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DRAFT ANNUAL REPORT ON INVESTMENT AND DISINVESTMENT NOTIFICATIONS SUBMITTED IN 1997 AND 1998

This document will be considered at the next meeting of the Steel Committee on 4-5 November 1998.

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DRAFT ANNUAL REPORT ON INVESTMENT AND DISINVESTMENT NOTIFICATIONS SUBMITTED IN 1997

1. In accordance with the rules of procedure for the notification and examination of investment and disinvestment projects [SC/WP(86)12/2nd Revision], each year the Secretariat prepares a draft report for consideration by the Steel Committee which summarises the information on investment and disinvestment projects notified during the previous year.

2. The attached report summarises, in tabular form, all the notifications submitted during 1997, together with brief comments. A summary report for the notifications submitted as from the beginning of 1998 has been added.

3. It is being distributed for consideration by the Steel Committee at its November 1998 meeting. Delegations are invited to:

- comment on the summary tables and text; and
- determine whether they are up to date in their submission projects requiring notification under the rules of procedure. Delegations are therefore invited to give particular attention to the list at the end of this document that shows, by country, a number of investment projects that were released in the press in 1998 but not notified to the Secretariat.

Number of notifications

4. During 1997, the following notifications were submitted to the Secretariat:

Investment project notifications		Disinvestment project notifications	
Country	Number	Country	Number
United States	7	United States	1
Canada	8		
Sweden	1		
Total	16	Total	1

5. A historical perspective of notifications submitted since the current procedure was instituted is shown below. In addition to annual totals, the tables show, in brackets, the number of projects related to specialty steel.

1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997
Number of investments															
25 (4)	14 (2)	15 (0)	50 (3)	26 (4)	23 (3)	18 (4)	39 (6)	22 (4)	37 (5)	20 (2)	30 (4)	18 (5)	16 (2)	13 (6)	16 (10)
Number of disinvestments															
48 (10)	36 (3)	10 (0)	55 (1)	25 (4)	36 (7)	14 (0)	22 (4)	5 (0)	20 (2)	15 (4)	14 (3)	52 (4)	9 (0)	13 (5)	1 (1)
Number of reporting countries															
10	6	6	8	6	4	10	9	3	5	6	5	8	5	7	3

6. In 1997, investment and disinvestment notifications were submitted by three countries only, compared with seven countries in 1996 and five in 1995. However, the results of the 1997 survey of effective capacity in OECD countries indicate that changes in steelmaking capacity occurred in a number of other countries as well (see Table 1).

7. Table 1 presents data on crude steelmaking capacity in OECD countries in 1996, 1997 and 1998 and estimates for 1999 and 2000.

Summary of the projects

8. A summary of the notifications submitted in 1997 is presented in Tables 2 and 3. The tables provide a brief description of each project and its key features, including the capacity of the equipment concerned, the effect on aggregate capacity, the date of completion or closure, the total cost and employment implications.

Investment projects

9. Sixteen investment projects were notified during 1997, versus 13 the previous year and 16 in 1995. These projects resulted in an increase in capacity for these three countries.

10. In some cases, the impact of these investments on employment has been positive, notably in the United States. But, as a rule, whenever details could be obtained of the impact on employment, it was found that installation or modernisation projects resulting in enhanced productivity tended to involve a reduction in manning levels.

Disinvestment projects

11. An unique disinvestment project was notified during 1997, compared to 13 in 1996 and 9 in 1995. This closure in the United States resulted in an important job loss.

12. A summary of the notifications submitted in 1997 is presented in Tables 4 and 5. The tables provide a brief description of each project and its key features.

