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WORKSHOP ON STEEL TRADE ISSUES

THE SITUATION IN STEEL TRADE: COUNTRY REPORTS
STATEMENT BY MR. BARTOLOMEJ PETÖ

The Workshop will be held in Paris on 27-28 May 1998.

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**WORKSHOP ON STEEL TRADE ISSUES STEEL
THE SITUATION IN STEEL TRADE: COUNTRY REPORTS
STEEL INDUSTRY IN SLOVAKIA
STATEMENT BY MR. BARTOLOMEJ PETÖ,
HEAD OF METALLURGICAL DEPARTMENT, MINISTRY OF ECONOMY
PARIS, 27-28 MAY 1998**

Economic Development

ITEM	1993	1994	1995	1996	1997	1998 /estim/
GDP /const. prices 1993/ in thous. mio. Sk % of change	369.9 -3.7	380.0 4.9	414.8 6.9	442.2 6.6	470.9 6.5	497.0 5.5
GDP /current prices/ in thous. mio. Sk	369.9	441.3	515.7	575.7	653.9	689.9
GDP per head in USD	2 255	2 579	3 227	3 496	3 611	3 758
Priv. sect. /GDP %	39.0	58.2	62.6	76.8	82.6	85.0
Inflation rate %	23.7	13.4	9.9	5.8	6.1	6.0
Unemployment rate %t	12.7	14.6	13.8	12.6	13.0	12.5
Balance Export-Import in thous. mio. Sk	-27.3	2.6	- 5.7	- 70.3	- 49.5	- 43.3
Balance of State Budget in thous. mio. Sk	-23.0	- 22.9	- 8.3	- 25.6	- 37.0	- 30.4
Rate Sk/USD	30.80	32.00	29.735	30.647	33.616	34.00
Inhabitants thous. pers.	5 325	5 347	5 368	5 374	5 387	5 400

1. In the table are published selected data on the general economic development of the Slovak Republic since the split of the former CSFR. Because of the rapid decrease of the export – import balance in 1996 the Slovak Government introduced in August 1997 for imported direct consumed goods 7 per cent surtax allowable with WTO. From January 1998 till April the tax rate was 5 per cent now is 3 per cent and since October will be 0 per cent. Recovery of the balance we expect through export of more value-added products without any restriction on import.

Production of Steel Industry (in thousand tonnes)

PRODUCT	1993	1994	1995	1996	1997	I.Q.1998
Crude Steel	3 891	3 948	3 921	3 554	3 784	1 027
BOF Steel	3 769	3 805	3 709	3 345	3 501	948
EAF Steel	122	143	211	209	283	79
Share of CC per cent	70,9	66,1	88,5	100	100	100
1. Semis	357	234	280	120	134	
2. Flats	2 972	3 145	3 102	2 991	3 151	775
3. Tubes	139	146	167	173	182	50
4. Drawn Wire	159	157	147	138	132	27
Total 1+2+3+4	3 627	3 682	3 696	3 422	3 599	
Ferroalloys	104	145	135	150	129	31

2. Fully privatised Steel sector is specialised exclusively on the production of hot rolled and cold rolled flat products, seamless and welded tubes, cold drawn wires and ferroalloys. Production of hot rolled reinforcing bars was stopped in 1991 and in the future will be not produced any hot rolled long products in the Slovak Republic.

3. Since 1996 the whole production of liquid steel is continuously casted to the slabs for flat products and to the billets for seamless tubes.

4. Production of the crude steel 3.8 – 3.9 million tonnes, flat products 3.2 million tonnes., seamless and welded tubes 140+50 thousand tonnes and 130 thousand tonnes drawn wires will be approx. constant. Our target is to increase production of the higher value added final products, i.e. high strength automotive sheets, organics coated sheets, packaging tin plate sheets, precise tubes and tyre cords as well, partly with foreign investors, instead of the semis or hot rolled flat products.

3. Steel Market in 1997

Production of final steel products: 3 599 thousand tonnes

Export: 2 874 thousand tonnes (79.86 per cent of product.)

Import: 724 thousand tonnes

Apparent consumption: 1 476 thousand tonnes

App. consumption per head: 274 kg

Production per head: 668 kg

Export by territories	Share %	Thousand tonnes
Centr.+East. Europe	51.2	1 457
of which Czech Republic	29.2	830
EU + West. Europe	32.0	910
Midle East	1.7	48
USA + Canada	7.2	204
Asia	4.7	135
Others	3.2	93
Total		2 847

Import by origin	Share %	Thousand tonnes
Centr. + East Europe	85.9	622
of which Czech Republic	77.3	560
EU + West Europe	14.1	102
Total		724

5. Due to the overcapacity production of semis, flats, tubes and drawnd wires the share of export at the steel production is 79.86 per cent. Central and Eastern European countries remain the main region for our steel export, but to the European Union countries in 1997 was directed nearly 1/3 of our total export.

6. Steel import consists prevailly from long products, heavy plates and products made from alloyed steels.

7. According to the Directive of the European Commission so called "double checking" just monitoring system remains for Slovakian export of flat products to the European Union for 1998 year.

8. Ferrous scrap export to the European Union is since January 1997 fully liberalised in accordance with the Association Treaty.

Export – import balance on scrap trade in thousand tonnes

Year	1993	1994	1995	1996	1997	I.Q.1998
Export	233	263	197	212	214	71
Import	85	133	234	158	159	23

9. Main destination countries in 1997: Austria 107 thousand tonnes., Italy 59 thousand tonnes., Czech Republic 30 thousand tonnes, Germany 11 thousand tonnes., Slovenia 6 thousand tonnes.

10. Main origin countries in 1997: Ukraine 79 thousand tonnes, Hungary 51 thousand tonnes, Czech Republic 26 thousand tonnes.