



COVID-19 and the steel industry

Presentation at ISS 2021

15 April 2021

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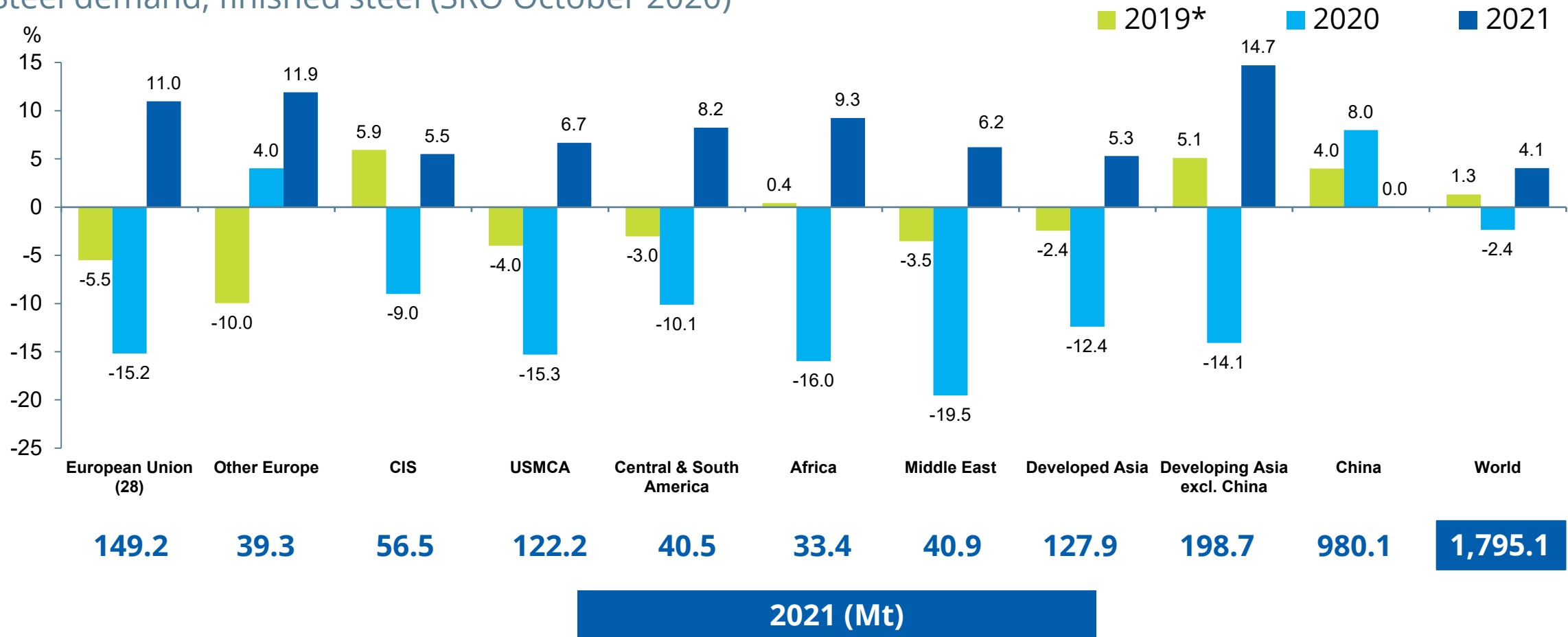
- The pandemic's impact on steel demand
- worldsteel's response to COVID-19
- Looking beyond the pandemic
- Conclusion



The pandemic's impact on steel demand

Global steel industry perspective as of October 2020

Steel demand, finished steel (SRO October 2020)