Table 1. OECD Effective Capacity for the Production Of Crude Steel In 1996, 1997 and 1998 and Estimates for 1999 and 2000

Unit: million tonnes per year

Country	1996	1997	1998	1999 estimates	2000 estimates
Germany	50.70	51.60	51.70	51.70	n.a
Austria	4.60	4.80	5.50	5.50	n.a
Belgium	14.31	13.65	14.00	14.10	14.25
Denmark	0.90	0.85	0.85	0.85	n.a
Spain	17.70	18.66	18.61	18.65	18.70
Finland	4.20	4.24	4.25	4.26	n.a
France	22.00	24.25	24.26	24.27	n.a
Greece	3.80	3.81	3.81	3.81	n.a
Ireland	0.42	0.50	0.50	0.50	n.a
Italy	41.82	35.52	35.59	35.59	n.a
Luxembourg	4.50	4.50	4.50	4.50	n.a
Netherlands	6.80	6.79	6.79	6.79	6.79
Portugal	0.90	0.97	1.37	0.88	n.a
United Kingdom	20.70	20.27	20.29	20.30	n.a
Sweden	5.60	6.18	5.95	6.10	6.30
EU (15)	198.94	196.59	197.99	197.80	n.a
Norway	0.55	0.55	0.55	0.55	n.a
Switzerland	1.05	1.05	1.05	n.a	n.a
Turkey	19.30	19.50	19.80	20.00	n.a
Canada	15.50	16.70	16.70	16.70	16.70
United States	105.20	109.30	113.70	n.a	n.a
Mexico	15.20	15.30	16.50	17.00	18.00
Japan	149.62	149.64	149.81	n.a	n.a
Australia	8.50	8.60	8.60	8.60	n.a
Korea	43.30	45.80	45.40	47.50	47.90
Hungary	1.90	1.85	1.85	1.85	n.a
Poland	11.72	12.50	12.30	12.40	12.40
Czech Republic	8.82	8.82	8.82	8.82	8.82
Total	580.8	586.20	593.52	..	..

n.a: not available

Source: OECD Annual Survey.

Table 2. Report On Investment Projects Notified In 1997

Country	DSTI/SI/SC	Company and location	Description of the principal production unit	Annual capacity	Capacity Net effect	Employment Net effect	Completion Date	Estimated Cost in US$	Comments
				Unit: 1000 tpy					
United States	97(4)	AK Steel Middletown, Ohio	Construction of a cold rolling mill and processing facility in Rockport, Indiana.	882	0	0	December, 1999	1.1 billion	Grade: Carbon and stainless flat rolled sheet. Range of products : cold rolling flat rolled sheets. The new facility includes: a continuous galvanising line, a cold rolling mill, a temper mill, a continuous pickler and an annealing and pickling line.
		Steel of West Virginia Inc. Huntington	Expansion program : high speed reheat furnace and quick change mill roll stands.	221	+ 179.6	0	February, 1998	28 million	Grade: Carbon Range of products: I-beams up to 12 in. for the manufactured housing industry.
	(97)48	Nucor Corp. Charlotte, North Carolina	Construction of a rolling mill. The facility will be situated adjacent to an existing Nucor melt shop in Berkeley, South Carolina	450	+ 450	+ 200	4th quarter 1998	120 million	Grade: all carbon Range of products: wide-flange and bantam beams of widths from 4 in. to 12 in.
		Nucor Corp. Charlotte, North Carolina	Construction of a hot dip galvanising line at its Berkeley, South Carolina mill	450	+ 450	+ 20	3rd quarter 1998	40 million	Grade: carbon Range of products: The 66 in. line will have galvannealing capability for the automobile market.

Table 2. Report On Investment Projects Notified In 1997 (continued)

