worldsteel proposes key principles on excess capacity and structural adjustment in the steel sector

On Monday and Tuesday 18 & 19 April 2016, representatives of government and industry met in Brussels. The OECD is a useful multilateral platform for discussion between government and industry on topics of importance to the steel industry.

While no conclusion was reached during frank and open discussion, participants mentioned that excess capacity in the steel industry is a global problem, requiring global solutions. It was stressed that a level playing field must be promoted and preserved in dealing with the challenge. A strong preference was expressed that subsidies should not be provided for non-viable enterprises and investments.

Governments agreed to continue discussions on a bilateral basis in the months ahead. The OECD is investigating the possibility of a follow-up meeting early in September this year.

worldsteel proposes the following principles to guide future discussions on excess capacity and structural adjustment in the steel industry.

Governments should promote a swift and timely restructuring of the steel industry by advancing policies that ensure market forces play a decisive role in determining the future of the industry.

Past restructuring was only successful when government support and other barriers to orderly market transformation were removed. Industrial competitiveness was maintained and improved as a result of restructuring.

Market oriented approaches should ensure survival of the fittest producers. Inefficient producers should not be subsidised to remain in operation.

It is important to always maintain a level playing field between producers. Long-term sustainable producers have to meet environmental, financial and social expectations.

Barriers to exit that delay restructuring should be removed in an orderly and timely way.

Development of a long-term restructuring plan should identify and remove barriers to exit. As the steel industry remains one of the least consolidated industries, barriers which prevent efficient mergers should also be reviewed.

Develop safety net support that mitigates the consequences of restructuring.

Support should focus on addressing the social and environmental impact of restructuring.

Finally, commitments to adjust steel industry structure should be made known and tracked until finalisation.

# Ends #

Notes to Editors:

• The World Steel Association (worldsteel) is one of the largest and most dynamic industry associations in the world. worldsteel members represent approximately 85% of the world's steel production, including over 150 steel producers with 9 of the 10 largest steel companies, national and regional steel industry associations, and steel research institutes.