

Recent Developments in the North American Steel Industry

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CSPA  ACPA



**American
Iron and Steel
Institute**



SSINA
Specialty Steel Industry
of North America

 **CANACERO**
Cámara Nacional de la Industria del Hierro y del Acero

Overview of North American Market Conditions

- The COVID-19 pandemic has caused significant deterioration in macroeconomic conditions in North America
- North American apparent steel demand and steel production have declined significantly since March, and only in recent weeks have conditions improved
- Facility idlings and production curtailments have cost thousands of steel jobs and reduced worker hours



North American Macroeconomic Data

Gross Domestic Product (GDP)

	Percent Change (Y-O-Y)								
	2013	2014	2015	2016	2017	2018	2019	2020f	2021f
U.S.	1.8	2.5	3.1	1.7	2.3	3.0	2.2	-4.0	3.5
Canada	2.0	2.5	1.1	1.5	3.0	1.9	1.3	-5.7	4.8
Mexico	1.4	2.2	2.5	2.9	2.1	2.1	-0.1	-10.2	2.0

Industrial Production (IP)

	Percent Change (Y-O-Y)								
	2013	2014	2015	2016	2017	2018	2019	2020f	2021f
U.S.	2.0	3.1	-1.0	-1.9	1.6	3.9	0.0	-8.4	2.6
Canada	1.8	4.0	-1.1	-0.3	4.9	3.0	1.0	-10.5	2.9
Mexico	-0.5	2.7	1.0	0.4	-0.2	0.5	-1.6	-11.6	3.7

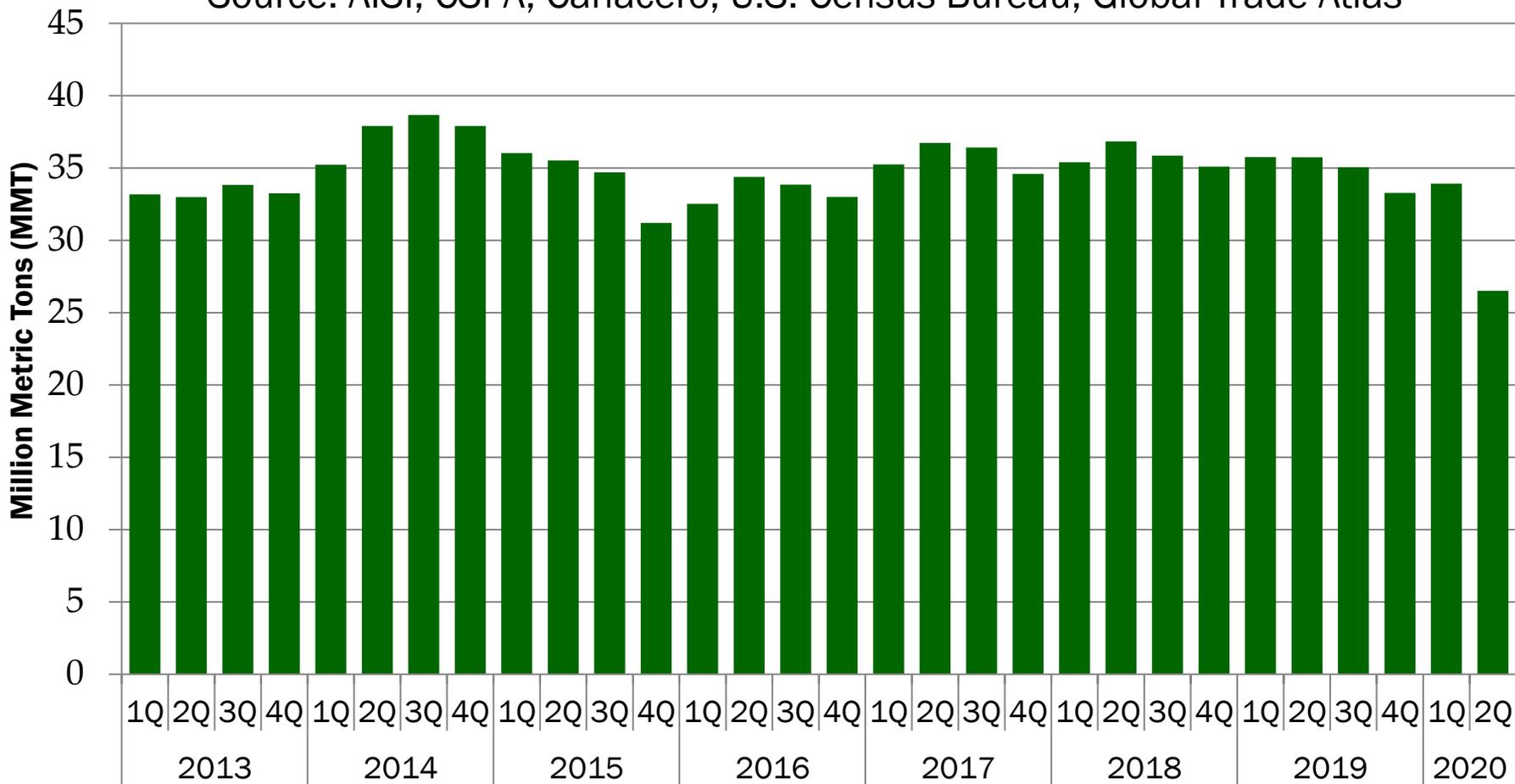
Source: U.S. Bureau of Economic Analysis (BEA), IHS Markit (U.S. – September 2020), Bank of Canada, Mexico SHCP, SRO
2020f and 2021f = Forecasts