Country	DSTI/SI/SC	Company and location	Description of the principal production unit	Annual capacity	Capacity Net effect	Employment Net effect	Completion Date	Estimated Cost in US$	Comments
				Unit: 1000 tpy					
United States	(97)48	Nucor Corp. Charlotte, North Carolina	Construction of a dual cold rolling mill and a temper mill and a galvanising mill at its Hickman, Arkansas mill. The expansion also includes associated pickling, oiling and (ultimately) annealing facilities.	725 450	+ 725 + 450	+ 120	1st quarter 1999 & October 1998	120 million	Grade: carbon Range of products: Thin gauged hot rolled steel from Hickman will be used as feed in the new hot dip-galvanising line.
		LTV Steel Corp. Cleveland, Ohio	Construction of a mechanical tube mill in Marion, Ohio Ancillary equipment will include a high-speed slitter, large and small forming and welding mills, and heat-treating equipment	132	+ 132	+ 144	1st quarter 1999	66 million	Grade: carbon Range of products: Hydroformed tubes for the automobile industry, for framing, axles, and radial applications.
	(97)57	Bethlehem Steel Corporation, Bethlehem, Pennsylvania	A new rolling mill complex at its Sparrows Point plant in Maryland consisting of a continuous pickling line, cold reducing mill, annealing facilities, a skin pass mill and related coil handling, storage and shipping facilities.	450	0	- 900	4th quarter 1999	300 million	Grade: carbon Range of products: coils. The new facility will replace an antiquated cold rolling mill.

Table 2. Report On Investment Projects Notified In 1997 (continued)

Country	DSTI/SI/SC	Company and location	Description of the principal production unit	Annual capacity	Capacity Net effect	Employment Net effect	Completion Date	Estimated Cost in US$	Comments
				Unit: 1000 tpy					
Canada	(97)4	Dofasco Inc. Hamilton (Ontario)	New line of business : a tube mill to serve the automotive industry	126	0	0	1998	10.3 million	Range of products: tube products that the new auto parts manufacturer, Magna International Inc., in St Thomas, Ontario will used by hydro-forming technology to produce truck frames from tubes for General Motors Corp. vehicles.
	97)5	Ivaco Inc. L'Orignal, Ontario	Increase of wire rod capacity and upgrade of technology at its Ivaco Rolling Mills unit for the highest quality grades. This project will be carried out in two stages.	950	+250	-	1st stage: Sept. 1997 2nd stage: 3rd quarter 1998	44 million	Range of products : wire rod produced from billets purchased to QIT-Fer & Titane Inc. de Sorel, Québec, to eliminate the need of building an estimated US $129.5 worth of upstream facilities.
	(97)20	Stelco Inc. (Hilton Works) Hamilton, Ontario	The new mill will be a fully automated plate rolling facility The plate mill technology is being supplied by Tippins Incorporated and will feature that firm's CoilPlate process.	doubled	-	-	Mid 1998	61.5 million	Range of products: Wide, light gauge plate in both discrete and coil form giving the firm access to markets in which it can not currently participate.
		AltaSteel Ltd (subsidiary to Stelco Inc.) Edmonton, Alberta	Modernisation in adding a ladle furnace which will permit finer control of the steel refining process	-	-	-	Beginning 1998	3.6 million	Range of products: bar products for the mining, oil and gas, construction, automotive and service centre industries.

Table 2. Report On Investment Projects Notified In 1997 (continued)

Country	DSTI/SI/SC	Company and location	Description of the principal production unit	Annual capacity	Capacity Net effect	Employment Net effect	Completion Date	Estimated Cost in US$	Comments
				Unit: 1000 tpy					
Canada	(97)20	IPSCO Inc. Regina, Saskatchewan	Modernisation in adding a new ladle furnace for the steelworks, a stand-alone coil processing centre and the gradual acquisition of a steel scrap processing company. Also plans for rolling mill modifications and spiral mill upgrades to allow the Regina plant to make heavy wall, high strength gas transmission pipe.	90	+ 90	+ 20	The stand-alone coil processing line in the third quarter of 1997	58 million (total)	Range of products: production of high strength gas transmission pipe IPSCO also formed a partnership with General Scrap & Car Shredder Ltd. of Winnipeg, Manitoba which operates 5 processing yards in western Canada and the US IPSCO will acquire all the firm's assets over a 10 year period.
		IPSCO Inc. Toronto, Ontario	Construction of an advanced coil processing centre near Toronto. This facility would be the first of its kind in the Toronto area.	350	-	-	Latter half of 1998	17.3 million	Range of products: It is a 96" wide, cut-to-length operation along with a leveller and a temper mill. This facility will process steel from IPSCO's new plate mill in Iowa.

