Speech – André Bier Gerdau Johannpeter – Chairman, World Steel Association

Good morning (good afternoon) everyone!

It is a great pleasure to be here again at the General Assembly of the World Steel Association (worldsteel) to discuss the future of our industry, this time in Mexico. But, before we start, I want to thank everyone who came from all over the world to participate in this meeting of such great importance to the global steel industry. I also want to thank in particular all my colleagues who, despite their busy schedules, have dedicated their time to the committees and to make worldsteel a living organization that has been making a difference for our companies.

Over the years, I have witnessed and worked under various economic scenarios and steel scenarios and always am positively surprised with the hard work of the members of this institution, which gathers over 70 producing nations and represents 85% of all steel produced in the world. Our industry generates over US$2.5 trillion annually and is part of the daily lives of people everywhere in the world through a wide array of steel applications.

In 2019, during my term as chairman of worldsteel, the association has reached many important milestones for the steel industry, three of which I want to highlight. First,
we concluded the study on Liquid Metal Embrittlement, or LME, which was conducted by top universities, whose findings should expand the use of high-strength steel in the automotive industry. We also adopted the lifecycle assessment, or LCA, methodology in the automotive regulations sought in Europe, which was such as great success that we have launched and will prepare the terrain for its acceptance globally over the coming years. Lastly, we addressed the future development of mobility by launching the planning for a three-year program to support the steel industry’s positioning of its products on a mass scale.

These are excellent examples of one of worldsteel’s key goals: to be connected always with the value chains in which steel participates by developing, through innumerous partnerships, innovative solutions for their clients and suppliers.

I also want to highlight the extraordinary progress that our committees have achieved. The Economics Committee has been increasingly dedicated to exploring the potential impacts of the circular economy on steel demand, while the Safety & Health Committee has focused on the Management of Safety Processes, with initiatives that include, for instance, webinars. The Technology Committee launched “Step Up” to identify ways to improve the intensity of CO2 emissions or of local energy, seeking operating efficiency gains and benefits for the global climate.
The Communications Committee, which helps promote the image of our industry and of steel as a product, completely overhauled its construction website and is expanding the number of languages all online content is available in, while it also redesigned our book on steel facts and the #lovesteel content library on social media so that they can be easily shared. The Education & Training Committee, over which I will preside soon, in line with my day-to-day participation in worldsteel, developed over the past year the “steelHub” app, which now integrates our steeluniversity with access to the corporate training system of each company, thereby expanding access by industry professionals to courses within an already familiar digital environment. Worldsteel has been dedicated efforts to training and recruiting new professionals for the industry from steeluniversity, which has produced excellent results through innovate new approaches.

As all this shows, we have been working hard to address the four global strategic pillars of the steel industry: the occupational safety and health of workers in mill operations around the world; fostering the image of steel, a 100% recyclable metal with various applications in goods used by people every day; attention to environmental issues, CO2 generation and the consumption of water, energy and raw materials; and a focus on megatrends, such as electric cars and new applications and substitute materials in the construction industry. As you know, the
auto industry accounts for 15% of global steel shipments, while the construction industry accounts for 50%.

Of all these pillars, occupational safety is first and foremost, both for worldsteel and for its members. We are continually strengthening the concepts of safe behavior at the global level, with safety equipment that includes protection for the head, eyes, face and limbs of our workers. Workplace safety is a serious matter that warrants an intensive focus, especially in activities with increased risk of accident and injury. The investments made last year in new technologies by steel producers supported not only productivity and quality gains, but also advances in operational safety.

Another fundamental effort in which we, as industry leaders, must engage in constantly and demonstrate at all times is to continually strengthen the image of steel and to show why we are so proud to be part of this universe. Remember, steel can be infinitely recycled and roughly 100% of the waste from production processes can be transformed into co-products.

And we are living in an era in which the calls for higher sustainability standards continue to mount. As representatives of the global industry, we must raise awareness among our various stakeholders that steel is an excellent example of how to act in accordance with principles of the circular economy, by ensuring the reuse and recycling of resources.
Energy consumption per ton of steel, for example, has fallen by 61% since the 1960s, which has helped to reduce significantly CO2 emissions. Another great example is that around 90% of the water used by the steel industry is cleaned and returned to the environment.

Today, we know that topics related to the future of mobility, such as electric cars and smart cities, are gaining space in the agenda of steel producers. We must anticipate the needs of our clients and society. And innovate constantly. The circular economy already falls under the scope of megatrends and, although the concept already is familiar, today there are various initiatives to accelerate this transition, in contrast to the previous focus on waste management and recycling. The new ideas emerging involve aspects related to the more efficient use of resources and inputs and more efficient production processes. The construction industry, for example, already has adopted technologies to reduce the amount of waste material generated.

As you know, overcapacity remains a stubborn challenge. In a highly globalised industry like ours, in which roughly one out of every three tonnes of steel produced crosses national boundaries, the problem is acutely felt.

As such, I hope that we continue to rise to meet this global challenge. We highlight the good work that the Global Forum on Steel Excess Capacity has been doing to mitigate this and reaffirm our support for the
continuation of its mandate, noting it might even be broadened to include other challenges common to all of us.

Despite the complex times faced by the steel industry in recent years, with weak demand, excess supply and high raw material costs, global crude steel production reached 1.8 billion tons in 2018, growing 4.6% in relation to 2017.

The steel industry employs 96 million people worldwide. Including as well the sectors of its clients, the industry indirectly ensures another 49.3 million jobs. For every 2 jobs in the steel industry, more than 13 jobs are supported throughout the value chain.

In the last decade, China has been creating steel conglomerates and investing in new mills and cutting-edge technologies for the industry, similarly to what already has occurred in the United States and Europe. Today, the focus on innovation, startups and digital technology for the industrial base has become a major competitive advantage for the country.

Over the coming years, we will be facing major challenges that range from sustainability issues to the future of mobility with electric cars and smart cities. And worldsteel will continue to develop initiatives that benefit our members and engage in efforts to develop the global steel industry.
As we near the end of this presentation, I want to emphasize that there is no recipe for or secret to success, but investments in innovation, strong partnerships with our production chain and this collaborative environment promoted so well by worldsteel make all the difference in addressing the challenges we face every day. These are some of the things that I have learned in this last year at the head of worldsteel.

To our vice-chairman, YU Young, chairman of HBIS Group, who will lead worldsteel’s activities going forward, until the next General Assembly, in October 2020, and I wish you much success on your new journey. I will now assume the chair the Education & Training Committee, a topic with which I identify and which is so critical to the evolution of our industry, given my belief that people are the key to our development.

In closing, I want to reinforce that I continue to believe in the efforts of each and every one of you. The scenario may pose many challenges that test our businesses, but we can innovate not only in how we manufacture our products, but also in how we serve our clients and interact with our stakeholders. Thank you very much for your attention and I am counting on each of you to continue building the future of steel. Thank you!