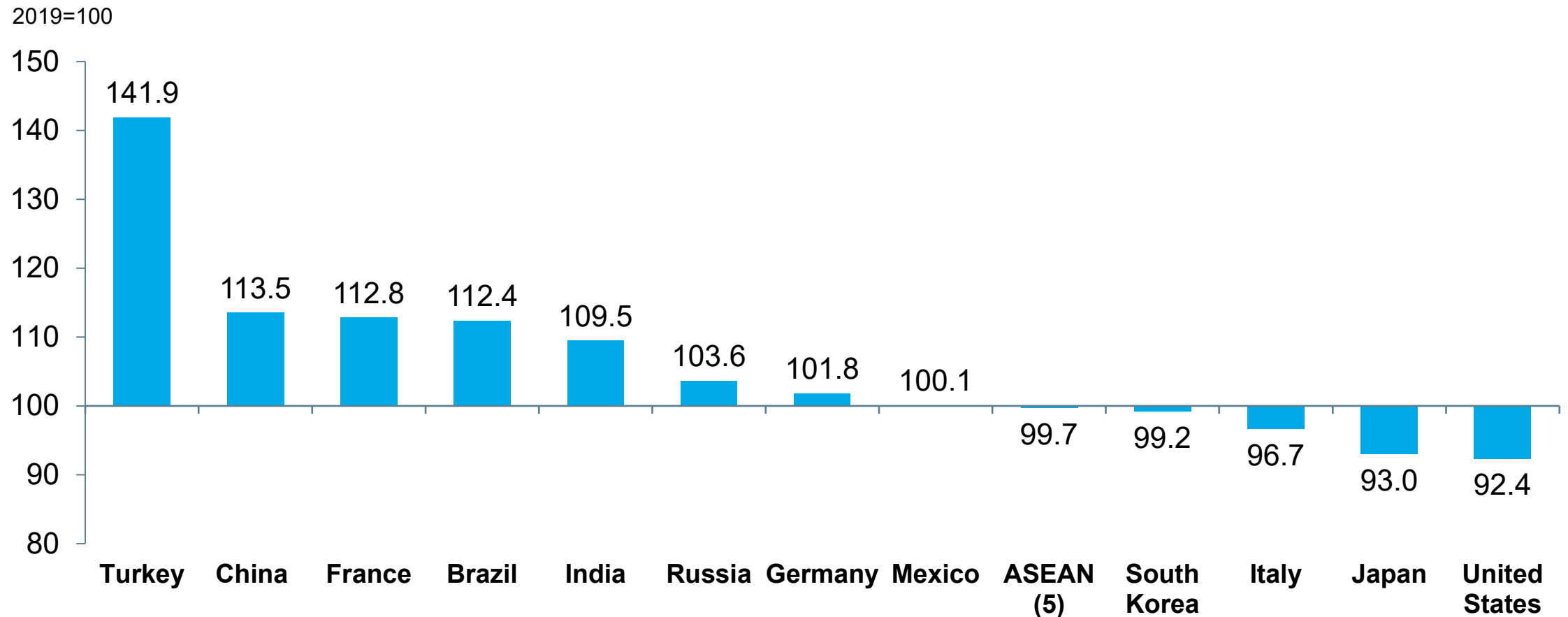
*World growth rates based on adjusted Chinese growth rates

Key updates on the SRO

- April 2021 SRO shows a further improvement for steel demand in 2020 compared to the October 2020 forecasts for both developed and developing economies.
- Despite a benign global figure, double-digit declines in steel demand were seen in many countries in 2020.
- Emerging economies were more vulnerable to the pandemic due to stricter confinement measures, falling raw materials prices, collapses in tourism, insufficient fiscal support.
- In 2021, a healthy recovery is expected in both developed and developing economies.
- Steel demand in developing economies is expected to rebound more strongly than in developed economies and is expected to return to the pre-pandemic level in 2021. For developed economies, it will probably take longer.
- A stable recovery is expected to continue into 2022 with some moderation of growth.
- Uncertainty in the evolution of the pandemic and vaccination raises both upside and downside risks.

