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**WORKSHOP ON THE SITUATION IN THE STEEL INDUSTRY IN THE NIS
EXPORT OF NIS COUNTRIES AND ITS IMPACT ON ASIAN ECONOMIES**

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EXPORT OF NIS COUNTRIES AND ITS IMPACT ON ASIAN ECONOMIES

Table 1. Real GDP growth rate (compared to previous year)

A smooth rebound is visible in 1999.

| | | 1995CY | 1996CY | 1997CY | 1998CY | 1999.1Q | 1999.2Q |
|--------|-------------|--------|--------|--------|--------|---------|---------|
| China | | 10.5% | 9.6% | 8.8% | 7.8% | 8.3% | 7.6% |
| ASEAN | Thailand | 8.8% | 5.5% | -1.3% | -8.0% | 0.9% | 3.5% |
| | Malaysia | N.A. | 10.0% | 7.5% | -7.5% | -1.3% | 4.1% |
| | Philippines | 4.8% | 5.8% | 5.2% | -0.5% | 1.2% | 3.6% |
| | Indonesia | 8.2% | 7.8% | 4.7% | -13.2% | -9.4% | 1.8% |
| Korea | | 8.9% | 7.1% | 5.5% | -5.8% | 4.6% | 9.8% |
| Taiwan | | 6.0% | 5.7% | 6.8% | 4.8% | 4.3% | 6.5% |

(Source: Official data from governments and central banks)

Table 2. Steel supply/demand condition in Asian countries

(Apparent steel consumption of total steel products)

Steel supply / demand condition is becoming tight.

(Unit: '000 Metric Tons / Month)

| | | 1995CY | 1996CY | 1997CY | 1998CY | 1999.1H |
|--------|-------------|--------|--------|--------|--------|---------|
| China | | 8,153 | 8,762 | 9,033 | 9,503 | 10,663 |
| ASEAN | Thailand | 755 | 732 | 635 | 342 | N.A. |
| | Malaysia | 650 | 658 | 671 | 296 | N.A. |
| | Philippines | 283 | 377 | 349 | 248 | N.A. |
| | Indonesia | 530 | 580 | 568 | 237 | N.A. |
| Korea | | 3,010 | 3,200 | 3,250 | 2,117 | 2,593 |
| Taiwan | | 1,630 | 1,515 | 1,778 | 1,719 | 1,508 |

(Source: South East Asia Iron & Steel Institute)

Table 3. Steel product imports to Asian countries

Steel imports are recovering rapidly.

(Unit: '000 Metric Tons / Month)

| | | 1995CY | 1996CY | 1997CY | 1998CY | 1999.1H |
|--------|-------------|--------|--------|--------|--------|---------|
| China | | 1,210 | 1,357 | 1,128 | 1,085 | 1,448 |
| ASEAN | Thailand | 517 | 492 | 397 | 219 | 504 |
| | Malaysia | 464 | 538 | 637 | 362 | N.A. |
| | Philippines | 313 | 327 | 304 | 183 | N.A. |
| | Indonesia | 305 | 293 | 319 | 176 | 124 |
| Korea | | 871 | 911 | 774 | 296 | 637 |
| Taiwan | | 1,127 | 885 | 1,014 | 930 | 1,074 |

(Source: official import & export statistics from each country)

Table 4 Steel Imports from Russian and Ukraine

The steel imports, especially semi-finished products, from Russia and Ukraine have been dramatically increased.

