OECD Steel Outlook 2026

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BETTER POLICIES FOR BETTER LIVES

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Foreword

The steel industry plays a critical role in economic growth and national security, including economic security. Steel is required in nearly all industrial activities, construction and infrastructure, all forms of energy generation, and is a critical input for numerous strategic sectors of the economy. However, the global steel industry's viability is seriously challenged by growing excess capacity driven by pervasive subsidies and other non-market policies and practices in certain economies.

The OECD's Steel Committee plays a vital role in advancing transparency and promoting a level playing field in the global steel sector. This report highlights the important work recently conducted by the Steel Committee in key areas, including the global steel market and industry prospects; developments in steelmaking capacity; the use of subsidies and other non-market policies and practices that distort markets; and trade actions to address level-playing-field problems facing steel producers worldwide. It provides a comprehensive, yet succinct, assessment of the current situation and an informed outlook for the future.

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Abbreviations and acronyms

The main abbreviations and acronyms used in the report are listed below.

AD	Antidumping
AISI	American Iron and Steel Institute
ASEAN	Association of Southeast Asian Nations
BF	Blast furnace
BIS	Bureau of Indian Standards
BMB	Below-market borrowings
BOF	Basic oxygen furnace
CAGR	Compound Annual Growth Rate
CBAM	Carbon Border Adjustment Mechanism
CIS	Commonwealth of Independent States
CREG	Electricity and Gas Regulatory Commission (Algeria)
CVD	Countervailing duty
DRI	Direct reduced iron
EAF	Electric arc furnace
EBITDA	Earnings before interest, taxes, depreciation and amortisation
FDI	Foreign direct investment
FSI	Fond de soutien de l'innovation (Morocco)
FTA	Free Trade Agreement
GFSEC	Global Forum on Steel Excess Capacity
HBI	Hot briquetted iron
HS	Harmonized System
ISSB	Iron and Steel Statistics Bureau
MAGIC	MAnufacturing Groups and Industrial Corporations
MENA	Middle East and North Africa
MIIT	Ministry of Industry and Information Technology
PAT	Perform Achieve Trade
PLI	Production-linked Incentive
POE	Private-owned enterprise
SEAISI	South East Asia Iron and Steel Institute
SEC	Saudi Electricity Company
SEZ	Special economic zones
SIDF	Saudi Industrial Development Fund
SOE	State-owned enterprise
TRQ	Tariff rate quota
VAT	Value-added tax

Executive summary

More capacity, weak demand and near-record excess capacity continue to threaten the steel industry

Global steelmaking capacity continues to expand despite dim prospects for steel demand. Excess capacity is projected to increase to 745 million tonnes (Mt) by 2028 – 319 Mt more than OECD Member countries currently produce – approaching the historical highs of the last steel crisis a decade ago. Planned additions of up to 138.8 Mt of capacity through 2028 represent a 5.7% increase from 2025 levels. Global demand growth is projected to remain sluggish at around 0.9% per year through 2030, with the conflict in the Middle East, rising energy prices and disruptions in supply chains adding further headwinds. As the gap between steel production and capacity widens, utilisation rates will remain low and may slide from 76% in 2025 to 74% or less in 2028, intensifying financial pressure across the steel industry.

Countries with excess capacity are flooding world markets with steel

Most capacity expansion over the past two decades has occurred outside the OECD area, often underpinned by government subsidies and other interventions. In 2024, the median Chinese steel firms received 15 times more in subsidies, relative to their asset size, than the median producer elsewhere. When output from new facilities cannot be absorbed in national markets, the steel is typically exported to foreign markets at low prices, or in the form of steel-intensive downstream products, at the expense of producers elsewhere.

The situation in the People's Republic of China (hereafter "China") is particularly significant. Although China has not significantly expanded its steelmaking capacity in recent years, weak domestic demand has driven a significant export push. Chinese steelmakers shipped a record 131 Mt of steel to foreign markets in 2025, equivalent to around 14% of their annual crude steel production that year, and a 153% surge from 2020. China is now on an expansionary path again, with up to 38.6 Mt of new capacity planned through 2028 (which, for comparison, is several million tonnes more than the current capacity of Italy, the European Union's second-largest steel producer). This is expected to be the largest national expansion planned anywhere. It remains unclear if closures will match new capacity.

Capacity expansions are also happening in other regions. For example, India added 41.4 Mt of capacity during 2021-2025 and is set to add up to 31.8 Mt more by 2028, though continued strong domestic demand has kept it a modest net importer. Southeast Asia has also seen significant capacity growth, a trend set to continue through 2028. Meanwhile, the planned expansions in the Middle East are likely to be revised downward.

OECD area capacity edged down by 2.8 Mt (-0.4%) during 2021-2025, with particularly sharp declines in the United Kingdom (-39.7%) and Japan (-7.2%). With OECD Member country governments adopting stronger policy responses to address import surges, the industry will be better positioned to reverse this decline.

Governments are intensifying trade measures in response to the worsening crisis

Trade measures intensified in 2025. Antidumping (AD) and countervailing duty (CVD) actions, targeted at specific products and countries, remained at high levels, while broader measures covering wide ranges of steel products and trading partners gained ground. Brazil, Canada, India, Mexico and the United States have all raised tariffs on many basic steel products. With safeguard actions set to expire, the European Union and the United Kingdom have announced sweeping measures to support their steel industries and better address the negative impacts of structural world steelmaking excess capacity.

Trade diversion and suspicious patterns of trade, including circumvention, are undermining the effectiveness of trade actions

Close to 400 active AD/CVD measures initiated since 2016 were in place in 2025, and 75 new investigations were launched in 2025 alone, down slightly from 2024 but remaining at the high levels seen during the last steel crisis. However, ongoing OECD analysis suggests that trade measures are being actively circumvented. Following AD/CVD actions by OECD Member countries against Chinese steel in 2023 and 2024, imports from China fell as expected. However, in 88 cases, Chinese exports of the same products to Association of Southeast Asian Nations (ASEAN) countries rose, and in 51 cases, exports of the same products from ASEAN countries to OECD markets increased. A concurrent 300% surge in China's semi-finished steel exports to Southeast Asia suggests the mechanism by which raw products are shipped to third countries, processed and then re-exported to circumvent the original measure. Exporters also exploit the breadth of steel products, which includes 3 500 grades, by making minor modifications to place their exports outside the scope of targeted orders, which is one of the reasons governments are shifting towards more sweeping trade measures that are harder to circumvent.

Steelmaking inputs face growing trade restrictions. Trade restrictions on chromium and nickel ores are becoming more common, and although steel remains the dominant end-use for these minerals for the time being, battery, energy transition and defence demand create the potential for competing use tensions in the future. Scrap, a key input in electric furnace steelmaking, is increasingly recognised as a strategic raw material, and exports are now restricted by 42 countries. Similar restrictions have been introduced in chromium and nickel markets.

New policy initiatives can drive an industry turnaround

The OECD is fostering the international co-operation needed to address the root causes of the crisis. Members of the Global Forum on Steel Excess Capacity (GFSEC) are developing a new comprehensive framework for joint action in 2026 to address the root causes and the negative effects of global steel excess capacity. In parallel, the OECD Steel Committee is strengthening its monitoring and analytical work, building tools to strengthen import monitoring and detection of suspicious trade patterns that would indicate circumvention of trade measures. Progress across all these fronts will be essential to delivering a durable turnaround of the steel industry.