Table 2. Report On Investment Projects Notified In 1997 (continued)

Country	DSTI/SI/SC	Company and location	Description of the principal production unit	Annual capacity	Capacity Net effect	Employment Net effect	Completion Date	Estimated Cost in US$	Comments
				Unit: 1000 tpy					
	(97)52	The Z-Line Company, a joint venture between Stelco Inc. and MC Steel Operations (Canada) Ltd. and a subsidiary of Mitsubishi Corp., Japan Hamilton, Ontario	Expansion and upgrade of its coated sheet facility at its Hilton Works: improvements in annealing and galvannealing capability	400	30	-	3rd quarter 1998	5.7 million	Grade: carbon Range of products: coated sheets
		Co-Steel Lasco Division, Whitby, Ontario	The entire project began about 5 years ago and, to date, has resulted in a new reheat furnace, roughing train and cooling bed. The final phase of a three phase modernisation of its structural mill.	1.100	+ 300	-	End of 1998	46.2 million Total project: 85.3 million	Grade: carbon Range of products: New product sizes: 6 and 8 inch beams, 12 inch flats, 12 inch channels and angles up to 8 inch by 8 inch. Lasco will then have a state of the art bar and structural mill.
Sweden	(97)51	SSAB Tunnplat AB, Lulea and Borlange	In Lulea, increase in production of slabs by coal injection in the blast furnaces and in Borlange, new equipment for the Hot Strip Mill	2 700	405		End of 1998	166 million	Grade: carbon and high strength steel. Range of products: Hot rolled strips Improvement in strip profile and dimension tolerances and wider dimension range. Main suppliers of the equipment in the Hot Stip Mill are Schloemann-Siemag AG (SMS), ABB and Pomini SpA, Italy.

Table 3. Report On Disinvestment Projects Notified In 1997

Country	DSTI/SI/SC	Company and location	Description of the principal production unit	Annual capacity Unit: 1 000 tpy	Capacity Net effect	Employment Net effect	Completion Date	Comments
United States	(97)4	Bethlehem Steel Corporation Bethlehem, Pennsylvania	Closure of its 44 in. structural mill in Bethlehem	- 661	- 661	- 900	1st quarter 1997	Grade: Carbon Range of products: light to medium-wide flange sections, heavy wide flange sections, special sections and a wide assortment of piling. This mill was opened in 1968.

Table 4. Report on Investment Projects Notified in 1998

Country	DSTI/SU/SC	Company and location	Description of the principal production unit	Annual capacity	Capacity Net effect	Employment Net effect	Completion Date	Estimated Cost in US$	Comments
				Unit: 1000 tpy					
Canada	(98)19	Hilton Works, Stelco Inc., Hamilton, Ontario	Upgrade of its Cold Mill facility over the next two years, with hydraulic gauge control on all 4 stands, closed-loop shape and other improvements.		0	0	In 2000	33 million	Range of products: Cold rolled and coated sheet. This investment will ensure that Stelco has the capability to be a leading supplier of high quality to their customers.
		Dofasco Inc., Hamilton, Ontario (Sollac, a division of Usinor Group will have a 20 % interest in this facility).	Construction of a 72" wide hot dip galvanising line	363	over 30 %	+ 60 to 70	Start-up in mid 1999	between 119 and 126 million	Range of products : steel for exposed galvanised and galvannealed body panels for the automotive industry. This facility will utilise technology provided by Sollac. Dofasco will be the exclusive marketer on the line's output.
Japan	(98)20	Sumitomo Metal Industries Ltd, Wakayama Works	1. New medium-size Seamless Pipe Mill 2. N° 1 Round Billet Continuous Caster including corresponding facilities	500 1 000	- 70 tpy 0	- 310 - 200	3 February 1997 1st July 1996	730 million	Grade: ordinary and special steel. Range of products: medium-size seamless pipes and round billets.
		Kobe Steel, Ltd, Kakogawa Works	Relining for n° 3 Blast Furnace	3 984	0	0	9 April 1996	186 million	Range of products: Pig Iron.
		Tokyo Steel Co., Ltd, Okayama Works	Cold Rolling Mill.	300	+ 300	increase	March 1997	27.5 million	Range of products: Cold Rolled sheet.
		Tokyo Steel Co., Ltd, Okayama Works	Galvanising line	300	+ 300	increase	March 1997	65.8 million	Range of products: galvanising sheet.
		Tokyo Steel Co., Ltd, Takamatsu Works	Replacement of the Electric Arc Furnace	650	0	decrease	October 1996.	47.5 million	Range of products: semi-finished products (slab).
		Tokyo Steel Co., Ltd, Takamatsu Works	Replacement of the Rolling Mill	650	0	decrease	October 1996	35 million	Range of products: Bar, wire rod.