Steel Demand Decreased 22 Percent in Second Quarter 2020 from First Quarter

North American Apparent Steel Demand

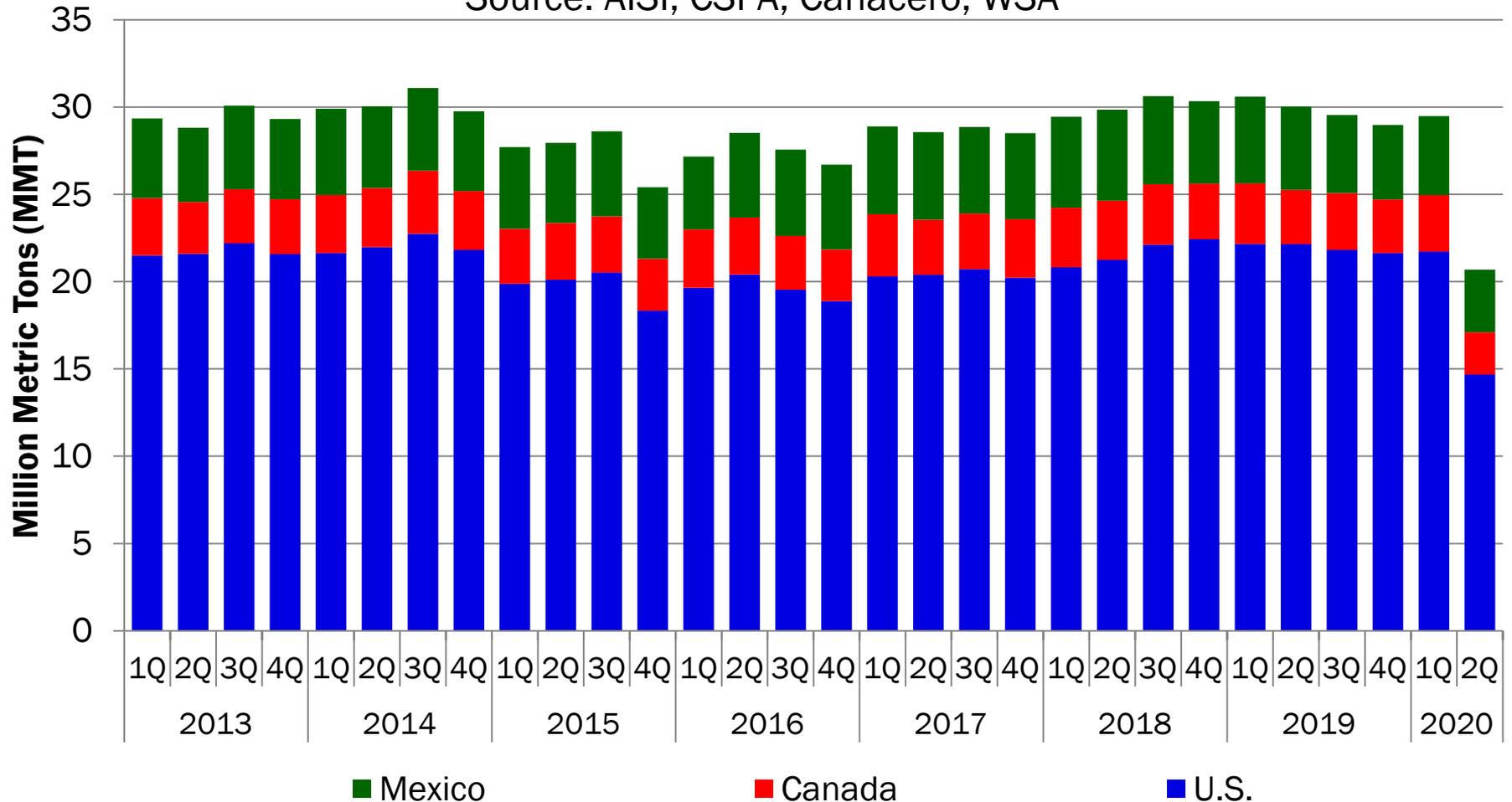
Source: AISI, CSPA, Canacero, U.S. Census Bureau, Global Trade Atlas