1 International efforts to address the steel crisis are intensifying

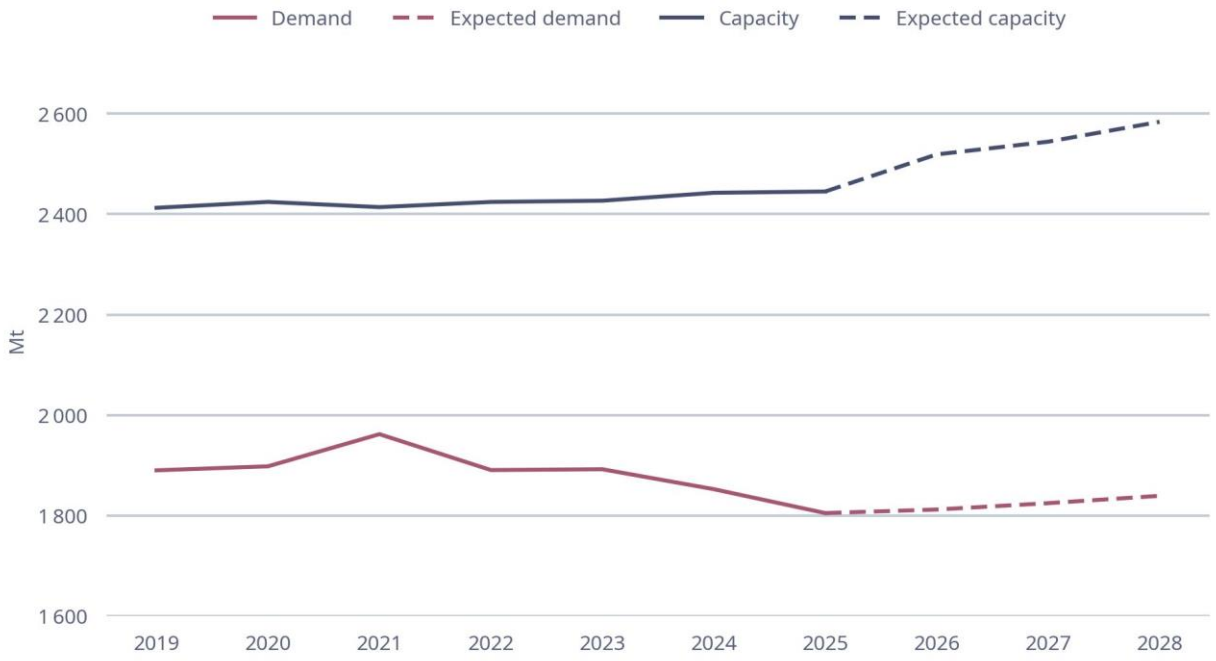
The steel crisis is deepening. Subsidies and other non-market policies and practices, the root causes of the current problems, continue to expand, driven primarily by countries outside the OECD area. The median subsidisation rate for Chinese steel firms has almost doubled since 2019, reaching a level 15 times that of OECD counterparts in 2024. The resulting surge in excess capacity is flooding international markets with dumped and subsidised exports that are also benefitting from other government supports; the non-market-driven exports have driven steel prices, weakened supply chains and compromised the economic security of OECD Member countries, despite increased trade enforcement. Compounding these pressures, conflicts in the Middle East are pushing up energy costs and disrupting the flow of raw materials and finished products, hitting an already fragile and energy-intensive industry hard. Co-ordinated international action is required to address the structural issues and impact.

The steel crisis is deepening, but new policy solutions are on the horizon

The excess capacity crisis in the steel industry has deepened. Global steelmaking capacity has expanded steadily even as demand has contracted, pushing the capacity utilisation rate well below sustainable levels. Excess capacity is estimated to have reached 640 million tonnes (Mt) in 2025 and is projected to reach 745 Mt by 2028, as demand grows by a mere 34 Mt while capacity expands by up to 139 Mt during 2026-2028 (Figure 1.1). If realised, global excess capacity in 2028 would exceed current OECD steel production by almost 320 Mt.

Figure 1.1. Global steel excess capacity projected to reach 745 million tonnes by 2028

Crude steel capacity and demand, 2019-2025 and estimated 2026-2028, in million tonnes (Mt)



Note: Steelmaking capacity and demand are measured in terms of crude steel. The capacity forecasts are based on announced projects underway and planned.
Source: OECD for capacity and all estimates and forecasts of capacity and demand. Demand for 2019-2023 is based on World Steel Association data, and for 2024-2028 on OECD calculations.

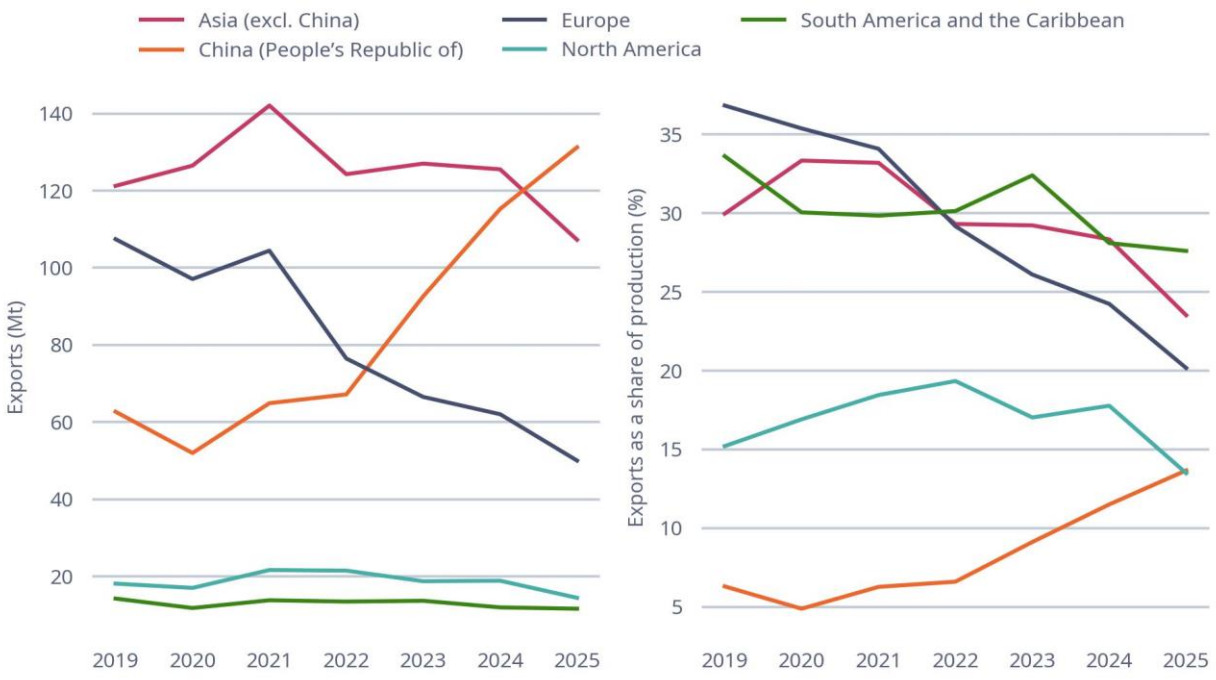
Excess capacity is putting pressure on international markets, driving prices down as producers, particularly in China, seek to maintain revenues by exporting surplus steel to foreign markets. This is displacing production in importing countries and undermining the viability of market-oriented steel industries worldwide. OECD Member country producers have seen competitiveness eroded by surges in dumped and subsidised imports, and their positions as exporters of high-quality products have been simultaneously weakened, despite increasing trade actions. If current trends continue, the long-term viability of the sector and the national economic security of many countries will be undermined.

Most of the world's excess capacity sits in China, whose share of the global capacity/demand gap increased to 54% of the world total in the third quarter of 2025 (GFSEC, 2026[1]). As domestic demand stagnated due to slowdowns in infrastructure spending, Chinese producers redirected output to foreign markets to compensate for lost domestic sales. Steel exports from China have exploded as a result, rising to a record 131 Mt in 2025, up 153% since 2020 and exceeding the total steel production of the European

Union in 2025 (Figure 1.2). While some countries welcomed the cheaper steel, others responded by launching new antidumping (AD) investigations and other trade remedy actions to address unfairly traded imports. Some 27 new cases were initiated against China in 2025, representing more than one-third of all antidumping and countervailing duty (CVD) cases filed globally that year.

