ITEM 7

CROSS-BORDER INVESTMENT BY STATE-OWNED ENTERPRISES

Steel Committee
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Data

- **Data gathering**: State ownership was identified for the companies listed in the OECD plant-level capacity data set.

- **Data links**: Information on state ownership, steelmaking capacity and investment is now linked.

- **Caveat 1**: there were only few observations of cross-border investment by state-owned enterprises in the investment data sets.

- **Caveat 2**: most instances of cross-border investment by state-owned enterprises originated in China.

Note: Figure 1: OECD contains the organisation’s members as of the end of 2019. Ownership was unattributed when no sufficient information could be found or for those jurisdictions (most notably Iran) which were added to the OECD plant-level capacity data set after June 2020, the cut-off point for the preparation of the data for this report.

Figure 2: For the year 2019, mergers and acquisition data were available only for the first six months, The 2014 spike in announced greenfield projects is due to the timing of the projects database, first available in 2014.

Source: OECD
Findings

Framework conditions: The Chinese government adopted a twofold approach. It promoted state-owned enterprises as industry champions; it encouraged and funded cross-border investment, particularly relocation of steelmaking capacity.

Capacity outcomes: The data show insufficient evidence of a significant difference between investment carried out by state-owned and non-state-owned enterprises with respect to capacity outcomes in the jurisdiction receiving the investment.

Excess capacity: State-owned enterprises’ preference for building new capacity and for destinations with volatile demand growth may result in excess capacity.
Thank you