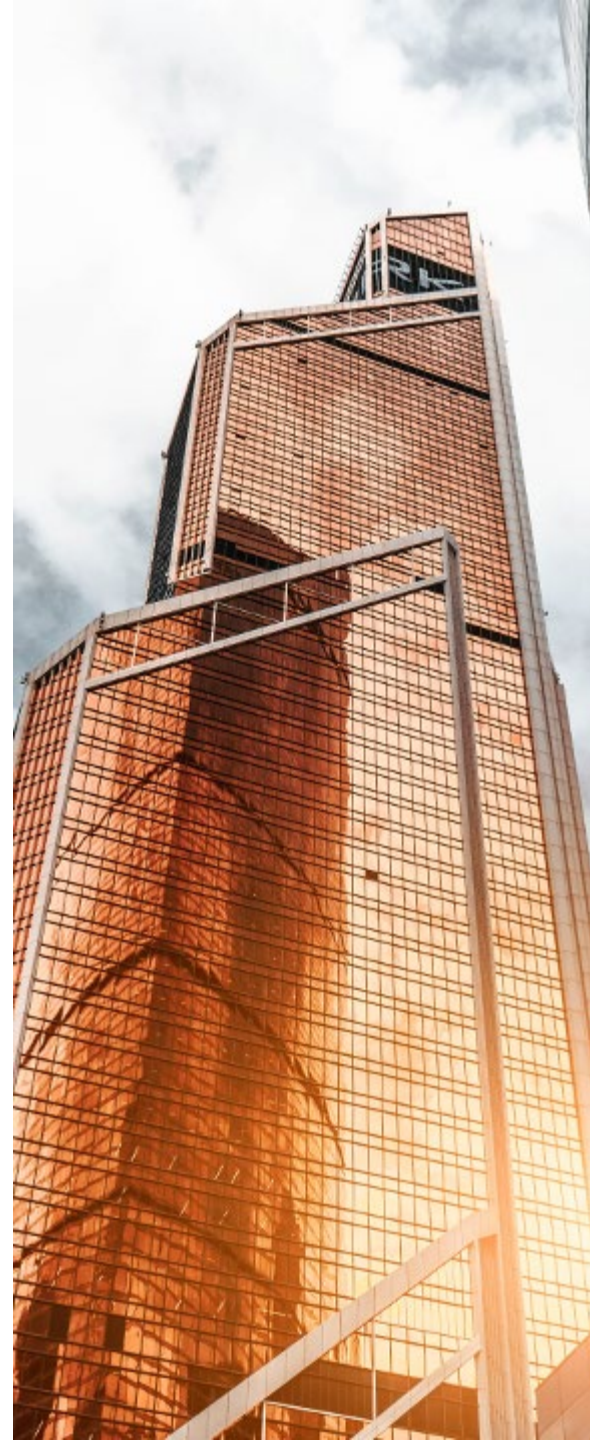
Steel use in 2022 as % of 2019

Steel demand, finished steel (SRO April 2021)