Figure 1.2. China's steel exports have surged to record highs, unlike trends in other regions

Total steel exports by region, 2019-2025, in Mt (left); exports as a share of production, in % (right)



Note: Europe's exports exclude EU27 intra-trade and Asia's exports exclude ASEAN intra-trade.
Source: OECD based on data from the Iron and Steel Statistics Bureau (ISSB), the United Nations Comtrade Database and the World Steel Association.

Trade actions on steel are rising and spreading globally. In addition to AD/CVD measures targeting narrowly defined products, trade actions have expanded to cover a broad range of steel products and trading partners. However, their effectiveness is being hampered by a growing circumvention problem, particularly in the case of AD/CVD measures, in which exporters reroute shipments through less-affected countries, shift to uncovered products, or misrepresent products to evade measures in place. New evasion methods continue to emerge, highlighting the urgent need to strengthen import monitoring, trade enforcement and anti-circumvention tools. Trade actions have also triggered a deflection effect, with excess-capacity-driven exports redirected to some OECD Member countries with lower levels of trade enforcement or less developed trade remedy frameworks, highlighting the need to strengthen monitoring systems

Looking ahead, members of the Global Forum on Steel Excess Capacity (GFSEC) are developing a comprehensive framework for joint action to address the impacts of pervasive non-market policies and practices on world steel markets (GFSEC, 2025[2]).

Non-market policies and practices continue to drive global excess capacity and hamper the transition to low-emission steel production

Subsidies and other government support measures have contributed strongly to excess capacity both within countries and globally. Such support leads to capacity expansions that are not market-driven, keep inefficient and consistently loss-making plants in operation, and confer competitive advantages on recipient firms that distort the playing field for others. The effects are long-lasting: subsidies used to construct new capacity will continue to injure market-oriented competitors for many decades, given the typical lifespan of a steel plant.

When firms compete on a level playing field, market share reflects genuine efficiency and cost advantages. When subsidised firms enjoy preferential support, however, unsubsidised producers are structurally disadvantaged and destined to lose ground. Recent OECD analysis provides empirical evidence of how subsidies weaken market signals and distort competition in the steel sector (OECD, forthcoming[3]), finding that the higher the level of subsidisation, the weaker the link between a firm's market share and indicators such as profitability, cost efficiency, capacity utilisation and debt level.

Subsidies lower production costs, enabling recipients to undercut competitors on price. Pervasive subsidisation signals to unsubsidised competitors and potential market entrants that future margins will be thin, reducing their incentive to modernise, expand capacity, or even enter the market at all. Subsidised firms may further benefit from preferential access to public procurement and other demand-side measures, diverting steel orders their way regardless of their underlying competitiveness. The preferential treatment sometimes has an important international component, whereby, for example, China provides aid for infrastructure projects in Africa and Southeast Asia, and the Chinese firms involved in the projects source steel directly from Chinese producers.

Long-lasting solutions to the excess capacity problem must therefore address the subsidies and other non-market policies and practices that prevent market forces from driving outcomes in the global steel sector. Unless constrained by subsidy providers themselves or disincentivised through measures taken by trading partners, market-distorting subsidies will continue to fuel an already unsustainable excess capacity problem. They lock-in high-cost capacity, crowd out more efficient producers, erode economy-wide welfare, distort trade and give rise to trade frictions. They also result in further geographical concentration of steel-producing and manufacturing activities, with concomitant risks for economic security and the resilience of supply chains.

Pervasive subsidisation in non-market economies is also slowing the transition to low-emission steel production (OECD, forthcoming[4]). By keeping emission-intensive and inefficient plants operating, subsidies hinder the closure of emission-intensive assets. The global excess capacity challenge has already led to the postponement of several low-emission projects worldwide, and excess capacity further impairs companies' ability to invest in low-emission technologies at commercial scale, squeezing internal cash generation and raising borrowing costs.

Steel subsidisation rates are rising, mainly outside of the OECD area

Subsidies and other market-distorting support continue to increase, mainly outside of the OECD area. In China, the typical (median) steel firm now receives subsidies in the form of grants, tax concessions and below-market borrowings 15 times higher relative to its asset size than a typical firm elsewhere, up from ten times more in recent years (Figure 1.3). The country's steel subsidy rate has nearly doubled since 2019. Without market-based structural reforms, this level of support will continue to sustain excess capacity many years to come.

In 2025, Chinese support measures were dominated by 59 new provincial and municipal subsidy programmes to support the domestic steel industry (OECD, forthcoming[5]), encompassing grants and preferential finance. Three categories of potentially distortive measures stand out. The first ties public support directly to realised production volumes or sales performance, reducing firms' marginal operating costs, encouraging continued output, and postponing the closure of marginal facilities. The second comprises large, policy-driven preferential credit programmes extended to incumbent steel producers without explicit capacity-reduction requirements. The third distorts trade directly, with several provinces embedding export promotion within broader industrial upgrading frameworks that combine cost-reduction instruments with market-access support, in several cases explicitly linking support to export competitiveness, potentially fuelling overproduction and prolonging the life of uncompetitive facilities.

Figure 1.3. Steel subsidies continue unabated in some non-OECD economies

Subsidy divided by asset, median, 2006-2024

Note: Grants, below-market borrowing and tax concessions of the typical (median) steel firm as a share of the firm's assets.
Source: OECD MAGIC database.

Government support to the steel sector has become increasingly prominent in regions where capacity is expanding rapidly, including in the Middle East and North Africa (MENA) and the Association of Southeast Asian Nations (ASEAN) (OECD, 2025[6]). Updated data show that steel producers in the MENA region continue to benefit from a wide range of subsidies, reflecting the strategic role envisioned for the sector in most of the region's national industrial development plans (OECD, 2025[7]). These include energy subsidies for electricity and natural gas, preferential treatment of state-owned enterprises (SOEs), preferential financing, procurement-related support, and fiscal and regulatory incentives. Some countries in the region additionally subsidise other steel inputs and provide strategic investment programmes, industrial zones and state-directed joint ventures. Some of the measures also foster downstream integration with domestic consuming industries, supporting demand for the steel supplied by local producers. OECD research indicates that while energy subsidies remain the most significant source of market distortions, the cumulative effect of all these measures is to sustain steel production well beyond what market demand

would support, with spillover effects in international steel markets. These domestic support measures are increasingly compounded by cross-border investment. Approximately one-fifth of future global capacity investment involves state-sponsored cross-border investments, with more than half involving Chinese companies, often in joint ventures with SOE participation. Around 86% of these Chinese-linked investments are in higher-emission integrated facilities, with the bulk concentrated in Asia.

The root cause of the crisis is the persistence of non-market policies and practices in many source economies. Subsidies distort costs and erode the competitiveness of market-oriented producers; moreover, capacity expansion divorced from domestic demand transmits surplus production onto world markets. Both dynamics operate independently and both require source-country structural reform. Trade tools deployed by importing countries are enforcement responses to dumping and subsidisation, but they treat consequences rather than causes.

Trade actions are increasing, but so are efforts to undermine and evade them

Trade actions to address the impacts of the current crisis are increasing globally (OECD, forthcoming[8]). They include trade remedies, notably AD/CVD actions targeting specific products and countries, as well as wider measures covering broad ranges of steel products and trading partners, including actions to address serious injury from import surges and to protect national security, including economic security. Narrowly targeted AD and CVD measures are effective at addressing specific instances of unfair trade practices but are neither designed nor adequate to address the dramatic effects of global excess capacity on world steel markets, nor can they address the effects of dumped and subsidised steel on downstream sectors (e.g. shipbuilding, cars and heavy machinery).

