

Avoid unfair trade

Prevent:

- the revival of excess capacity
- the creation of new excess capacity

Meet quantitative / qualitative demand from customers



Thank you for your attention