North American Steel Production Declined 30 Percent from First to Second Quarter in 2020

North American Raw Steel Production

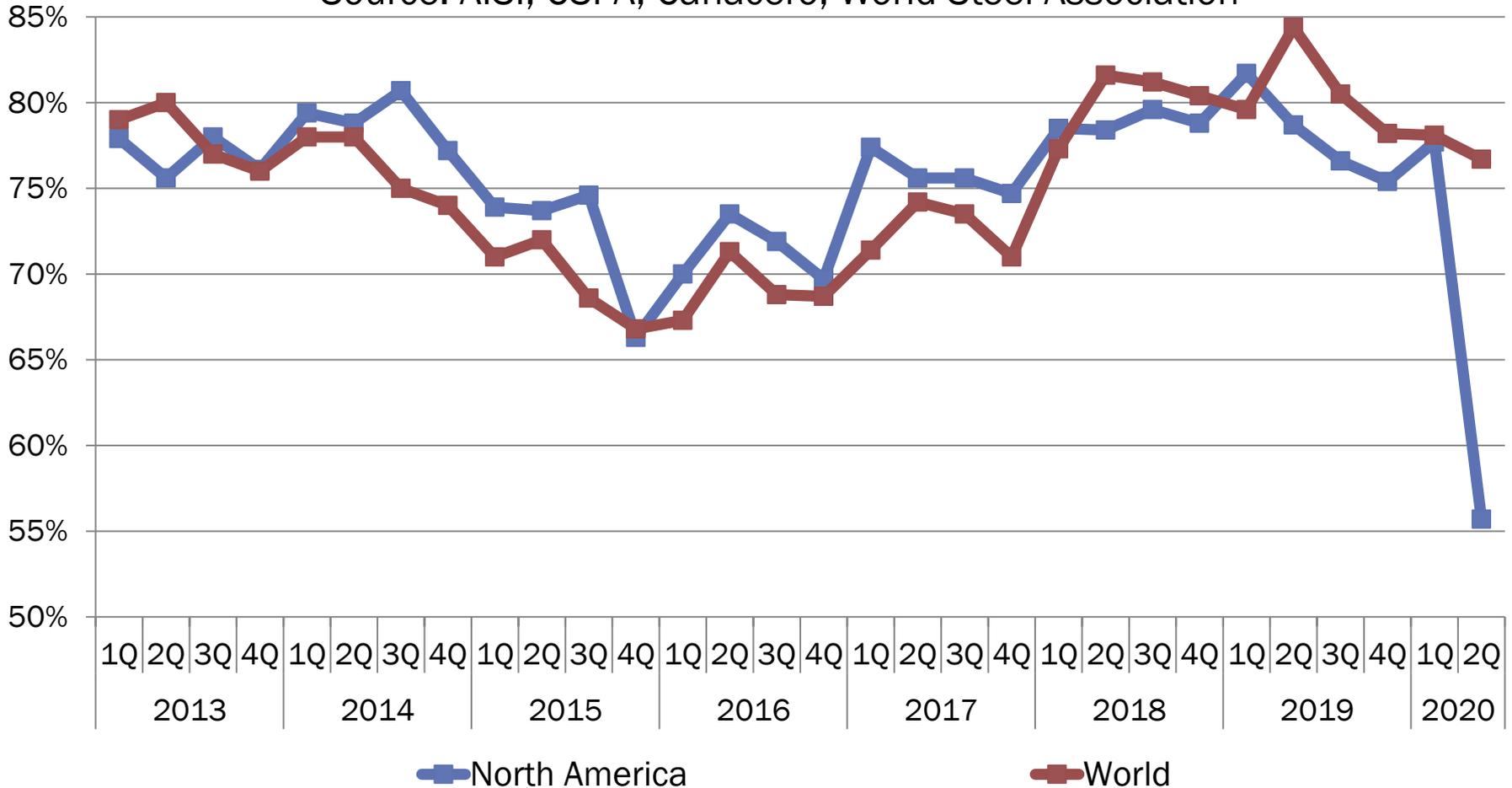
Source: AISI, CSPA, Canacero, WSA



North American Capacity Utilization Dramatically Declined in 2nd Quarter of 2020

