

**DIRECTORATE FOR SCIENCE, TECHNOLOGY AND INDUSTRY
STEEL COMMITTEE**

INDIA

**GLOBALISATION IN THE STEEL INDUSTRY: INDUSTRY RESTRUCTURING MERGERS AND
ACQUISITIONS - RECENT DEVELOPMENTS AND OUTLOOK**

Joint India/OECD/IISI Workshop, New Delhi (India), 16-17 May 2006

Presentation by Mr. Rod Beddows, Director, Hatch Associates Ltd.

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- Describe how the steel industry has consolidated and become more global in character since 1990, with reference to (i) the horizontal and vertical aspects, and (ii) the variation in the intensity of the phenomena amongst major product categories;
- Identify and analyse the factors driving the consolidation and globalization, including the roles that (i) growth in market-based economies, (ii) trade and (iii) the globalisation of key customer segments (like autos) have played;
- Describe the role that mergers and acquisitions and joint ventures are playing.
- Assess the implications of the consolidation and globalisation on competition and industry performance;
- Provide scenarios assessing the likely magnitude, extent and implications of any further expected consolidation and globalisation over the next 15 years.

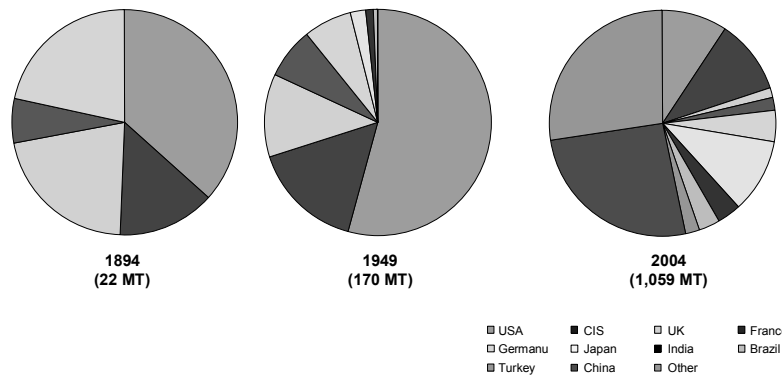
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Growth and location of steel production



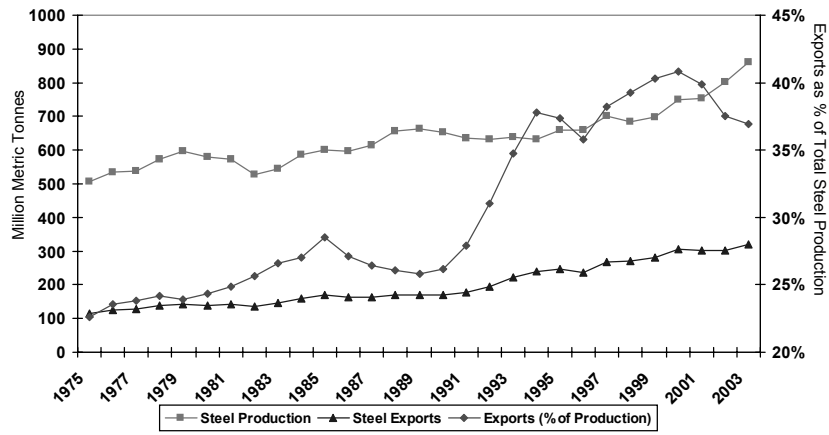
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World trade in finished steel products (1975 – 2003)



* These figures include trade between the countries within the EU and NAFTA

Trade in 2003, excluding the EU and NAFTA, amounted to 232 MT or 26.9% of global steel production