The number of active steel AD/CVD measures initiated since 2016 climbed to 395 in 2025, with 75 new investigations launched during the year, slightly below 2024 but reflecting a sustained, high level of enforcement activity. China remained the primary target, accounting for 27 of the new cases. Eighteen countries initiated cases, led by Canada with 20 and Brazil with 9. Japan also joined the group of petitioners, launching investigations against China, Chinese Taipei and Korea.

While investigations remain time-consuming, processing times have been shortening: the average duration between initiation and imposition of provisional duties fell from 200 to 144 days in 2025. However, the effectiveness of these actions is being increasingly hampered by trade circumvention. Previous OECD analysis found that nearly one-fifth of steel products subject to AD/CVD measures resulted in trade flow shifts strongly indicative of rerouting to evade duties (OECD, 2022[9]), and the latest OECD analysis confirms that circumvention remains prevalent in global markets (OECD, forthcoming[10]).

Drawing on a new dataset covering over 260 product- and country-level cases, the analysis shows that following AD/CVD investigations imposed by OECD Member countries against China in 2023 and 2024, OECD imports from China of the subject products declined as expected. However, in 88 cases, Chinese exports of the same products to ASEAN countries increased, and in 51 of those cases, exports of identical products from ASEAN countries to OECD markets subsequently increased. The most significant shifts were observed for hot-rolled plates and hot-rolled wide coils. Reinforcing this pattern, China's semi-finished steel exports to Southeast Asia surged by 300% in 2025, potentially providing the raw material for downstream rolled products that were subsequently exported by ASEAN countries to OECD markets.

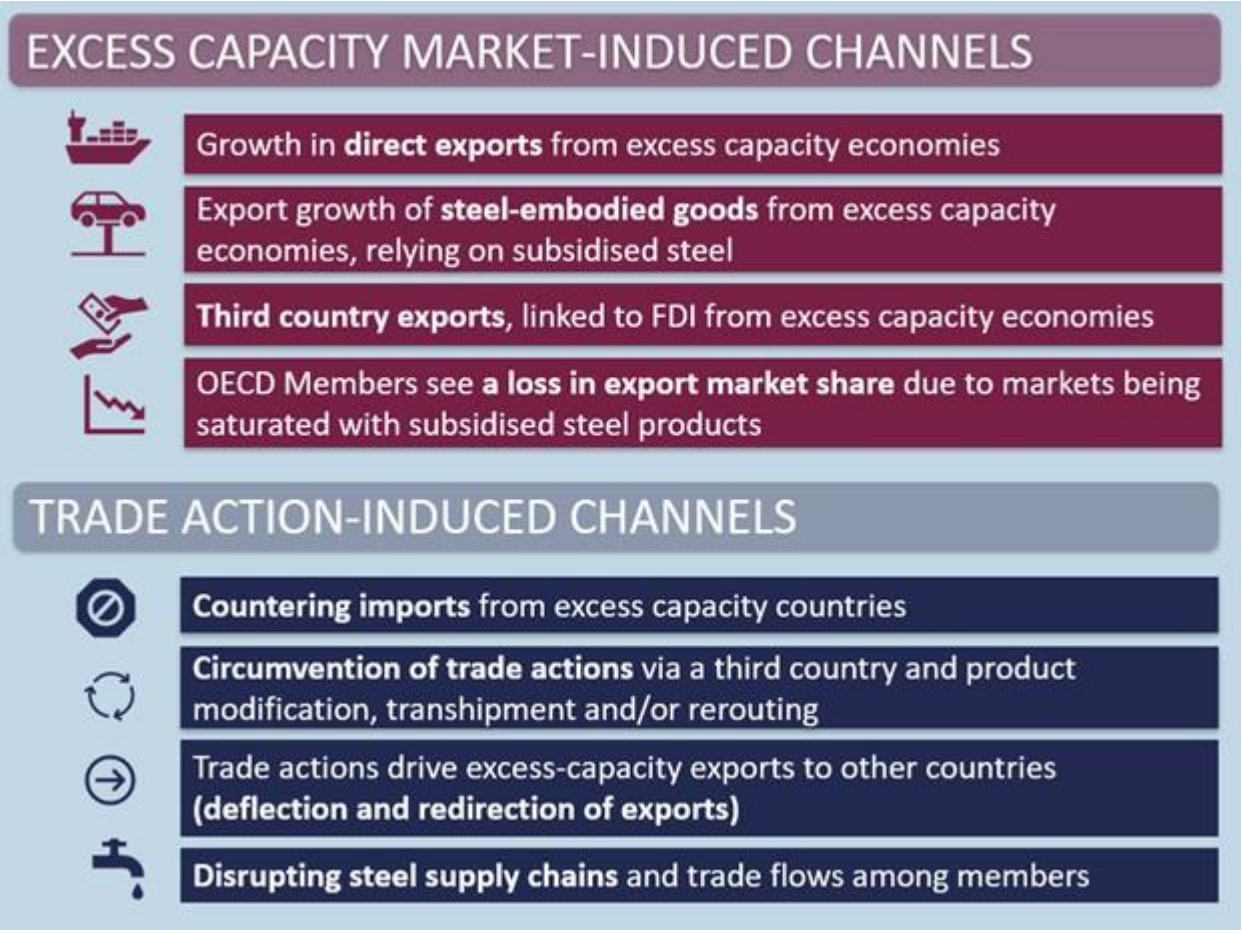
These suspicious trade patterns illustrate how transhipment through third countries actively undermines targeted trade measures, even though such practices represent only one of many channels through which excess steel exerts a global impact (see Figure 1.4).

With 3 500 grades of steel on the market in a wide range of shapes and sizes, there are also plentiful opportunities to make minor product modifications that place exports outside the scope of AD and CVD orders. This is a key reason why broader, more sweeping trade measures are proving more effective at

addressing the effect of excess capacity. A steel exporter facing an AD/CVD order on hot-dipped galvanised steel, for example, may export the base material to a third country where it is coated and re-exported as galvanised steel to the original target market, falling outside the scope of the original measure. Similarly, shipping a hot-rolled product to a third country for cold-rolling changes the four-digit tariff code entirely, circumventing the AD/CVD duty. Such forms of evasion are generally not possible under broader safeguard measures, which tend to cover most steel products from most countries.

Trade diversion presents a further challenge: steel driven out of one market through a trade action simply re-emerges in another. Trade measures, particularly AD and CVD, are intended as domestic measures to specifically address unfairly traded imports in a specific market that causes injury to the domestic industry; they are not designed to address distortions in other markets. New analysis shows that this effect has dampened the overall effectiveness of trade measures in keeping distorted steel out of OECD markets (OECD, forthcoming[8]). Chinese steel subject to antidumping measures by some OECD Steel Committee members was frequently redirected to other members with weaker enforcement regimes in place, shifting the burden rather than eliminating it.

Figure 1.4. Transmission channels of excess capacity globally



Note: Global steel trade operates as an interconnected system, in which shocks in one market, including export surges driven by excess capacity, are transmitted across countries and value chains, reshaping trade patterns and altering competitive dynamics. Excess capacity affects trade flows through two sets of channels. The first, excess-capacity-induced channels, relates to excess capacity directly driving exports from the economy where it originates. The second, trade-policy-induced channels, arises from the trade policy responses that certain countries adopt to address the damage caused by low-priced steel imports. FDI: Foreign direct investment.
Source: OECD (2025[11]).

Indirect steel trade, where excess capacity steel targeted by trade measures becomes embedded in downstream products such as metal containers, fasteners, hand tools and certain types of machinery and equipment, presents a further circumvention challenge. Case studies show that trade actions on steel products, while reducing direct steel imports, are typically accompanied by increases in trade of downstream products, potentially offsetting the effectiveness of the original measures. Foreign direct investment (FDI) in steel plants abroad presents a related challenge: while FDI is a natural market development as firms seek footholds in growing markets, it can also serve as a channel to circumvent trade actions. By investing in steelmaking or processing facilities in third countries, firms can maintain market presence and shift exports between jurisdictions as trade actions evolve, or invest directly in a target market to secure continued access regardless of the measures in place.