North American and Global Capacity Utilization

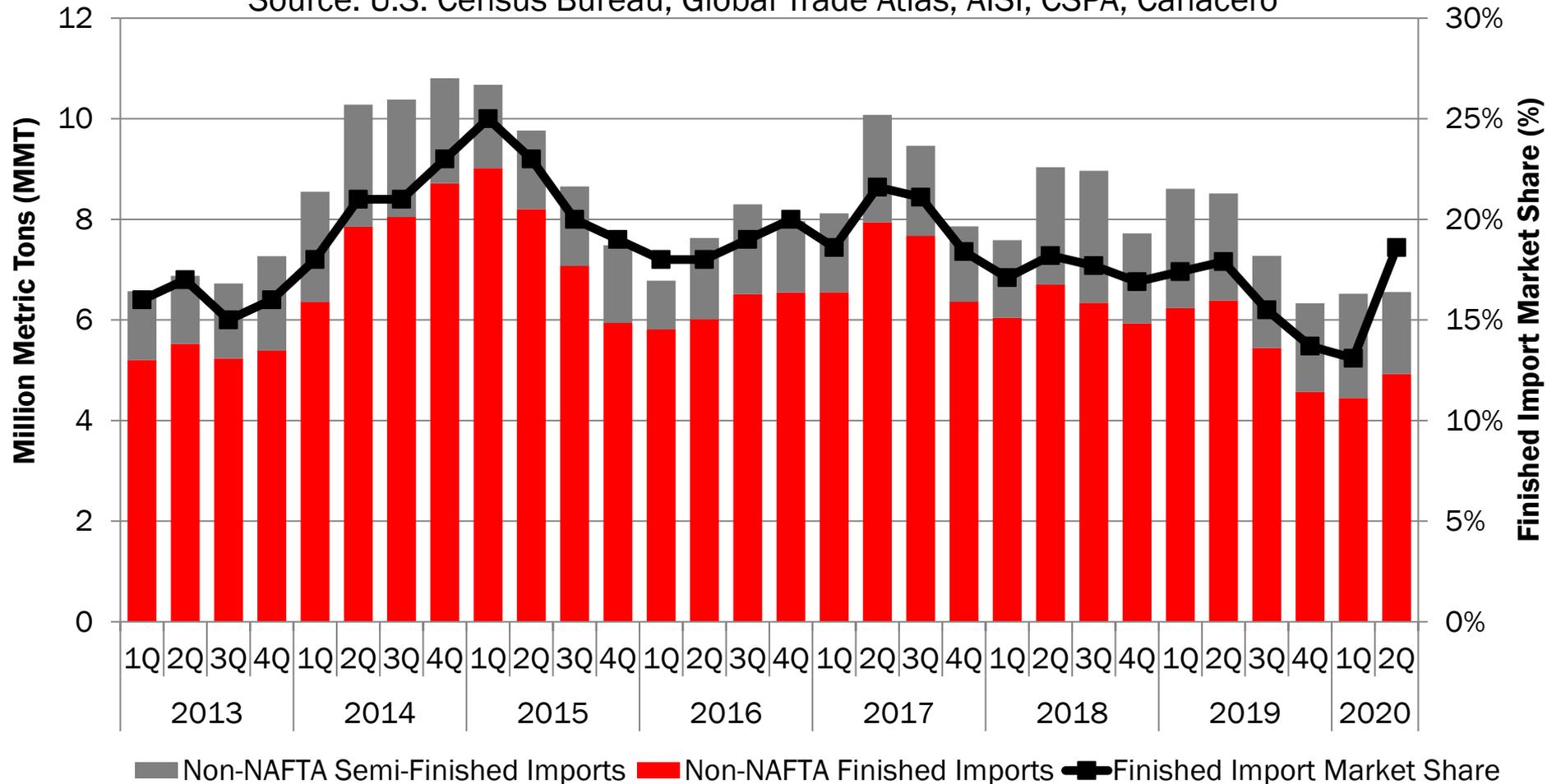
Source: AISI, CSPA, Canacero, World Steel Association



Offshore Finished Import Market Share Jumped to 18.6 Percent in Second Quarter of 2020