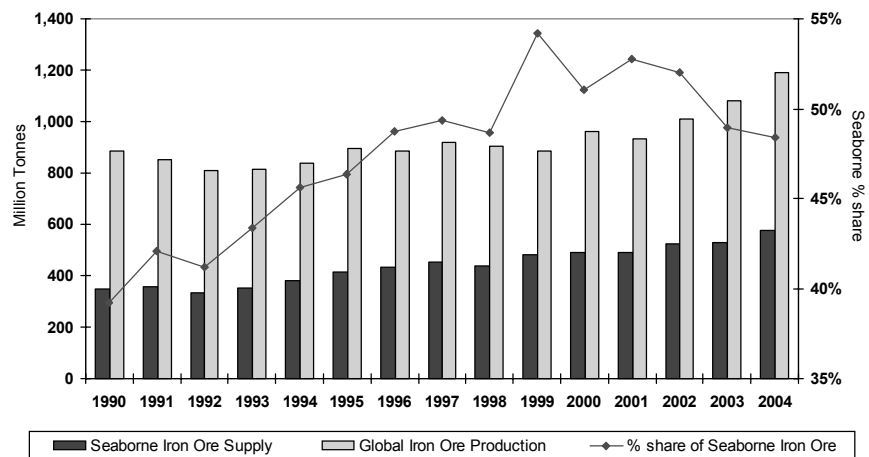
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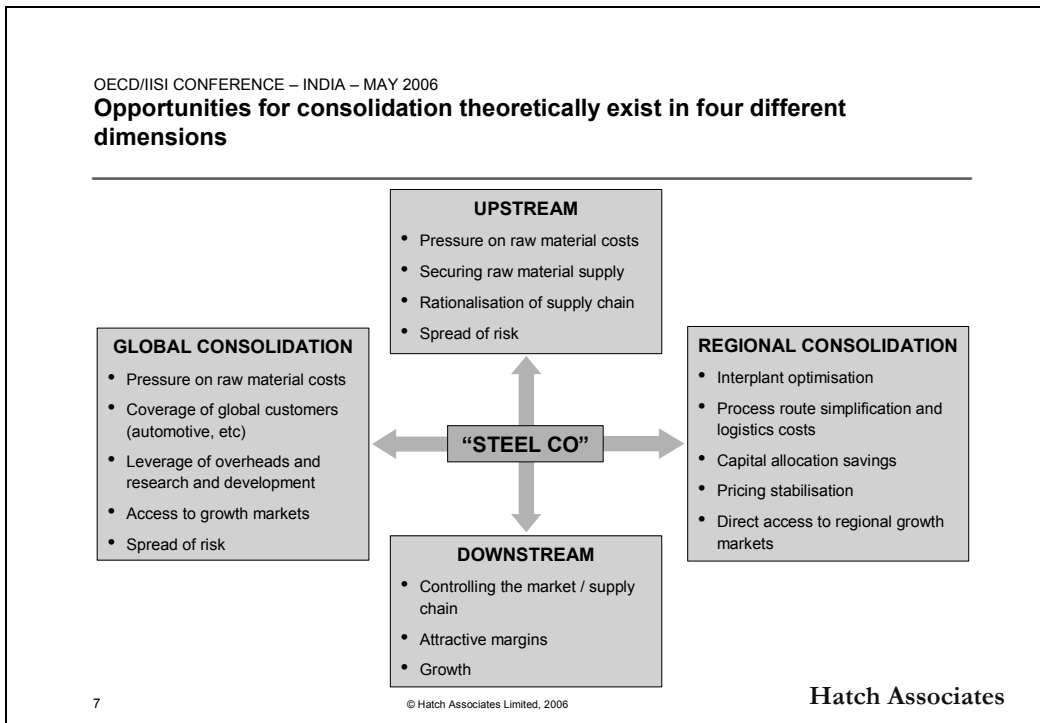
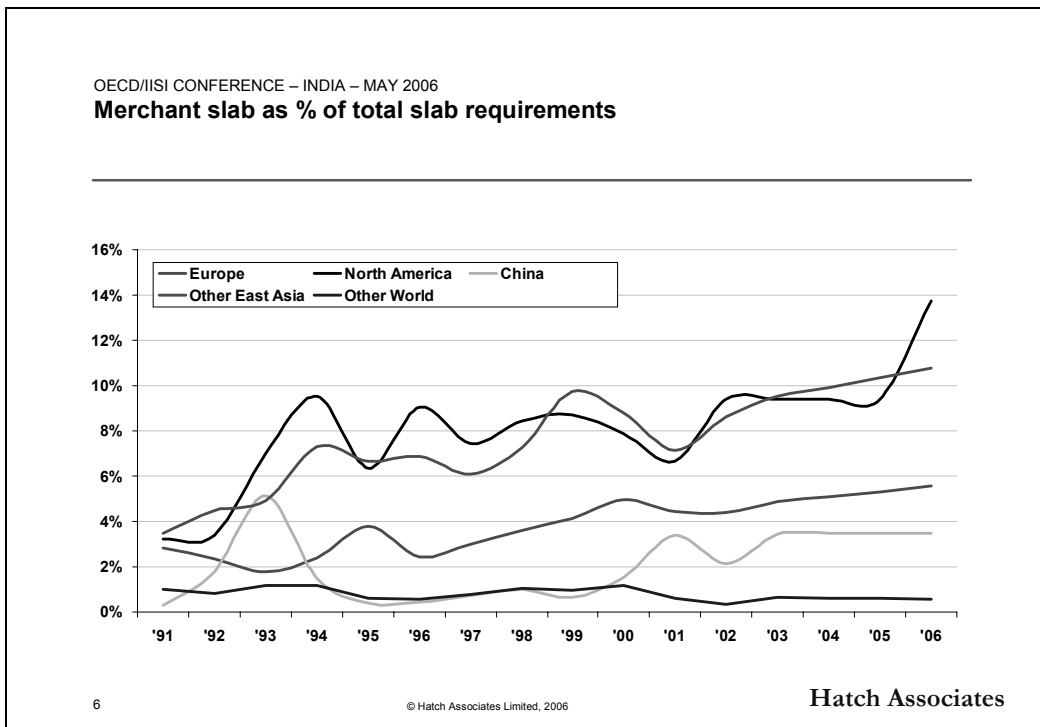
Share of seaborne iron ore trade / total iron ore production



