The structure of steel exports: changes in specialisation and the role of innovation

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Export structure

- Examines the change in the export structure of the 10 largest steel exporting economies, 2004-2014
  - Markets where the exports are sent
  - The products exported
- Explains some market factors that explain the changes in structure:
  - Growth in demand in key export markets
  - Capacity expansions
- Examples:
  - EU export structure: North African share in European exports is up. Share of certain long products in exports is also up (due to construction activity in N. African region)
  - U.S. export structure: Mexico’s share of U.S. exports has increased to around one third. Large volumes of flat steel exported to meet the needs of the growing Mexican automotive industry.
  - In several economies, capacity expansion might explain the changes in export structure.
Shifts in steel export specialisation

• See significant shifts in specialisation
• We don’t know what is causing these shifts
• Patterns of specialisation may be caused by:
  • Market and competitiveness factors (raw materials, energy costs);
  • Government measures and policies;
  • And innovation/technology?

Does technological innovation matter for export specialisation?

Revealed technological advantage (RTA) and revealed comparative advantage (RCA) for the 10 largest steel-exporting economies

Notes: EU (average 5) denotes the average RTA values for the 5 largest steel producers in the EU, namely Germany, Italy, France, Spain and the United Kingdom.
Source: OECD.
Conclusions

• Innovation is probably important for helping steel exporters achieve specialisation in high valued steels
• Firms who specialise in high valued steels may be less sensitive to fluctuations in the market (compete less on price, more on quality)
• Opens the debate: higher value steel and competitiveness