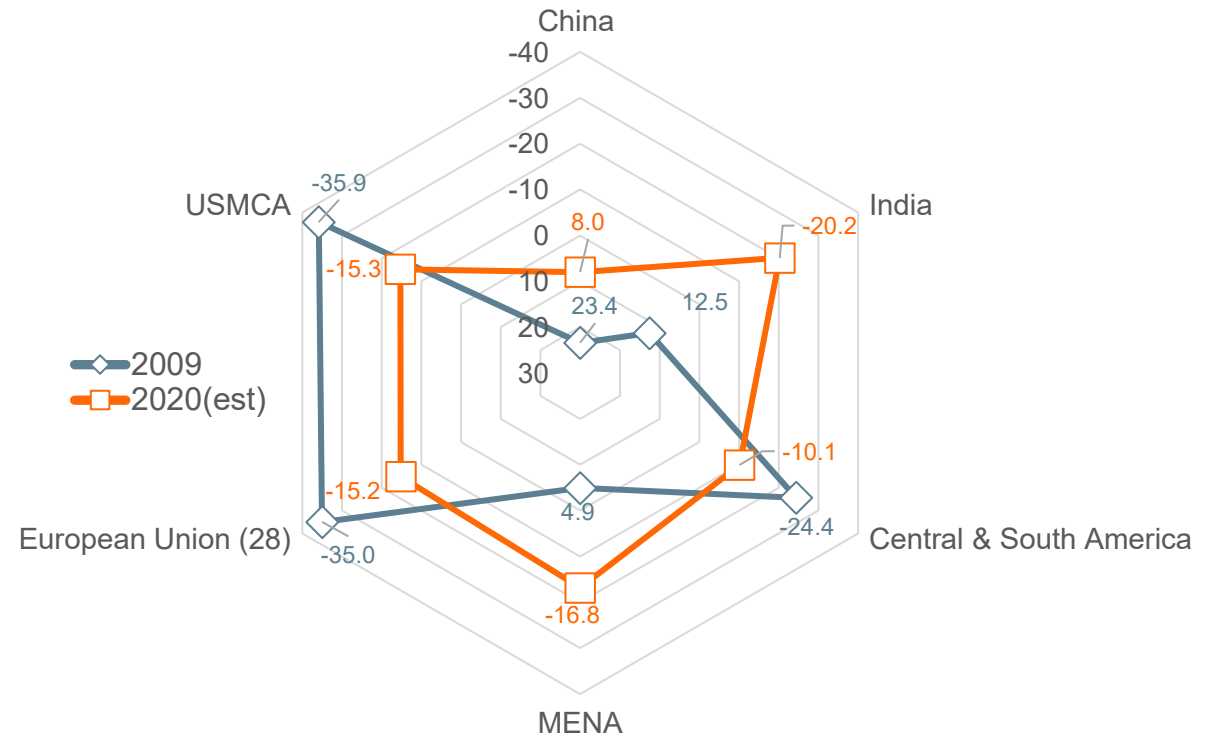
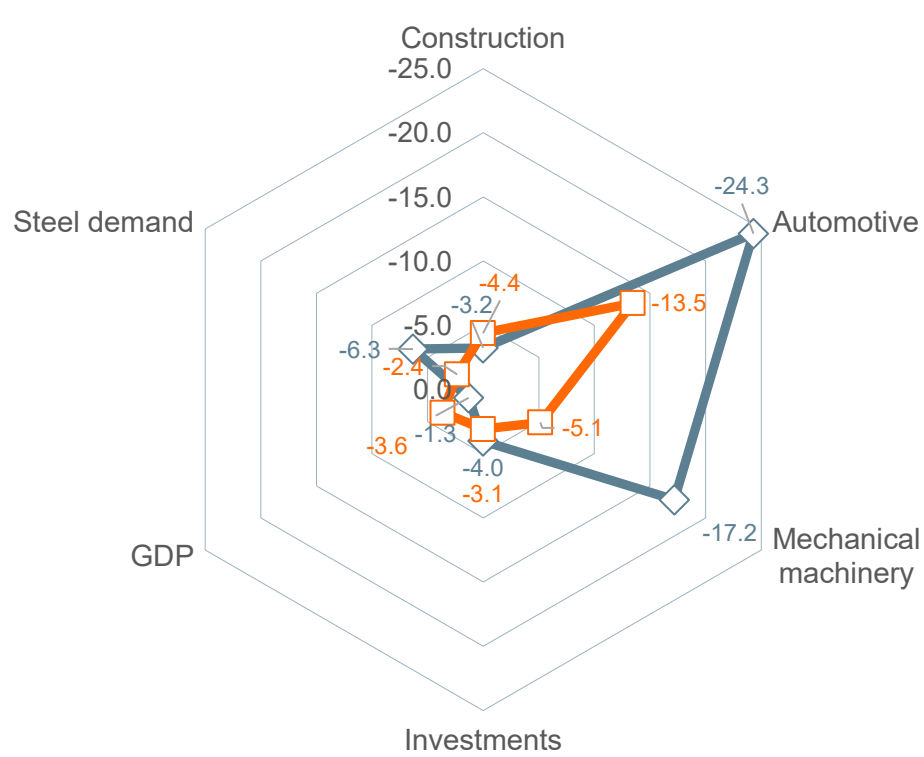
Uncertainties and risks

- Evolution of the pandemic and delays in vaccination
- Recovery beyond pent-up demand
- Reversal of fiscal and monetary policy stances
- Geopolitics



GFC vs COVID-19 impact compared

The COVID-19 crisis leaves less impact on steel demand than GFC



Source: IHSMarkit, worldsteel October 2020 SRO

| worldsteel's response to COVID-19



worldsteel's SHCO response to COVID-19

Alert 18 March 2020

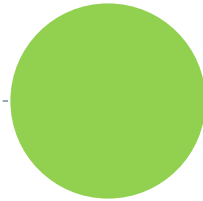
COVID-19 guidance

Members in affected regions are working to reduce risk. worldsteel's safety and health team brings information together in a COVID-19 guidance note. [🔗](#)

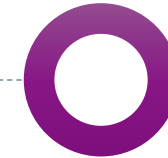
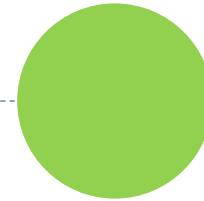
First Guidance note
March 2020



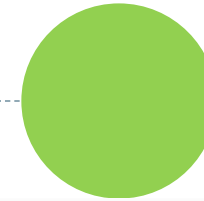
First call with members to improve guidance note
April 8, 2020



Second call with members (back to workplaces)
May, 2020



Ongoing upload of resources to Extranet
→



Alert 26 March 2020

Steel Safety Day postponed

worldsteel has rescheduled Steel Safety Day from April to October 2020 to reduce the risk of spreading COVID-19 at steel producing sites. [🔗](#)