China has been particularly active in investing abroad, with cross-border investments accounting for approximately 21% of all future steelmaking capacity investments globally, more than half of which involve either a Chinese company alone or joint ventures with Chinese companies, many of which are state-owned (OECD, forthcoming[12]). These investments are heavily concentrated in Asia, which accounts for over 93% of the total, with the remainder directed towards Africa. Notably, around 86% of Chinese cross-border investments focus on large blast-furnace-based plants, which typically operate at a greater scale and higher emissions intensity than electric arc furnace facilities, raising concerns about both additional capacity and the carbon trajectory.

Export restrictions and raw materials pressures compound the threat of excess capacity to the industry's viability

The excess capacity crisis is depressing steel prices through oversupply in international markets, while the industry simultaneously faces rising input costs driven by expanding export restrictions on some steelmaking raw materials, particularly ferrous scrap, chromium ore and nickel ore. While excess capacity is depressing steel prices, higher input costs and more restriction on raw material exports pose additional long-term risks to industry viability and requires close monitoring.

No steel-producing country is fully self-sufficient in the raw materials and minerals its industry requires. Production depends on a wide array of inputs, from traditional materials such as iron ore, metallurgical coal, and ferrous scrap to alloying and quality-enhancing materials such as ferromanganese, chromium, and nickel, as well as zinc and tin for galvanising and coating. Each plays a critical role at different stages of the steel value chain, from primary ironmaking to advanced finishing. Securing access to these inputs is increasingly challenging, however, as many are geographically concentrated, exposed to geopolitical tensions and subject to growing trade restrictions. Nickel and chromium have seen the most rapid increase in restrictions in recent years (OECD, 2025[13]), typically imposed to promote domestic processing and downstream value addition. Scrap is also increasingly treated as a strategic input, with some countries restricting exports to both secure domestic supply and, given its role in lower-emission electric arc furnace steelmaking, to support their emission-reduction goals.

The steel industry is also facing intensifying competition for critical materials from other strategic industries (OECD, forthcoming[14]). Most national critical mineral strategies are predominantly oriented toward securing minerals for the energy transition, digital technologies, aerospace, defence and advanced manufacturing, with steelmaking frequently a secondary concern. As several inputs critical to steel production grow in importance for these sectors, their availability and affordability for steel producers are coming under increasing pressure.

This evolving demand landscape raises competing-use tensions as minerals historically serving the steel sector are reprioritised toward other strategic industries, even where steelmaking is itself critical to producing the outputs those sectors require. With bottlenecks and vulnerabilities in mineral supply chains growing, and domestic actions in one country increasingly affecting the steel industries in others, the case for greater international co-ordination is becoming harder to ignore.

Geopolitical tensions in the Middle East are adding a further layer of complexity. Energy costs, which in general account for between 20% to 40% of total steel production costs, with large differences across regions (Worldsteel, 2021[15]), will weigh on steel firms' financial margins. Rising freight rates and shipping delays are also raising steel firms' costs, and the potential diversion of Chinese steel exports away from the region is likely to increase steel import pressures on other markets.

International co-operation offers the prospect of lasting solutions to the crisis

Current efforts to address the impact of global excess capacity fall far short of what is needed to counter the surge in dumped and subsidised exports and establish a level playing field where investment, production, and trade are market-driven. Pervasive subsidies and dumping introduce serious distortions that exacerbate overcapacity and distort trade relations, while most trade measures offer only temporary relief and do not address the root causes of the crisis. With excess capacity projected to keep rising through 2028, the urgency of accelerating national and international action has never been greater.

Recognising the urgency of the crisis, GFSEC Ministers have committed to address the root causes and negative effects of global steel excess capacity, developing a new comprehensive framework for joint action. With 28 major steel-producing economies accounting for almost 70% of global steel imports, these efforts represent the most significant collective response to the steel crisis to date – and the best prospect yet for establishing a genuinely level global playing field for the steel industry.

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2 Steel market and industry prospects

International steel market conditions are under renewed pressure. Global steel demand has contracted for four years in a row, with the rate of decline accelerating to an estimated 2.6% in 2025. Projections for 2026 indicate nearly stagnant demand globally, followed by a gradual recovery to 1 885 million tonnes by 2030. While demand in China is expected to continue its long-term decline in the coming years, the OECD area should enjoy modest growth in the near term. India, Southeast Asia, the Middle East and North Africa (MENA) region, and other developing economies continue to show stronger growth prospects. Steel production growth remains concentrated in emerging economies, led by India and parts of the Association of Southeast Asian Nations (ASEAN), supported by infrastructure spending, industrialisation and new steelmaking capacity. Profitability in the steel sector has remained weak, reflecting the pressures of excess capacity and excess production on steel prices. World steel trade is undergoing significant shifts, as China and other regions with excess capacity continue to flood international markets with steel and – while trade actions are increasing – there is increasing evidence they are being circumvented.

Global steel demand remains fragile in 2026 and beyond

Global steel demand is projected to rise by 0.4% to 1.8 billion metric tonnes in 2026, following an estimated 2.6% contraction in 2025, with the recovery expected to remain uneven and geographically concentrated (Table 2.1). However, recent developments in the Middle East suggest greater uncertainty around the regional demand outlook, with potential downside implications for global steel demand in 2026 (Worldsteel, 2026[1]). On a regional basis, Africa is likely to continue to show strong growth in demand in 2026, while demand in Asia, by far the world's largest regional steel market, is expected to rise slightly in 2026, following a sharp decline in 2025. OECD Member countries are expected to eke out a small increase in demand in 2026, following a slight decline in 2025. By 2030, global demand could increase by just 0.9% per year, driven by growth in Asia and Africa.

Table 2.1. Global steel demand, by region, 2025, 2026, and 2030 projections

Region	2025		2026		2030	
	Mt	Change, %	Mt	Change, %	Mt	2025-2030 CAGR, %
China (People's Republic of)	830.94	-6.9	826.22	-0.6	817.84	-0.3
European Union (27) and United Kingdom	151.51	-1.2	153.65	1.4	157.01	0.7
India	163.71	9.8	174.72	6.7	209.46	5.1
United States-Mexico-Canada Agreement (USMCA)	144.33	-0.3	145.16	0.6	147.42	0.4
Japan and Korea	100.98	-5.1	101.76	0.8	99.07	-0.4
Association of Southeast Asian Nations (ASEAN)	93.35	4.3	96.62	3.5	110.92	3.5
Commonwealth of Independent States (CIS)	58.06	-6.2	60.28	3.8	68.01	3.2
Middle East	65.82	6.4	66.90	1.6	74.43	2.5
Central America and South America	51.84	0.7	53.08	2.4	56.08	1.6
Other Europe	48.73	-0.7	50.26	3.1	54.18	2.1
Other Asia	36.12	-8.0	37.21	3.0	39.55	1.8
Africa	36.28	16.1	37.89	4.4	42.09	3.0
Oceania	8.09	8.3	8.20	1.4	8.52	1.1
World	**1 804.87**	**-2.6**	**1 811.93**	**0.4**	**1 884.58**	**0.9**
World excluding China	973.94	1.4	985.71	1.2	1 066.74	1.8
OECD	451.45	-1.5	456.94	1.2	464.09	0.6
Non-OECD	1 353.42	-2.9	1 354.98	0.1	1 420.50	1.0
Developed	367.66	-2.1	371.06	0.9	372.12	0.2
Emerging	1 437.22	-2.7	1 440.86	0.3	1 512.46	1.0
Emerging excluding China	606.28	3.7	614.65	1.4	694.62	2.8

Note: Steel demand is measured in crude steel equivalent. CAGR (Compound Annual Growth Rate) measures the expected annual growth. Mt: Million tonnes.
Source: OECD Steel Secretariat.