Non-North American Steel Imports

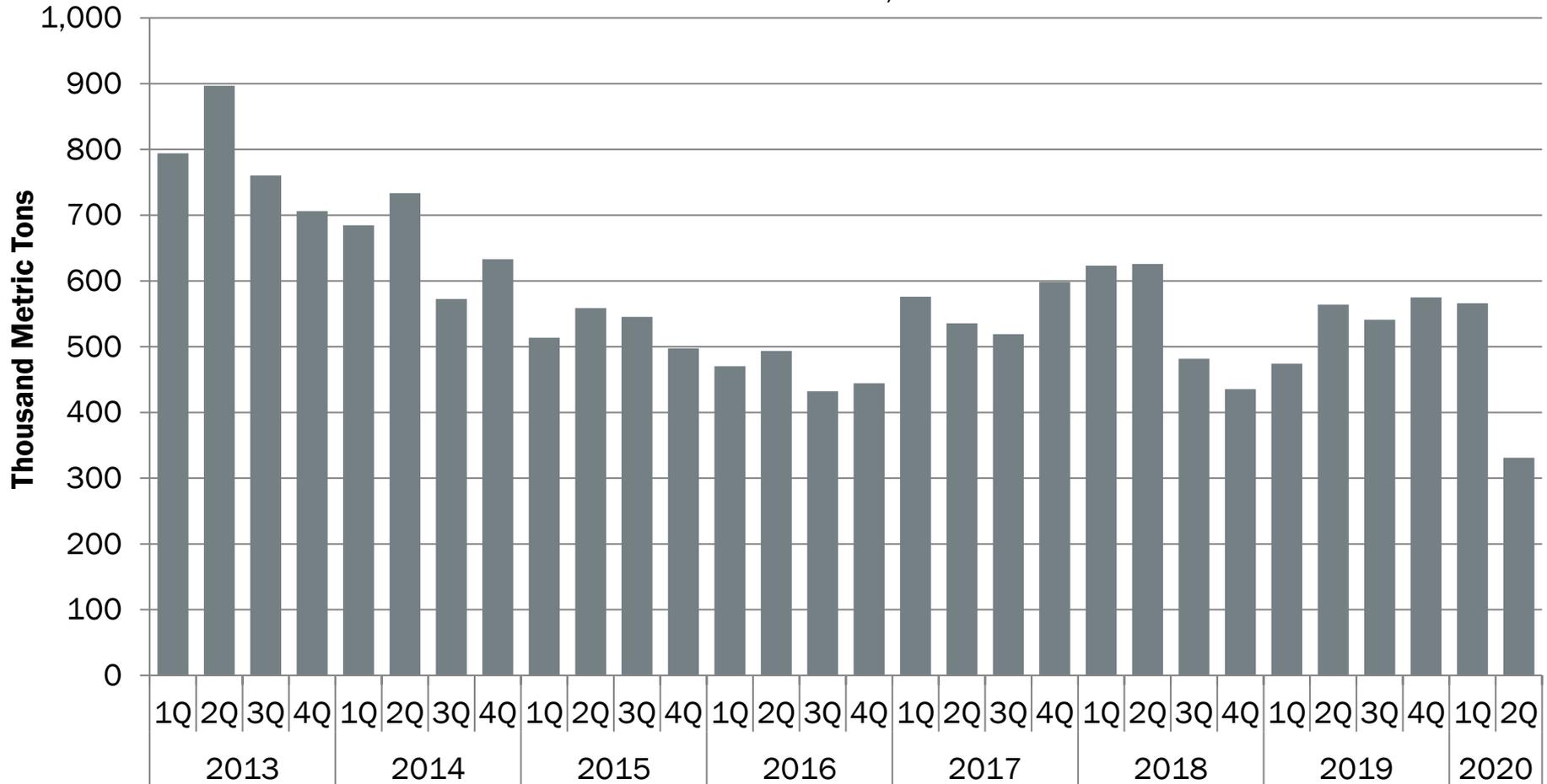
Source: U.S. Census Bureau, Global Trade Atlas, AISI, CSPA, Canacero



Recent Gains in North American Finished Steel Exports Erased in Second Quarter of 2020

