Trade data in worldsteel analysis: focus on volume

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About the World Steel Association
World Steel Association (worldsteel)

- The World Steel Association (worldsteel) is one of the largest and most dynamic industry associations in the world, with members in every major steel-producing country. worldsteel represents steel producers, national and regional steel industry associations, and steel research institutes. Members represent around 85% of global steel production.

- worldsteel is active in key areas of interest to the steel industry, including: automotive, climate change, communications, construction, life cycle assessment, raw materials, safety and health, steel market analysis, steeluniversity, sustainability, and technology and environment.

- worldsteel goals:
  - To act as the focal point for the steel industry providing global leadership on all major strategic issues impacting the industry, particularly focusing on economic, environmental and social sustainability.
  - Deliver benchmarking analysis and drive global improvement initiatives in the areas of environmental protection, technology, safety and people development.
  - Promote global market development opportunities for steel and promote steel to the world at large.
  - Provide on a timely basis world-class economic data and analysis on the global steel industry and its value chain, as well as assessments on life cycle aspects of steel.
  - Increase awareness, understanding and support for the steel industry amongst all external stakeholders and key target audiences worldwide.
  - Promote market competition that is free of government interventions preventing fair trade.
Membership today covers every region of the world

- More information on worldsteel website, link [here](#)
The global steel industry
Why is steel important in the global economy?

- Steel, taking into account its complexity and variety, is one of the most used products in the world after coal, cement, oil and timber.
- Steel is used in every important industry; construction, infrastructure, automotive and transportation, packaging and machinery, domestic appliances.

*Source: worldsteel, USGS, OECD, BP, FAOUN*
Steel industry is moving to low growth zone

- Steel demand is at another inflection point which may be followed by a prolonged period of low growth

Source: worldsteel, steel demand crude steel equivalent
Role of trade statistics in worldsteel analysis
Why global steel industry pay attention to trade volumes?

- Steel trade volumes reflect manufacturing structure
- Trade volume data is utilized in steel demand estimations
- Steel industry has long investment cycle, which requires monitoring of installed capacities
  - Governments participating in the OECD Steel Committee consider excess capacity as being one of the main challenges facing the global steel sector today
  - Excess capacities are calculated as difference between capacities and demand
  - Steel capacities are counted in tonnes
Excess capacity above demand

Source: OECD, worldsteel, steel demand finished steel
Use of trade data in the World Steel Association

- Analysis of trade flows of steel products (bars, coils, plates etc.)
  - Coverage of products is covered mostly by codes: HS72 & HS73

- Evaluation of trade flows of goods which contain steel products (cars, washing machines, yellow goods etc.)
  - Approximately 900 HS codes involved

- Estimation of steel demand (size of the market)
  - Various concepts of steel demand, for example:
    - Apparent steel use, finished steel
    - Apparent steel use, crude steel equivalent
    - Real steel use
    - True steel use
Trade in steel products

*concept: finished and semi-finished steel products*

- More than 450 Mt of steel products crossed boarders in 2018, i.e. almost 30% of steel demand
- Growth of steel trade is less dynamic than growth of trade in commodities

**World trade in steel by area**

**World volume of trade**

Source: worldsteel, UN Comtrade, IMF

Source: worldsteel
Steel demand

classification: apparent steel use finished steel products

- Almost 50% of steel demand comes from China
- Significant differences in steel demand per capita among regions

- Calculated as: production - exports + imports

World total in 2018:
1 709 Mt

Source: worldsteel, steel demand finished steel

Steel demand per capita
Steel demand, applications for analysis

- Significant differences in steel intensity among regions
- Steel intensity in advanced economies is declining

Source: worldsteel, steel demand finished steel

Source: worldsteel, steel demand crude steel equivalent
Steel demand is impacted by industrialisation patterns

`concept: indirect trade in steel products`

- Globalisation and the specialisation of manufacturing contributed to growth of direct and indirect exports worldwide
  - Emergence of manufacturing hubs in developing world
  - Premature deindustrialisation of newly developing countries

- 457 Mt of steel products crossed borders in 2018, i.e. 27% of steel demand
Expectations regarding to trade data
Major issues with quality of data

- Not reporting
  - Not all countries provide monthly or yearly data to the public
  - Reported value, but not volume
  - Reported limited breakdown by products

- Discrepancy
  - Exports is not equal to ‘reflected statistics’ imports
  - Mistakes in filling forms (e.g. ‘000 kg instead of kg)

- Lag in data reporting
What does industry need from customs?

- Reporting not only value (local currency, USD) but also volume (tonnage, additional units), with **special focus on tonnage**
- Follow coherent definitions
  - Especially Harmonized System
  - Essential for international comparisons
- Maximum coverage of products
- Both flows documented (exports and imports)
- Regularity
  - Collected and provided monthly
  - Minimum time lag of monthly reporting
- Accuracy
  - Elimination of mistakes in data collection process
  - Exports being in line with ‘reflected’ imports
- Accessibility
- Transparency of data collection and dissemination process
Summary

- Steel is produced in every region of the world
- Steel is used in every aspect of our lives
- Trade data are important for many steel indicators
- Reporting volumes of trade is essential for steel industry analysis
- Quality of trade data are crucial for credible analysis
Thank you for your attention.

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