Table 4. Report on Investment Projects Notified in 1998 (continued

Country	DSTI/SU/SC	Company and location	Description of the principal production unit	Annual capacity	Capacity Net effect	Employment Net effect	Completion Date	Estimated Cost in US$	Comments
				Unit: 1000 tpy					
United States	(98)21	North Star / BHP Delta, Ohio	Completion of a greenfield flat rolled mill including an electric furnace, ladle metallurgy and continuous caster.	1350	+ 1350	+ 350	March 1997	400 million	Range of products: Hot rolled band.
Canada	(98)43	Lake Erie Steel Company Ltd., subsidiary of Stelco Inc. Nanticoke, Ontario	Upgrade of its 80 inch hot strip mill, including a third reheat furnace and two new downcoilers	2450	+ 454	unknown	2nd quart.2000	80 million	Range of products: Hot rolled sheet for the automotive, construction and other manufacturing sectors.
		Stelco-McMaster Ltée., a subsidiary of Stelco Inc. Contrecoeur, Quebec	Modernisation of its rolling facilities for replacement existing equipment with a 16 stand, in-line rolling mill and extend the cooling bed.	635	+ 90	None	2nd quart.2000	17.9 million	Range of products: steel used in the manufacture of automotive leaf springs, reinforcing and special quality bars, railroad components and cast billets.

Table 5. Report on Disinvestment Projects Notified in 1998

Country	DSTI/SU/SC	Company and location	Description of the principal production unit	Annual capacity	Capacity Net effect	Employment Net effect	Closure Date	Comments
				Unit = 1 000 tpy				
Japan	(98)20	NKK Corp., Keihin Works	Continuous Electric Tinning line	180	0	0	Available for stand-by use: 31 March 1996. Permanently dismantled: 30 September 1996.	Range of products: Tinning sheet.
		NKK Corp., Keihin Works	Medium Diameter Seamless Pipe Mill	600	0	0	Available for stand-by use: 31 March 1995. Permanently dismantled: 31 March 1997.	Range of products: Seamless Pipe.
		Kobe Steel Ltd. Kakogawa Works	N° 2 Blast Furnace.	3 380	0	0	Available for stand-by use: 8 April 1996	Range of products: Pig Iron.
		Tokyo Steel Co. Ltd, Takamatsu Works	Electric Arc Furnace	900	- 250	decrease	Permanently dismantled: October 1996.	Range of products: Semi-finished products (slab). Employment decrease mainly due to retirement, and partly transfer to Utsunomiya Works.
		Tokyo Steel Co. Ltd. Takamatsu Works	Rolling Mill	900	- 250	decrease	Permanently dismantled: October 1996.	Range of products: Deformed bar. Employment decrease mainly due to retirement, and partly transfer to Utsunomiya Works.

