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DSTI/SU/SC(98)16
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Organisation de Coopération et de Développement Economiques
Organisation for Economic Co-operation and Development

DSTI/SU/SC(98)16

OLIS : 04-May-1998
Dist. : 06-May-1998

Or. Eng.

DIRECTORATE FOR SCIENCE, TECHNOLOGY AND INDUSTRY
STEEL COMMITTEE

INDIA'S REQUEST FOR OBSERVERSHIP IN THE STEEL COMMITTEE

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SUMMARY

India has requested observership in the Steel Committee. The OECD Council has asked the Committee to provide a technical opinion on the request.

ACTION

Delegations are asked to consider whether they would like to act on the Council request under a written procedure. If so, comments on the draft response contained in this document should be provided to the Secretariat by **22 May 1998**.

RELATED DOCUMENT

C(96)64/REV1/FINAL

INDIA'S REQUEST FOR OBSERVERSHIP IN THE STEEL COMMITTEE

Background

1. In March 1998, India sent a letter to the Secretary General of the OECD, requesting that the country be granted observer status in the Steel Committee. The letter notes that Indian officials had attended the OECD's *Workshop on steel trade and adjustment issues* held in October 1996. On the basis of the country's participation in that meeting, officials had concluded that observership would be useful to the country. First, it would enable government officials to discuss multilateral issues, which would be of increasing importance to India in view of its growing role in the global steel market. Second, observership would enable officials to establish and maintain regular contacts with other major steel-producing countries which were represented in the Committee as either members or observers.

2. The Secretary General referred India's letter to the Council, which has asked the Steel Committee for its technical opinion on the matter. According to the procedures established by the Council for such requests [as set forth in document C(96)64/REV1/FINAL], the Committee's opinion should indicate:

“whether the subsidiary body considers in the light of any relevant evidence that the non-member is a major player in its field of competence;

whether and in what ways association of the non-member with its work would be mutually beneficial;

the consequences that the non-member's participation might have on the current work programme of the subsidiary body concerned, as well as on the Secretariat resources devoted to this body; and

as appropriate, the limits and form of the participation of the non-member which appear desirable, bearing in mind the variety of possible programmes and approaches, in order to maximise the benefits and reduce any disadvantages.”

Action

3. In view of the strong support that the Committee has already expressed in closer co-operation with key non-member economies, and with a view towards advancing the decision that the Council will take in the case of India, the Committee is asked to consider whether it wishes to respond to the Council request for a technical opinion using a written procedure.

4. In anticipation of an affirmative response, the Secretariat has drafted a response to the Council, which is attached. Delegates are asked to review the draft and provide the Secretariat with any comments by **22 May 1998**. In the event any Delegation requests that the Committee discuss the matter at its May meeting, action will be deferred until that time.

5. Please note that responses from **all** countries that are full participants in the Committee, including those that have no comments, would be appreciated.

**DRAFT NOTE TO THE COUNCIL CONCERNING INDIA'S REQUEST
FOR OBSERVERSHIP IN THE STEEL COMMITTEE**

1. The Steel Committee has considered the request made by the Council for a technical opinion on India's request for observer status in the subsidiary body. It believes that observership would be mutually advantageous to both India and member countries, and gives its strong technical support to the request. In terms of the criteria set forth by the Council in its *Resolution concerning the participation of non-member economies in the work of subsidiary bodies of the Organisation*, the Committee would make the following observations:

Major player

2. India is currently a major player in world steel, with more than 23 million tonnes of production per year (the 10th largest in the world). Its role is expected to increase in the near term, as ambitious investment plans could raise capacity to over 50 million tonnes by the year 2000 (see table). In terms of trade, the lowering of tariffs and deregulation are transforming India into a more active importer and exporter of steel products.

Table. Basic steel statistics for India, by selected years, 1980-2000

Item	1980	1985	1990	1995	1997	2000 (f)
	(Million tonnes)					
Crude steel production	9.5	11.9	15.0	20.3	23.8	41
World ranking	16th	16th	11th	10th	10th	6th
Steel imports	1.8	2.2	1.5	2.2	2.2	n.a.
Steel exports	0.1	0.0	0.3	1.3	1.5	n.a.
Apparent consumption	9.1	11.4	12.9	19.1	20.6	34
Steelmaking capacity	14.0	16.2	17.8	25.9	37.1(e)	56.7

(e) Secretariat estimate.

(f) Secretariat forecast.

Note: Steel production and capacity are expressed in millions of tonnes of crude steel, while data on trade and consumption are expressed in millions of tonnes of steel products.

Mutual benefit

3. The Committee has found the participation of non-member economies in its work to have been highly useful, as have the non-member economies. Currently Brazil is a full participant in the Committee, while Russia, Brazil, Romania and the Slovak Republic have observer status. The Committee believes that mutual benefits would also accrue in the case of India, which was an active participant in the *DNME Workshop on steel trade and adjustment issues* held in October 1996.

4. The Committee prefers that contact with India be on a regular basis, through participation in Committee meetings. It expects that India would participate actively in these meetings, and that it would provide information on industry and policy developments, consistent with that being provided by member countries. It hopes that the country would be in position to become a full participant in due course.

Consequences for the current programme of work and the resources devoted to it

5. India's participation in the Committee's activities would enhance its effectiveness in addressing current and emerging issues, most of which have an important multilateral dimension. The Committee believes that its programme of work would be strengthened and there would not be any appreciable effects on the resources devoted to its work. In fact, India's participation would tend to facilitate the collection of more precise and accurate information, which would enhance the resources available to the Committee to conduct analytic work.

Limitations on forms of participation

6. No limitations have been placed on the forms of participation of the non-member countries currently participating in the Committee, and the Committee sees no reason to place any limitations in the case of India.