Asia and Oceania

In China, steel demand declined sharply, by 6.9%, in 2025, reflecting a continued downturn in China's property sector. In January 2026, the government formally abandoned a "three red lines" borrowing policy that had been designed to limit developer borrowing and reduce financial risk. The limits had triggered a developer liquidity crisis (Reuters, 2026[2]). The policy changes, however, are viewed by some as providing limited relief to the industry, as buyer confidence is weak and new home prices are still falling. Construction activity thus remains subdued. Demand is projected to contract further in 2026 by 0.6%, reflecting a prolonged downstream downturn that is expected to continue until 2030 (S&P Global, 2026[3]).

India recorded strong demand growth of 9.8% in 2025, fuelled by sustained infrastructure and construction activity (GMK Center, 2026[4]). Consumption is projected to rise further in 2026 by 6.7% and to remain relatively strong through 2030.

Steel demand in the Association of Southeast Asian Nations (ASEAN) countries increased by 4.3% in 2025 and is projected to grow by a further 3.5% in 2026, with growth remaining at similar levels through 2030. The regional outlook is supported by infrastructure investment and manufacturing expansion, with governments prioritising transport connectivity, energy systems and development of industrial zones (Kallanish, 2025[5]; Yieh Corp, 2026[6]).

Combined demand in Japan and Korea declined by 5.1% in 2025, reflecting weak domestic consumption and soft manufacturing activity. Demand is projected to grow slightly by 0.8% in 2026, then slip gradually through 2030. In Korea, the demand weakness will be partially offset by activity in the shipbuilding and infrastructure sectors. At the same time, the government has announced a support package for the steel sector, although this is aimed primarily at producer competitiveness and upgrading rather than stimulating steel demand directly (GMK Center, 2025[7]).

Americas

In the United States, steel demand increased by 0.7% in 2025 and is projected to rise by a further 0.6% in 2026, supported by public infrastructure spending and industrial policy aimed at strengthening domestic manufacturing. Shipbuilding may emerge as an additional source of steel demand, following the release of the White House's America's Maritime Action Plan (February 2026), which outlines plans to revitalise US shipyard capacity through federal investment and procurement reform. If implemented as envisaged, this could gradually lift demand for steel-intensive products, such as plate and structural sections (The White House, 2026[8]). In parallel, continued investment in manufacturing and digital infrastructure, including data centres, is expected to provide further support to steel demand, as will the effects of public infrastructure programmes (Worldsteel, 2026[1]).

In Canada, steel demand is estimated to have grown by around 2.7% in 2025 and is projected to increase modestly by about 0.9% in 2026. While the overall outlook remains constrained by trade uncertainty, recent policy initiatives point to continued downstream support for steel-using sectors. For example, in February 2026, the federal government announced a new automotive strategy that emphasises domestic vehicle manufacturing, battery supply chains and clean-technology investment, backed by industrial funding, tax incentives and measures to strengthen Canadian content in supply chains, including steel and aluminium (Government of Canada, 2026[9]).

In Mexico, steel demand declined sharply in 2025, falling by around 4.6%, while low-priced Asian steel imports surged. Near-term recovery is expected to be gradual, as downstream activity remains subdued and stronger improvement will depend on firmer industrial momentum and a normalisation of regional trade flows. With economic activity projected to pick up gradually, steel demand should begin to bottom out and begin recovering in 2026 (OECD, 2026[10]).

In Central America and South America, steel demand is projected to have posted a modest increase of 0.7% in 2025 and 2.4% in 2026, reflecting mixed trends in the activity of downstream sectors. The Latin American construction and automotive sectors managed to eke out slight growth, machinery recorded a stronger increase, while household goods contracted (ALACERO, 2026[11]). The region has experienced record-high import levels due to global excess capacity. Steel demand is expected to gradually pick up, with 2.4% growth projected for 2026.

Europe

Steel demand across the EU-27 and the United Kingdom contracted by 1.2% in 2025, reflecting subdued industrial and construction activity and continued pressures on energy-intensive manufacturing. While steel demand is projected to recover modestly by 1.4% in 2026, the outlook is not clear-cut. Much will depend on the competitiveness of downstream sectors, which are affected by energy and other input costs.

France experienced one of the steepest declines in Europe, with steel demand falling by 12.6% in 2025, reflecting weak construction activity and subdued manufacturing activity. In 2026, steel demand is projected to edge up by 0.3%. Market conditions remain uncertain, as construction activity continues to underperform and analysts do not expect a meaningful improvement before the second half of the year. At the same time, the level of EU-funded infrastructure projects that supported demand in 2025 is set to decline through 2026, limiting downstream support for steel demand (Eurometal, 2026[12]).

In Germany, steel demand contracted sharply by 6.1% in 2025, reflecting weak industrial activity, subdued construction and deteriorating conditions for German goods in foreign markets. In 2026, elevated import pressure, weak domestic momentum and ongoing competitiveness challenges are expected to constrain any meaningful improvement (Kallanish, 2026[13]). Against this backdrop, demand is projected to recover only modestly, by 1.1%, in 2026.

Africa and the Middle East

Steel demand in Africa and the Middle East strengthened markedly in 2025, with Africa expanding by 16.1% and the Middle East by 6.4%. Growth is projected to moderate in 2026, to 4.4% in Africa and 1.6% in the Middle East, as investment cycles mature and macroeconomic constraints re-emerge. Overall, demand remains on a positive trajectory, but momentum is likely to become increasingly uneven and project-driven. The impact of geopolitical tensions in the Middle East will affect demand in the coming months, with the scope and magnitude yet to be determined.

Egypt, the largest steel-consuming economy in Africa, recorded a 1.1% contraction in 2025, reflecting a pronounced slowdown in construction and real estate activity. Major producers, including Ezz Steel, cut rebar prices sharply in November 2025 after local sales fell by around 20% year-on-year, with domestic consumption dropping significantly (Manassa News, 2025[14]). Reduced government procurement and stagnant housing sales further weighed on steel sales. Demand is projected to rebound by 3.5% in 2026, suggesting a partial cyclical recovery.

South Africa recorded a 1.5% decline in steel demand in 2025. The downturn is mirrored in producer performance, with ArcelorMittal South Africa reporting a 12% drop in crude steel production and sales and shutting its long-steel operations to stem losses amid persistently soft local demand (Reuters, 2026[15]). A moderate recovery of 2.3% is projected for 2026, but the outlook remains fragile and contingent on improvements in domestic activity and ongoing restructuring efforts, including potential state-backed transactions aimed at stabilising the sector.

Saudi Arabia recorded strong growth of 11.5% in 2025, reflecting large-scale government-led construction, industrial localisation and energy infrastructure investment under Vision 2030, which is a multi-trillion USD initiative to diversify the economy. Demand growth is expected to moderate to 4.1% in 2026 but remain robust relative to regional peers, supported by an execution-driven project pipeline in transport, urban development and industrial zones (Mark & Spark Solutions, 2026[16]).

In the Islamic Republic of Iran (hereafter “Iran”), crude steel production increased by 3.7% in 2025, supported by domestic construction and manufacturing demand, with the industry reporting strong late-year output (Tehran Times, 2026[17]). However, recent developments could lead to a collapse in the market, depending on the extent of damage due to military conflicts in the region.