Steel Safety Day postponed until October
March 2020



COVID-19 Meetings 14 May 2020

COVID-19 webinar: Protecting your workers

Webinar addressing the challenges and questions around providing effective respiratory protection to employees in the steel industry. Watch the recording. [🔗](#)

Webinar 3M Personal Protection Equipment
May 13, 2020



COVID-19 Meetings 18 May 2020

Virtual Mental Health Workshop: COVID-19

Workshop addressing psychological health problems and mental disorder, focusing on the challenges associated with the current health pandemic and return to workplace issues. [🔗](#)

Webinar Mental Health
June 4, 2020

worldsteel guidance note

Experiences from worldsteel members to ensure business continuity:

- Communication
- Workplace hygiene
- Promote social distancing
- Working from home
- General practices involving on-site medical staff
- Workplace hygiene (shop floor oriented)
- PPE and other controls
- Scheduling and staffing
- General practices involving frontline broader stakeholder groups



Recommended critical controls



Physical removal of vulnerable workers from the sites (operational and staff)



Increased use of PPE to protect workforce



Physical separation of workers who remain on site by implementing social distancing controls



Rigorous testing and screening protocols to identify new cases, particularly those that may be asymptomatic



Minimising the numbers of people on worksites by setting people up to work from home (WFH)



To monitor conformance levels

Results from the COVID-19 survey 2021

worldsteel members survey 2021

How the pandemic affected the number of **EMPLOYEES**

66% - There was no change in the headcount

34% - There was a decrease in the headcount

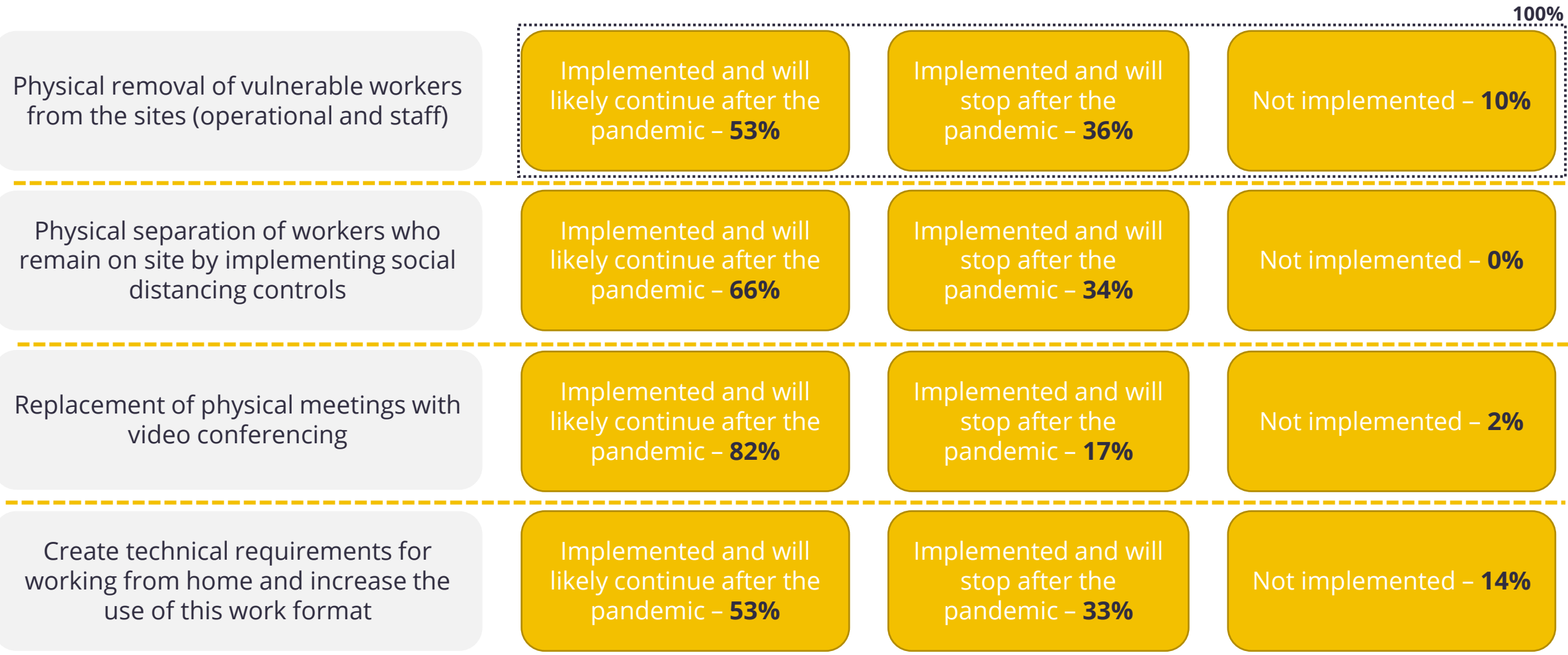
The pandemic affected the number of **CONTRACTORS**