North American Finished Steel Exports to World

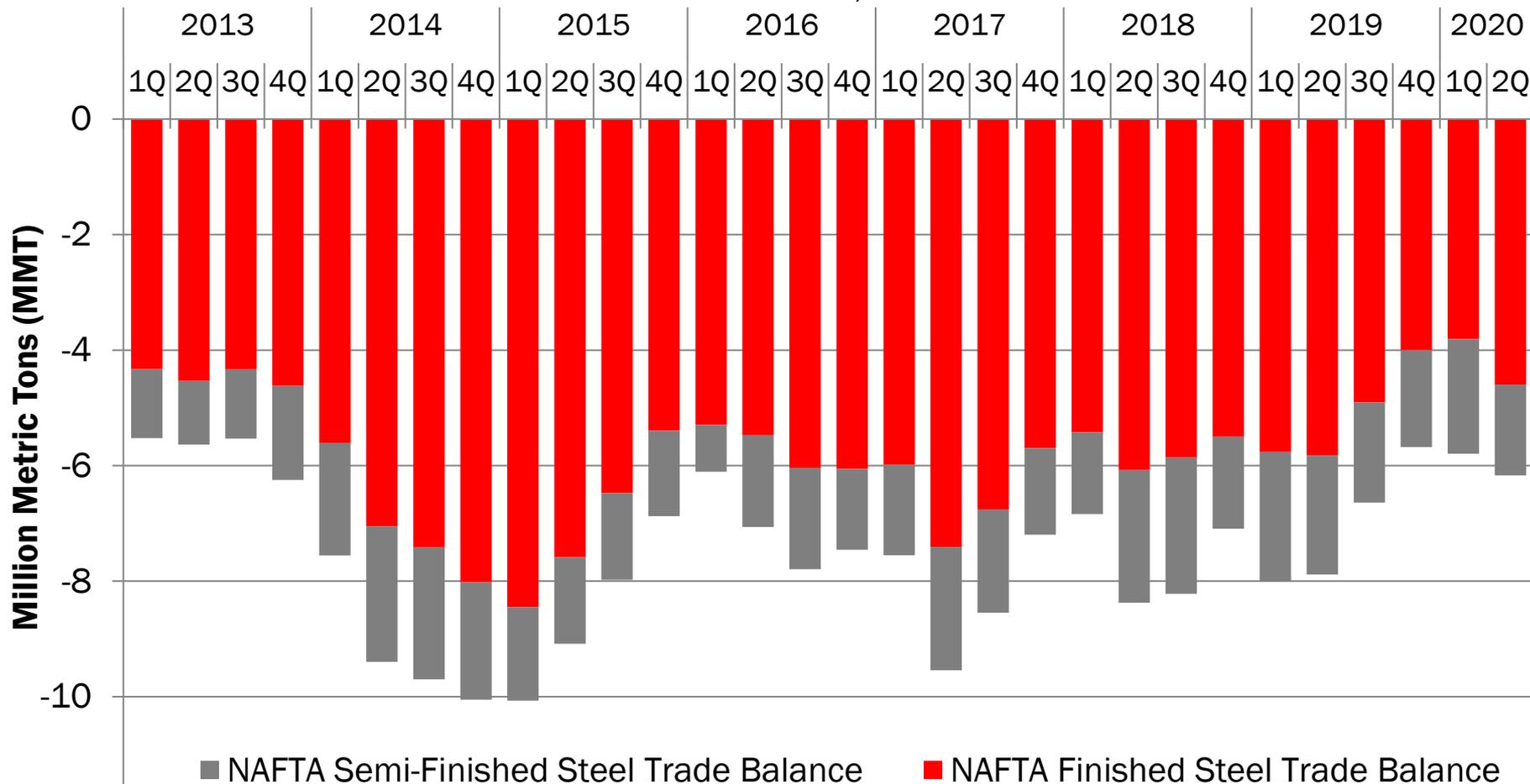
Source: U.S. Census Bureau, Global Trade Atlas