Steel prices have diverged worldwide

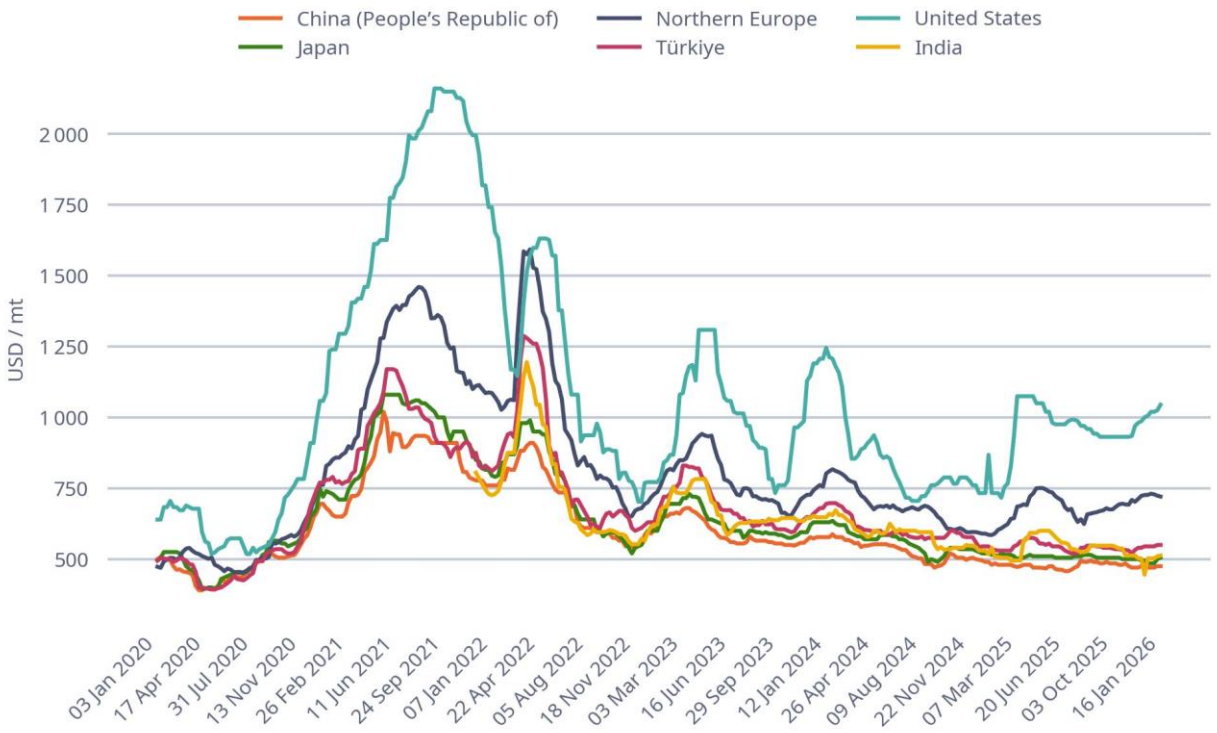
The turbulence in steel trade has contributed to divergence in steel prices in different markets. Prices increased markedly in the United States and the European Union at the beginning of 2025 and maintained high yet differentiated levels for the rest of the year, in contrast to developments in other regions.

Prices of two representative products, hot-rolled coil and rebar, rose sharply in both the United States and in the European Union at the beginning of 2025 (Figure 2.1 and Figure 2.2). In stark contrast, prices in China and the other covered economies remained stable, at low levels. In January 2026, prices for the two products were more than twice as high in the United States as in China, and 50% higher in the European Union than in China.

The slowdown in construction in China depressed Chinese domestic steel prices, particularly prices of rebar, which plummeted. This, in turn, compressed Chinese steel producers' margins and prompted them to shift away from construction-linked long products such as rebar, towards flat products (Lv and Jackson, 2026[18]). The shift from rebar to flat products for export increased supply pressure in third-country markets, where prices weakened, making any sustained steel price increases unlikely in the short to medium term.

Figure 2.1. Hot-rolled coil prices are much higher in the United States and Europe

Hot-rolled coil prices, in USD per metric tonne, 2020-2026



Note: Latest price: 16 January 2026.
Source: Kallanish (2026[19]).

Figure 2.2. Rebar prices are increasing in the United States, while they remain stable (though at elevated levels) in the European Union

Rebar prices, in USD per metric tonne, 2020-2026

Note: Latest price: 16 January 2026.
Source: Kallanish (2026[19]).

An examination of steel futures prices, which often provide an early signal of short-term spot price movements, suggests that market participants expect existing cross-market price differentials to endure rather than converge in the near term. The recent, modest increase in Chinese prices appears to be mirrored in advanced-economy markets, leaving the relative dispersion broadly unchanged.

Raw material prices have increased more than steel recently

Steelmaking raw material prices were relatively stable through the first half of 2025, before starting a gradual upward trend that has continued through early 2026. For 2025 as a whole, iron ore prices rose by 9%, coking coal by 17%, and scrap by 2% (Figure 2.3). As a result, the price of a typical basket of raw materials used for steelmaking increased by 10% in 2025. The margin between steel and raw material prices has declined steadily since the spring of 2025, adding to the profitability pressures on the steel industry (see more below).

Figure 2.3. Prices for iron ore, metallurgical coal and scrap have been increasing

Iron ore, metallurgical coal and scrap prices, in USD per metric tonne, 2024-2026

Note: Latest price: 23 January 2026.
Source: Kallanish (2026[19]).

World steel production

World steel production generally moves in parallel with global consumption. Within the totals, however, there are shifts, reflecting changes in competitive conditions and capacity developments at the country and regional levels (Table 2.2). As with consumption, Asia dominates production, accounting for 73% of the world total, which is higher than the region's share of world consumption (68%). China continues to maintain its role as the world's largest producer, though its share is expected to decline both absolutely in terms of tonnage and relative to other producers over the next several years. Declines are also expected in Korean and Japanese steel production through 2030. India, on the other hand, is expected to significantly increase its production, adding 40 million tonnes (Mt) by 2030. ASEAN countries are also expected to boost production by 30 Mt, while North American and European producers increase production, albeit by lesser amounts.

Table 2.2. Global steel production, by region, 2025, 2026, and 2030 projections

Region	2025		2026		2030	
	Mt	Change, %	Mt	Change, %	Mt	2025-2030 CAGR, %
China (People's Republic of)	961.3	-4.3	958.2	-0.3	930.9	-0.6
European Union (27) and United Kingdom	130.6	-2.4	132.4	1.3	136.3	0.9
India	164.4	10.0	174.9	6.4	208.3	4.8
United States-Mexico-Canada Agreement (USMCA)	107.5	1.3	108.3	0.6	111.7	0.8
Japan and Korea	141.9	-3.8	143.3	0.9	132.8	-1.3
Association of Southeast Asian Nations (ASEAN)	60.2	5.4	61.5	2.1	90.6	8.5
Commonwealth of Independent States (CIS)	82.2	-4.9	85.0	3.4	97.0	3.4
Middle East	57.0	5.1	57.4	0.8	73.1	5.1
Central America and South America	42.4	-0.2	43.2	1.9	47.0	2.1
Other Europe	42.4	2.1	43.6	2.8	49.9	3.3
Other Asia	25.9	-8.7	26.6	2.6	26.5	0.4
Africa	26.9	-4.4	28.6	6.3	29.7	2.0
Oceania	5.8	11.1	5.9	1.7	6.3	1.8
World	**1 850.8**	**-1.9**	**1 869.4**	**1.0**	**1 940.6**	**1.0**
World excluding China	889.4	0.7	911.1	2.4	1 009.6	2.6
OECD	426.1	-1.3	431.3	1.2	434.8	0.4
Non-OECD	1 424.6	-2.1	1 438.0	0.9	1 505.7	1.1
Developed	375.5	-2.1	379.4	1.0	372.1	-0.2
Emerging	1 475.2	-1.9	1 489.9	0.9	1 568.4	1.2
Emerging excluding China	513.9	2.8	531.6	3.4	637.4	4.4

Note: CAGR (Compound Annual Growth Rate) measures the expected annual growth. Mt: Million tonnes.
Source: OECD Steel Secretariat.