Tableau 6. List by country of investment projects released in the press in 1998 and not notified

Country	Company and location	Completion date	Source and date
Germany	Salzgitter	2001	Metal Bulletin, 20 August 98
	ISPAT, Ruhrort steelworks in Duisburg	end of 1998	Metal Bulletin, 20 April 98
	Bremen steelworks	3rd quarter 1999	Metal Bulletin, 13 July 98
	KTS, Krefeld	-	Metal Bulletin, June 98
	Zapp in the United States	beginning of 2000	Metal Bulletin, April 98
	Eko Stahl	October 1999	Steel Alert, June 98
Austria	Voest Alpine Stahl AG	-	Steel Alert, June 98
Belgium	ALZ, Genk	-	Steel Alert, June 98
	Cockeril Ferblatil, Liège	December 1998	Steel Alert, June 98
Spain	Sidenor, Basauri works, Bilbao	December 1999	Metal Bulletin, 7 September 98
	Grupo Siderurgico Basco, Legazpia	September 1998	Metal Bulletin, 25 June 98
	Aceralia	2nd half of 1999	Steel Times, July 98
	Indusrias Zarra, Galdancano, Vizcaya	-	Steel Alert, May 98
Finland	Rautaruukki, Raahe works	2000	Metal Bulletin, 14 May 98
	Rautaruukki, Hämeenlinna works	Spring 2000	Metal Bulletin, 13 August 98
	Outokumpu Polarit Oy, Tornio	1998	Steel Alert, May 98
France	Sollac, La Magona, Italy	1999	Metal Bulletin, June 98
	Sollac, Solmed Galvanizados, Spain	1999	Metal Bulletin, 7 September 98
	Sollac, Mardyck works, Dunkirk	1998	Metal Bulletin, 13 July 98
Italy	Marcegaglia, Ravenna	2000	Metal Bulletin, 14 May 98
	Riva, Taranto	2002	Metal Bulletin, 25 June 98
	Ilva Works of Riva Group	1998	Steel Times, July 98
Luxembourg	Arbed, Dudelange steel works	middle of 2000	Metal Bulletin, 17 August 98
Portugal	Lutosider, Seixal works	2000	Metal Bulletin, 17 August 98

Pays	Société et site	Date d'achèvement	Source et date
United Kingdom	Senior Tube Oldbury, West Midlands	1999	Steel Times, June 98
	British Steel, Scunthorpe section,	-	Steel Times, July 98
	Lee Steel Strip	-	Metal Bulletin, 17 August 98
Sweden	Ovako, Hofors	1999	Metal Bulletin, 24 August 98
Norway	Norsk Blikkvalseverk Steel	beginning of 1999	Steel Times, July 98
Canada	Paper Cal Steel, Ipsco subsidary, Houston , Texas	3rd quarter of 1999	Metal Bulletin, 28 May 98
	Ipsco, Saskatchewan et Novamerican Steel of Dorval, Québec, in Philadelphia , United States	middle of 1999	Metal Bulletin, June 98
	Nova Steel, Québec in United States	beginning of 1999	Metal Bulletin, 14 May 98
United States	Nucor Steel, Jewett, Texas	1999	Steel Times, July 98
	Heartland Steel, Terre Haute, Indiana	3rd quarter of 1999	Metal Bulletin, 30 July 98
	Steel Dynamics Inc, Butler, Indiana	end of 1998	Steel Alert, May 98
	Carpenter Technology, Hartsville, South Carolina , formerly Talley Metals	end of 1999	Metal Bulletin, 30 April 98
	National Steel, Indiana	2000	Metal Bulletin, 4 May 98
	Qualitech Steel, Pittsboro, Indiana	1999	Metal Bulletin, 4 May 98
	Qualitech Steel, Corpus Christi, Texas	1999	
Mexico	ISPAT Mexicana, Lazaro Cardenas	1998	Steel Alert, May 98
	AHMSA, Etat de Coahuila	1998	Steel Alert, May 98
	Sicartsa, subsidiary of GroupVillacero	2000	Metal Bulletin, 30 July 98
Japan	Osaka Steel of Nippon Steel Group	1998	Metal Bulletin, April 98
	Nakayama Steel	2000	Steel Alert, June 98
	Kawasaki Steel	end of 1999	Metal Bulletin, 29 June 98
	NKK, Fukuyama	1999	Metal Bulletin, 13 July 98
	Nichimen, in Mc Allen, Texas, United States	January 1999	Metal Bulletin, 25 June 98