40% - There was no change in the headcount

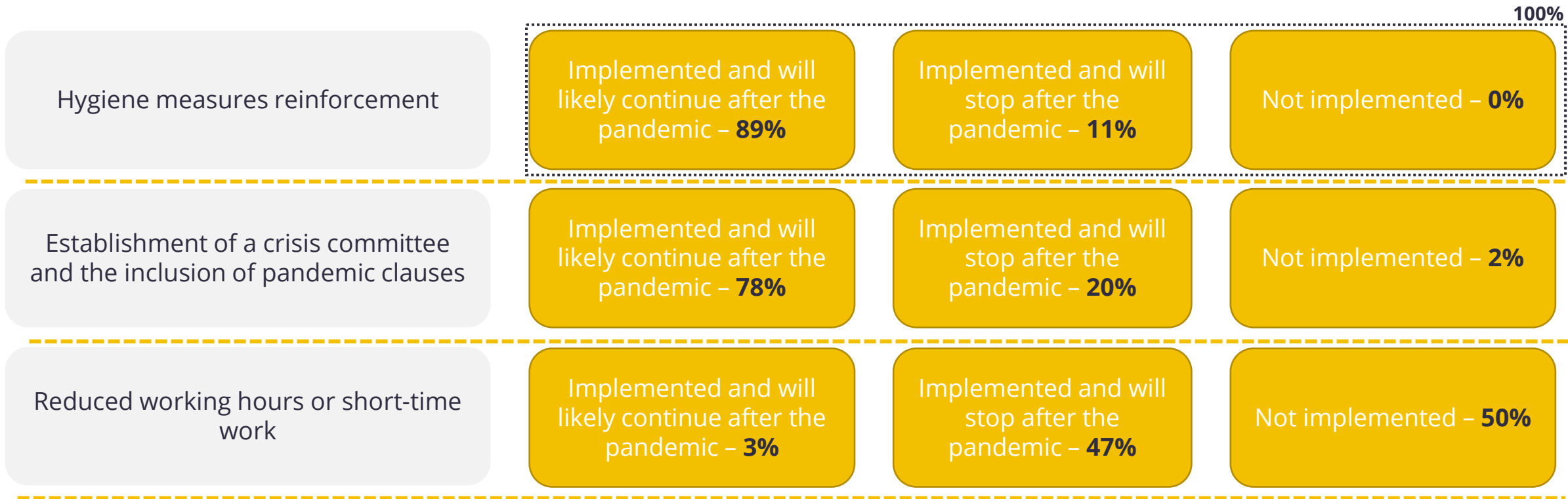
60% - There was a decrease in the headcount

According to the survey results, contractors were more affected in headcount reductions during the pandemic

worldsteel members survey 2021



worldsteel members survey 2021



The background of the slide is a low-angle, upward-looking shot of a series of curved, metallic structural elements, likely part of a modern building's architecture. The lines are dark blue and curve upwards and outwards, creating a sense of height and expansion. The sky in the background is a lighter, clear blue.

Beyond the pandemic

COVID-19 impact channels – short term

Supply shock

- ✓ Containment measures >> factory shutdowns and shortage of labour >> supply chain disruptions

Demand shock

- ✓ Confinement measures >> freeze in consumption activities
- ✓ Unemployment >> less income