North American Steel Trade Balance Remains in Deficit

North American Offshore Direct Steel Trade Balance

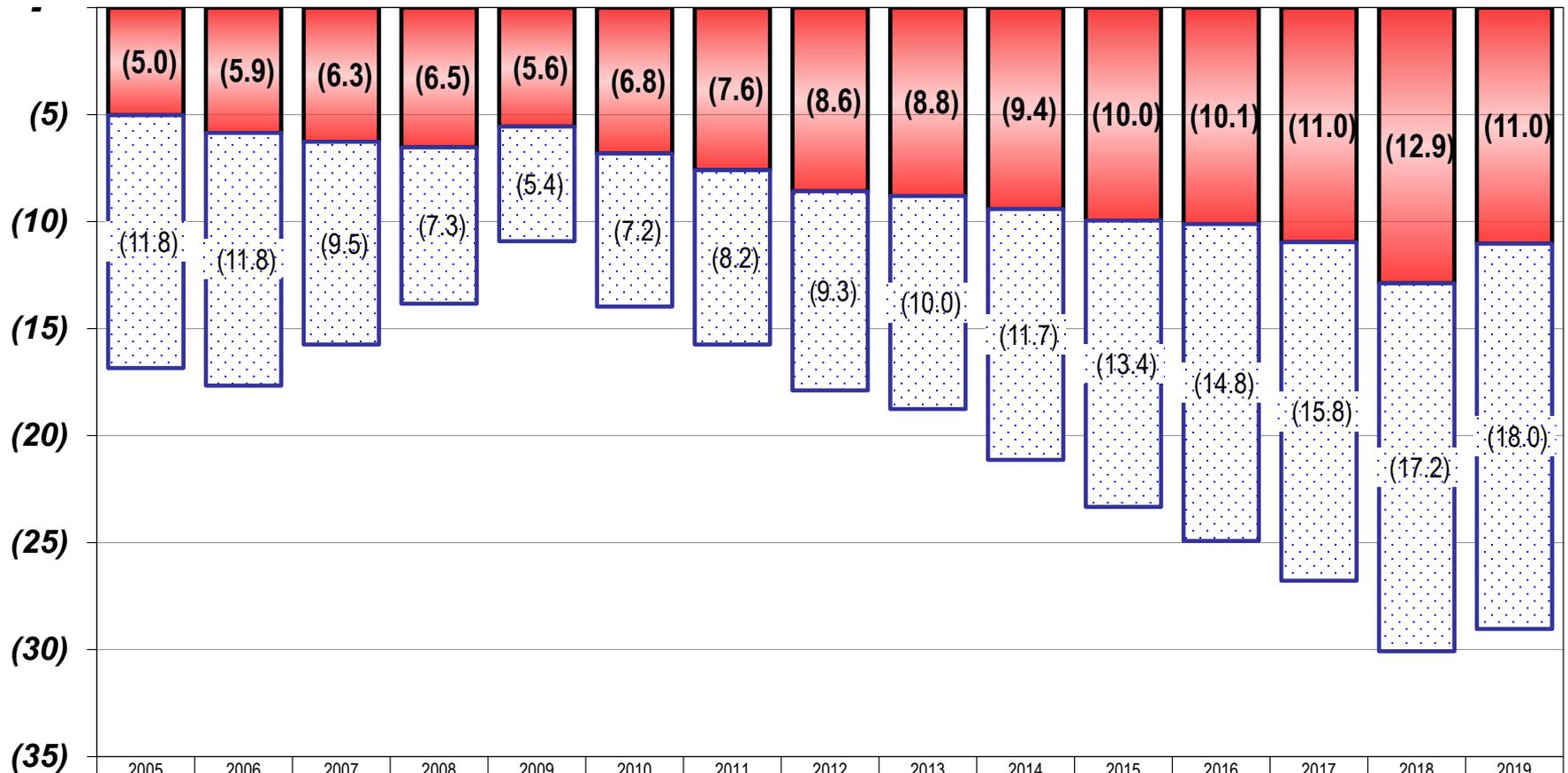
Source: U.S. Census Bureau, Global Trade Atlas



