ITEM 8: POLICY INTERVENTIONS, STEELMAKING CAPACITY, AND TRADE
SCOPING PAPER

86th session of the Steel Committee
Paris, March 25, 2019

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Outline

1. Objectives of the PWB 2019-20 Output Result 2

2. Plan of work

3. Capacity, demand and trade: preliminary evidence

4. Timeline for the report
1. Objectives of the PWB 2019-20 item 2

- PWB 2019-20

Output Result 2. Exploring the linkages between policy interventions, steel capacity and trade

“Assessing the relationship between government interventions, capacity and trade is an activity that could contribute to a better understanding of policy approaches that would alleviate and prevent trade frictions.”

Activities proposed: Analytical report on the linkages between steel capacity, government interventions and trade flows.
2. Plan of work (I)

Other factors:
- Demand
- Geo. Distance
- Country characteristics

Steelmaking capacity

Govt. interventions

Trade
2. Plan of work (II)

Step 1
Assessing the links between steelmaking capacity and trade

Step 2
Unpacking the relationship between government interventions, capacity and trade
2. Plan of work: first step (III)

Objective

- In-depth analysis of the linkages between steelmaking capacity changes and trade.
- Understanding the interplay between capacity and trade taking into account demand changes as well as other factors.

Help addressing questions such as:

- How much “steel” is exported on average for 1 mmt of steelmaking capacity added?
- How much time one additional mmt capacity addition would require (all else equal) to influence trade?
3. Preliminary evidence (I)

- Trade, capacity and demand in top 10 steel prod. economies
- Steel capacity has grown faster than trade and demand.
3. Preliminary evidence (II)

Breakdown by economy (China and India)
3. Preliminary evidence (III)

Breakdown by economy (EU28, Japan, United States, Russia)
## 4. Timeline

<table>
<thead>
<tr>
<th>Action</th>
<th>Timing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discussion at Steel Committee</td>
<td>25-26 March 2019</td>
</tr>
<tr>
<td>Deadline for written input</td>
<td>16 April 2019</td>
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<tr>
<td>Revised scoping paper</td>
<td>May 2019</td>
</tr>
<tr>
<td>Preliminary report (Step I)</td>
<td>August 2019</td>
</tr>
<tr>
<td>Discussion at Steel Committee</td>
<td>September 2019</td>
</tr>
<tr>
<td>Draft report *</td>
<td>February 2020</td>
</tr>
<tr>
<td>Discussion at Steel Committee</td>
<td>March 2020</td>
</tr>
<tr>
<td>Final report</td>
<td>May 2020</td>
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* Dependent on agreement of step 2