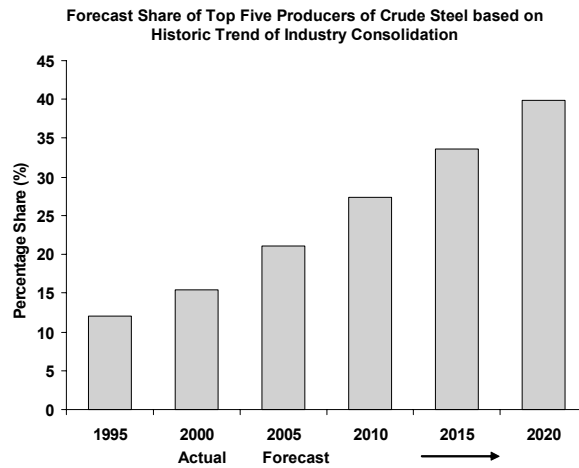
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Crude steel production : consolidation

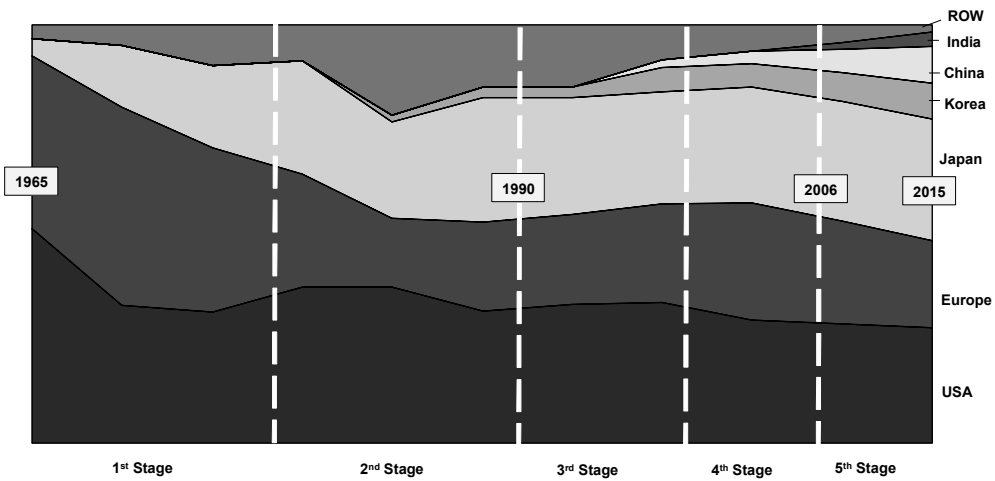


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Stages of globalisation in the automotive industry