North American Indirect Steel Trade Deficit Remains Substantial

Steel Content
Million MT

NAFTA INDIRECT STEEL TRADE DEFICIT WITH CHINA and ROW



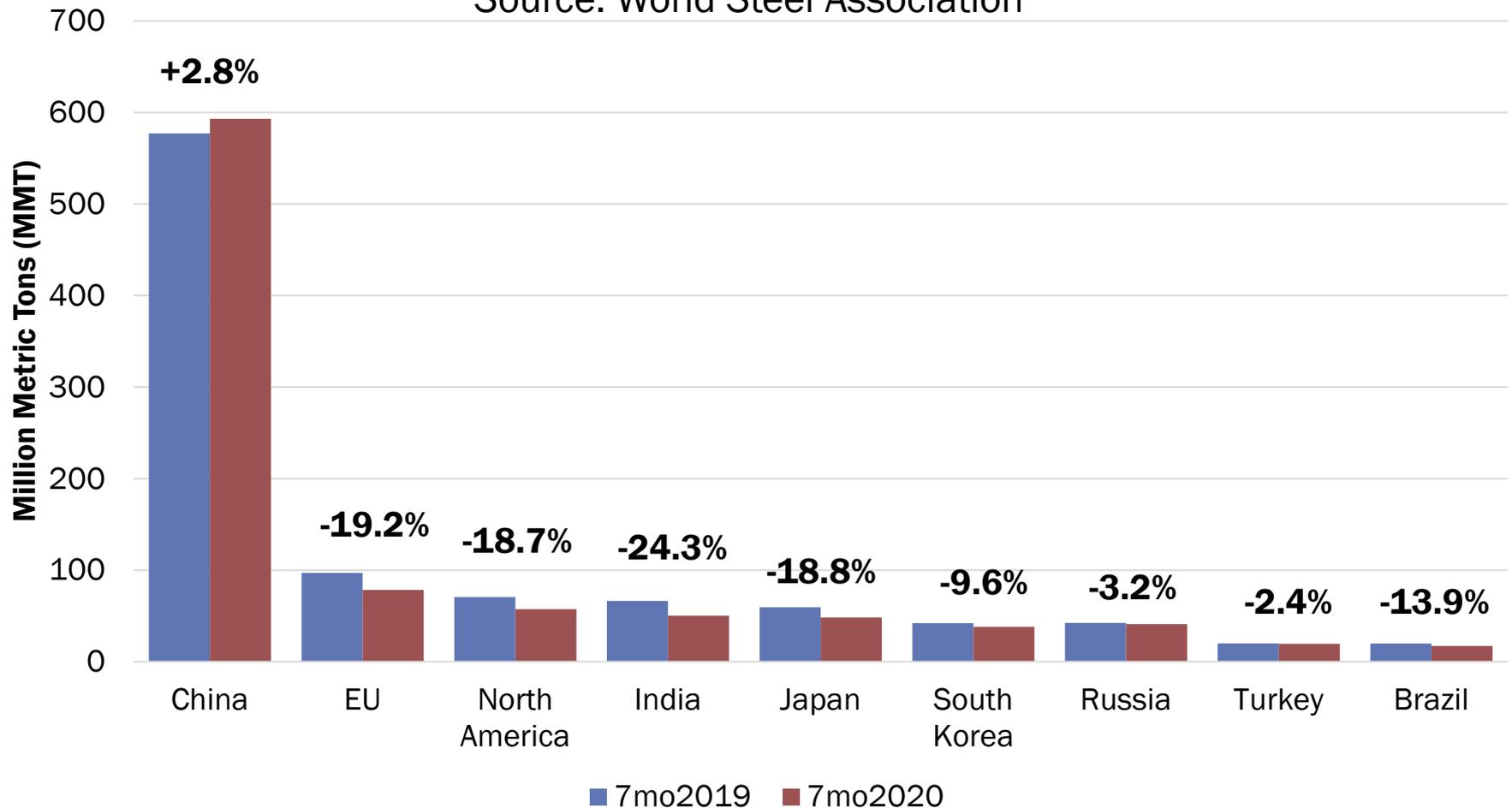
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
TOTAL DEFICIT	(16,842.80)	(17,664.69)	(15,739.72)	(13,831.67)	(10,917.15)	(13,970.54)	(15,742.25)	(17,884.57)	(18,757.60)	(21,129.38)	(23,331.15)	(24,923.09)	(26,779.20)	(30,078.50)	(29,034.90)
ROW - ex. China	(11,810.10)	(11,809.09)	(9,467.986)	(7,297.702)	(5,359.609)	(7,152.305)	(8,151.830)	(9,299.092)	(9,953.281)	(11,710.56)	(13,377.62)	(14,804.23)	(15,818.00)	(17,197.00)	(18,008.00)
China	(5,032,700)	(5,855,600)	(6,271,741)	(6,533,971)	(5,557,550)	(6,818,243)	(7,590,425)	(8,585,480)	(8,804,320)	(9,418,816)	(9,953,525)	(10,118,85)	(10,961,20)	(12,881,50)	(11,026,90)



China Continues to Increase Production, While Production in Rest of World Declines

Raw Steel Production – Top Global Producers

Source: World Steel Association



Efforts to Strengthen the North American Steel Market through Increased Cooperation

- The steel industry in all three countries continues to work to strengthen the North American steel market by—
 - Ensuring stronger rules of origin and steel purchasing requirements in U.S.-Mexico-Canada Agreement (USMCA) are fully enforced
 - Strongly supporting government efforts to address global excess capacity and improve WTO rules on subsidies and other forms of market-distorting support
 - Supporting North American governments' cooperative efforts to strengthen trade remedy enforcement against dumped and subsidized imports and to adopt measures to combat transshipment, circumvention and evasion



North American Steel Producers Urge Action by Governments

- North American steelmakers continue to lose market share to offshore imports as regional steel production declines
- Addressing global excess capacity remains a top priority for North American steel producers
- Last July, the North American steel industry called for action by governments at the GFSEC and we welcome an update on progress in that forum
- Governments must prioritize pandemic recovery that stimulates demand for North American steel and ensure unfairly-traded steel imports cannot benefit from COVID-19 stimulus programs