(Unit: '000 Metric Tons / Month)

| | | 1997CY | | | 1998CY | | | 1999.1H | | | |
|--------|----------------|----------------|---------|-------|--------|---------|-------|---------|---------|-------|------|
| | | Russia | Ukraine | Total | Russia | Ukraine | Total | Russia | Ukraine | Total | |
| China | Semi-finished | 4 | 3 | 7 | 11 | 10 | 21 | 98 | 16 | 113 | |
| | Steel products | 244 | 71 | 314 | 169 | 30 | 200 | 225 | 120 | 345 | |
| | Total | 248 | 73 | 321 | 181 | 40 | 221 | 323 | 136 | 459 | |
| ASEAN | Thailand | Semi-finished | 88 | 26 | 113 | 20 | 5 | 25 | 91 | 34 | 124 |
| | | Steel products | 55 | 6 | 61 | 4 | 0 | 5 | 11 | 2 | 13 |
| | | Total | 142 | 31 | 174 | 24 | 5 | 30 | 102 | 36 | 137 |
| | Malaysia | Semi-finished | 19 | 3 | 22 | 3 | 1 | 4 | N.A. | N.A. | N.A. |
| | | Steel products | 65 | 15 | 80 | 18 | 4 | 22 | N.A. | N.A. | N.A. |
| | | Total | 83 | 18 | 101 | 21 | 5 | 26 | N.A. | N.A. | N.A. |
| | Philippines | Semi-finished | 76 | 2 | 77 | 38 | 1 | 39 | N.A. | N.A. | N.A. |
| | | Steel products | 54 | 2 | 55 | 22 | 1 | 22 | N.A. | N.A. | N.A. |
| | | Total | 130 | 3 | 133 | 60 | 2 | 61 | N.A. | N.A. | N.A. |
| | Indonesia | Semi-finished | 55 | 7 | 63 | 20 | 6 | 26 | 6 | 3 | 9 |
| | | Steel products | 9 | 3 | 12 | 2 | 2 | 3 | 1 | 1 | 2 |
| | | Total | 64 | 11 | 75 | 22 | 8 | 29 | 7 | 4 | 11 |
| Korea | Semi-finished | 44 | 11 | 54 | 8 | 0 | 9 | 14 | 3 | 17 | |
| | Steel products | 24 | 10 | 34 | 2 | 0 | 2 | 21 | 9 | 30 | |
| | Total | 68 | 21 | 88 | 10 | 0 | 11 | 35 | 12 | 47 | |
| Taiwan | Semi-finished | 240 | 44 | 285 | 238 | 39 | 278 | 391 | 95 | 485 | |
| | Steel products | 35 | 39 | 75 | 8 | 29 | 37 | 24 | 19 | 42 | |
| | Total | 275 | 84 | 359 | 246 | 69 | 315 | 414 | 114 | 528 | |

(Source: official import & export statistics from each country)

Table 5

| | 1985CY | 1986CY | 1987CY | 1988CY | 1989CY | 1990CY | 1991CY | 1992CY | 1993CY | 1994CY | 1995CY | 1996CY | 1997CY | 1998CY |
|----------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Russia * | 41 | 149 | 427 | 605 | 783 | 1,508 | 1,782 | 539 | 619 | 745 | 417 | 223 | 159 | 79 |
| Ukraine | - | - | - | - | - | - | - | 152 | 395 | 224 | 124 | 144 | 190 | 39 |
| Total | 41 | 149 | 427 | 605 | 783 | 1,508 | 1,782 | 691 | 1,014 | 969 | 541 | 367 | 349 | 118 |

(Source: The Japan Iron & Steel Federation <JISF>)

* The figures of Russia until 1991CY are those of the Soviet Union.

Conclusion

It is essential for NIS countries to provide consistent quality steel products and services in order to establish its stable position in the Asian market.

Otherwise, the products from NIS countries will be a target for speculation, which tends to cause a huge confusion in the market.

Reference

Reasons that the products from NIS countries could not establish a firm position in Japanese market

1. The quality level of the steel products imported from NIS has been far below the minimum requirements from Japanese customers.

(Furthermore, the quality level has been so inconsistent that Japanese customers could not use them properly.)

2. Services related to imports from NIS countries could not satisfy the needs of Japanese customers at all.

(There are neither sales representatives nor processing facilities of NIS countries, which could improve the service level in Japan.)