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Toyota assembly assets

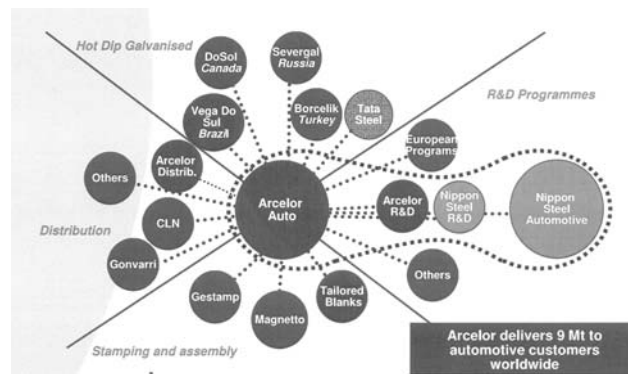


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The Arcelor automotive supply structures. Leading and sponsoring a network of automotive suppliers



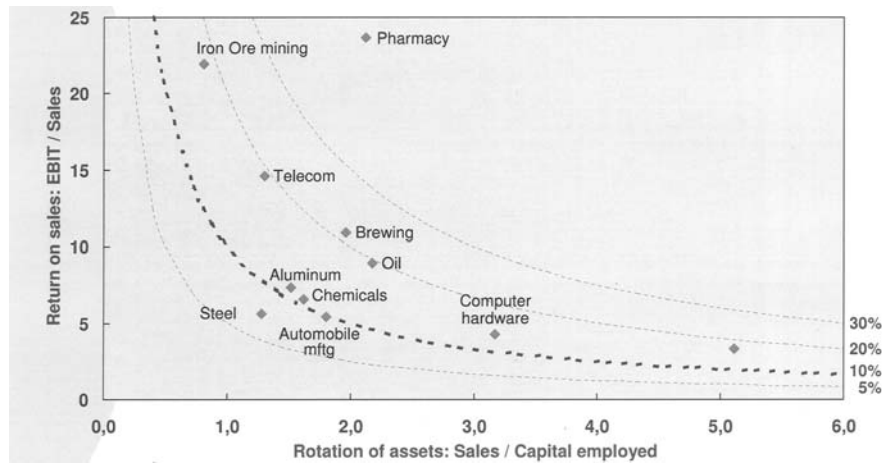
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The steel industry has not been able to pay the cost of capital across the cycle



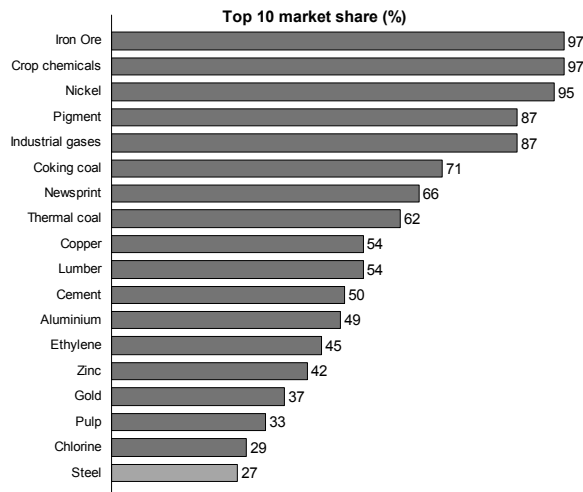
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The steel industry is less concentrated than other base materials industries



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Global market capitalisation of listed steelmakers (ex Chinese)

