

November 2017

## The Global Forum Must Deliver Results! Ministerial Meeting of the Global Forum on Steel Excess Capacity on November 30, 2017

On November 30, 2017 a meeting of the “Global Forum on Steel Excess Capacity” (GFSEC) will take place at the German Federal Ministry of Economic Affairs and Energy (BMWi). Representatives from 30 countries (G20, OCED) are expected to participate. The goal of the meeting is to agree on recommendations for reducing overcapacities in the steel industry and thus to implement the timetable of the Hamburg G20 Leaders’ Declaration regarding steel excess capacities. Overcapacity is the consequence of overinvestment led by government intervention and support measures. This situation caused a significant decline in steel prices and trade friction and thus highlights the importance of an agreement on the elimination of such measures.

The “Global Forum on Steel Excess Capacity” was founded in December 2016 following the decision of the Heads of State and Government at the G20 Summit in Hangzhou (China) on September 4-5, 2016 to address the issue of overcapacities in the world steel market. The work of the "Global Forum" is actively supported by the OECD and was further mentioned at the G20 Summit in Hamburg on July 7-8, 2017. In the Hamburg G20 Leaders’ Declaration, the G20 countries agreed to work out concrete policy proposals for solutions to reduce global steel overcapacities through the Global Forum by November 2017.

Since 2007, exporting countries with excess production capacity have reached record levels, as have trade measures (antidumping and countervailing) as a defense against unfair practices with 334 in 2016 (vs. 176 in 2007). Regarding metal products, in particular steel, the number of investigations increased from 26 in 2007 to 149 in 2016. This increase reflects the critical point reached by overcapacity and unfair practices worldwide.

The steel question has become a stress test for the EU. The conflict on global overcapacities in the steel sector puts a strain on trade relations between partners. From the point of view of the European steel industry, the causes of global steel overcapacities can primarily be located in China. Most recently, in the Global Forum on Steel Excess Capacity, China received attention because of its reluctance to provide information on measures to reduce overcapacities in China and to create transparency about remaining capacities. High expectations are attached to the Chinese participation on November 30, 2017. A significant breakthrough on actual commitments for the elimination of government support measures is expected.

In the United States, the steel sector has become a reflection of President Donald Trump's trade policy, to the extent that the U.S. administration initiated an investigation to understand if its national security is being threatened by current steel market dynamics. This is perceived to be a test for the U.S. administration on whether a solution for trade disputes of this dimension is possible on a multilateral level. The work and meeting of the GFSEC are therefore of great importance and comes at the right time.