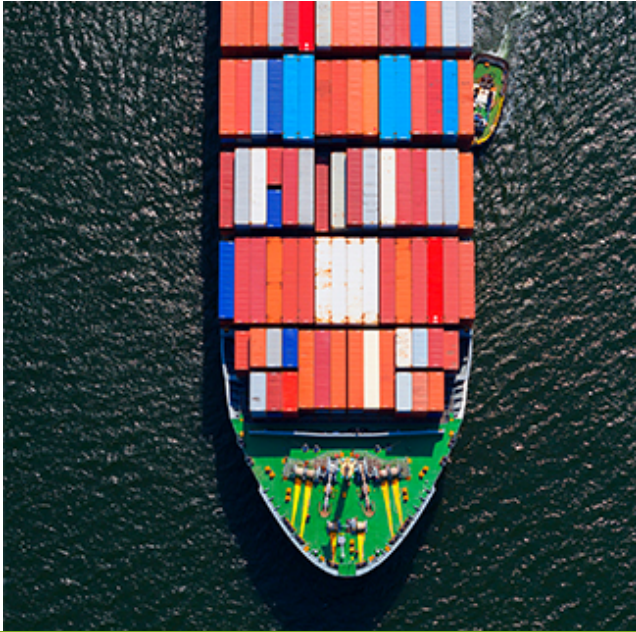
Confidence shock

- ✓ Fear and uncertainty about the virus and its impact >> financial market volatility, weak confidence

- Will these have a lasting impact ?
- How will megatrends be affected by the pandemic?



Pre-COVID Megatrends



International

- Backlash against globalisation
- Shifting global power, great decoupling
- Weakening of global institutions
- Rising protectionism



Social/Political

- Political polarisation, nationalism
- Rising inequality
- Ageing population
- Urbanisation
- Rising climate change pressure



Technology

- Digitisation
- Automation

Reaction to the pandemic

- Acceleration in ongoing megatrends
- Renewed focus on resilience, health & safety, government role

Behavioural Changes

- Increased tele-activities
- Shift in preferences
- Environmental awareness

Resilience building

- **Business:** supply chain resilience, automation
- **Government:** safety, industrial policies
- **Consumer:** higher savings

Domestic/International politics

- Globalisation revisited
- New pattern of international relations
- State role as protector and last resort, nationalism

Pre-COVID trends in the steel industry

CO₂ mitigation efforts

Slow demand growth

- Auto industry transformation
- New concept of urban mobility

Smart manufacturing

Shift in regional growth driver, rising protectionism

- Smart cities
- Energy transformation

Long term impact on steel industry



Long term
economic
prospects



Steel using
sectors'
structural
changes



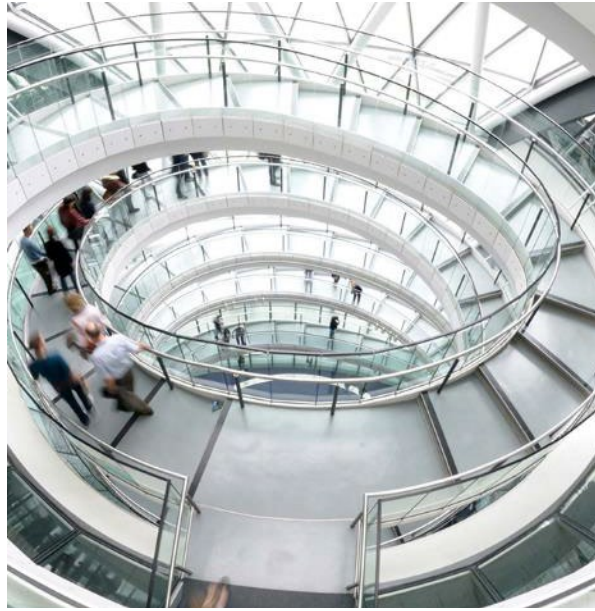
Policies and
geopolitics

Long term economic uncertainty

- The pandemic's impact on productivity: education, health, work arrangements, wider adaptation of IT and ICT
- Larger than expected economic damage from the pandemic
- Rising inflationary pressure and tax burdens
- Changes in social behaviour
- Changes in international relations
- Climate change responses



Impact on steel using sectors



- Transition to EV, automation
- Sharing economy
- New urban mobility



- Resilience building
- Industrial and trade policies
- Environmental protection



- Green investment
- Digitisation/automation



- Shift in demand for space with remote work and e-commerce
- Urban transformation
- Green recovery



Concluding remarks

- Global steel demand has fared better with the pandemic than with the financial crisis. Healthy rebound expected in 2021-22.
- Operational side also performed well.
- The pandemic will bring a far-reaching transformation of society, offering additional challenges to the steel industry; in particular, structural changes in the steel using sectors, increased environmental pressure.
- Steel will be part of the solution and will also see new opportunities from new investments required for the low-carbon society.



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