Americas

In the United States, crude steel production increased by around 3.1% in 2025 and is projected to rise by a further 0.7% in 2026. The expansion in output was supported primarily by tighter import policies, which lowered import penetration and enabled domestic mills to operate at higher utilisation rates, while firm demand from data-centre construction, energy facilities and infrastructure investment provided an additional underpinning. Major producers reported utilisation rates of around 85% across sheet mills in 2025 (Kallanish, 2026[20]). According to the American Iron and Steel Institute (AISI), the capacity utilisation rate reached 80% on 18 April 2026 (AISI, 2026[21]).

In Canada, crude steel production is projected to increase by around 1.0% in 2026. This modest improvement is being supported by new import measures and enhanced trade enforcement, following a late 2025 government support package aimed at addressing import pressure and global overcapacity (CSPA, 2025[22]). In parallel, recent federal-provincial energy agreements aimed at advancing new pipeline infrastructure have explicitly emphasised the development of Canadian steel and pipe supply chains. Major domestic pipe producers reported record output in 2025, supported by oil and gas activity. Further gains are expected if large-scale energy projects proceed (Canadian Energy Centre, 2026[23]). While the overall increase remains modest, these measures are helping to stabilise mill utilisation while shielding the sector from global overcapacity and trade distortions. Overall, Canada's production outlook remains stable, with growth relying primarily on policy support and steady domestic demand.

In Mexico, crude steel production declined by around 6% in 2025, largely due to weaker domestic demand and the impact of higher US steel tariffs, which reduced Mexico's access to its main export market (Argus Media, 2026[24]). In December 2025, the Mexican Congress approved amendments to the Law on General Import and Export Taxes, increasing tariffs on steel imports from countries without trade agreements with

Mexico, as part of the broader Plan México strategy. These measures aim to counter unfair trade practices and promote import substitution by strengthening domestic production (Canacero, 2025[25]). Despite these trade policy adjustments, output is projected to recover only marginally in 2026, by 0.6%, before strengthening more strongly through 2030.

In Brazil, crude steel output declined by around 1.6% in 2025, even as exports rose sharply, with shipments to Europe doubling after hikes in US tariffs. At the same time, domestic prices weakened in the face of rising low-cost imports from Asia, prompting producers to redirect output towards export markets (Argus Media, 2026[26]).

Europe

Steel production in the European Union (27) and the United Kingdom declined by 2.4% in 2025, reflecting weak industrial activity and continued pressure from imports. A modest 1.4% rebound is projected for 2026, supported by gradual improvements in manufacturing demand. In April 2026, the Council presidency and the European Parliament reached a provisional agreement on a new regulation to shield the EU steel market from the negative effects of global overcapacity, including a revised tariff rate quota system that lower the overall volume of import quotas by approximately 47% (compared to 2024), and an increase of out-of-quota duties from 25% to 50%, and a newly introduced melt and pour provision; the regulation will replace the current safeguard measures, as from 1 July 2026 (Council of the European Union, 2026[27]). However, elevated energy costs and rising investment requirements linked to decarbonisation continue to constrain upside potential, leaving production broadly flat over the near term.

In Germany, steel output declined sharply in 2025, falling by 8.8% in light of weak domestic demand, high energy costs and import pressures (SteelOrbis, 2026[28]). The industry is restructuring, with Thyssenkrupp, for example, announcing job cuts and production reductions (Reuters, 2025[29]). In 2026, steel output is expected to increase slightly and is projected to remain flat through 2030.

Italy stands out among large European producers, having recorded positive growth in steel production in 2025 of 2.4%. This increase was supported by a strong rebound in late 2025, with crude steel output rising sharply in December alongside higher production of both flat and long products, suggesting a broad-based end-of-year recovery after several years of contraction (Kallanish, 2026[30]). Output is projected to expand modestly in 2026, by 1.2%, with production expected to rise gradually through 2030.

In the Republic of Türkiye (hereafter “Türkiye”), crude steel production increased by 2.3% in 2025 and is projected to rise further in 2026 by around 2.9%, before strengthening towards 2030. The growth has been supported by stronger domestic activity and a rebound in exports, with overseas shipments rising by more than 12% in 2025. Turkish steelmakers also expect further production and consumption growth in 2026 as market conditions improve (GMK Center, 2026[31]).

Africa and the Middle East

In Egypt, crude steel output fell by 1.1% in 2025, reflecting short-term demand pressures and weaker exports. Production is projected to grow by 3.2% in 2026 and continue rising through 2030, reinforcing Egypt’s position as the region’s main growth engine. Supporting this outlook, major producer Ezz Steel has announced plans to invest approximately USD 1.16 billion over the next two years to expand production capacity, with a strategic shift towards domestic demand amid rising global trade actions taken on steel. The company has highlighted construction and infrastructure as key drivers of future demand, while recent government stimulus measures aimed at expanding local rolled product production further underpin medium-term growth prospects (GMK Center, 2026[32]). China’s XinFeng Steel plans to invest approximately USD 10 billion in the establishment of a large integrated steel complex in Egypt’s Suez Canal Economic Zone, targeting an annual production capacity of around 10 Mt of automotive and high-value industrial steel products (SteelOrbis, 2026[33]); the project aligns with Egypt’s strategy of industrial localisation and value-chain upgrading.

In South Africa, crude steel production declined by 4.7% in 2025, with output remaining well below historical norms at roughly a quarter below pre-pandemic levels and around half of the sector's mid-2000s peak. The weakness in 2025 reflects entrenched challenges facing the industry, including high electricity costs, logistics bottlenecks, rising input prices, subdued domestic demand and persistent pressure from low-priced imports, which have constrained capacity utilisation and limited producers' ability to respond to demand recovery. While production has stabilised since 2022, the absence of meaningful growth in 2025 underscores the fragile condition of the sector (SAISI, 2026[34]). Against this backdrop, output is projected to recover by 2.2% in 2026, before strengthening more visibly towards 2030, pointing to a gradual rebound that depends on improvements in operating conditions and targeted policy support.

Steel output in the Middle East rose by 5.1% in 2025 and is expected to increase marginally by 0.8% in 2026, supported by large-scale infrastructure projects and state-led industrial strategies. Military conflict in the region, however, will have a profound impact on the region's steelmakers.

In Saudi Arabia, crude steel production increased by 11% in 2025 and was projected to grow further in 2026 by 3.8%, before accelerating more visibly towards 2030. Industry reporting indicates that this strong momentum has been driven primarily by large-scale domestic infrastructure and industrial projects linked to national diversification efforts, which have lifted steel demand and utilisation rates (Fastmarkets, 2026[35]).

In Iran, crude steel production increased by 3.7% in 2025, supported by domestic construction and manufacturing demand, with industry reporting strong output late in the year (Tehran Times, 2026[17]). However, this momentum is expected to end in the near term, as the conflict in the area has damaged major steel and energy infrastructure, disrupted power and gas supply, and constrained export capacity, contributing to a projected decline in steel production in 2026.

Financial conditions in the industry

In 2024, profitability in the basic steelmaking sector remained weak, reflecting the pressures of overcapacity on prices. Steel firms situated in partner economies were nevertheless able to improve their performance somewhat, while conditions in OECD Member countries deteriorated further (Figure 2.4). Concurrently, global steel producers have increased their leverage, reversing a decade-long deleveraging trend. The median representative firm in partner economies has a debt-to-asset ratio more than 50% higher than its counterpart in OECD Member countries, a significant difference. In partner economies, the industry benefitted from a continued expansion of support measures, with firms receiving rising volumes of direct grants and access to below-market finance. These supports are discussed in greater detail in Chapter 4 of this report.

World steel trade

World steel trade eased in 2025, but China bucks the downward trend, boosting its exports to a record level

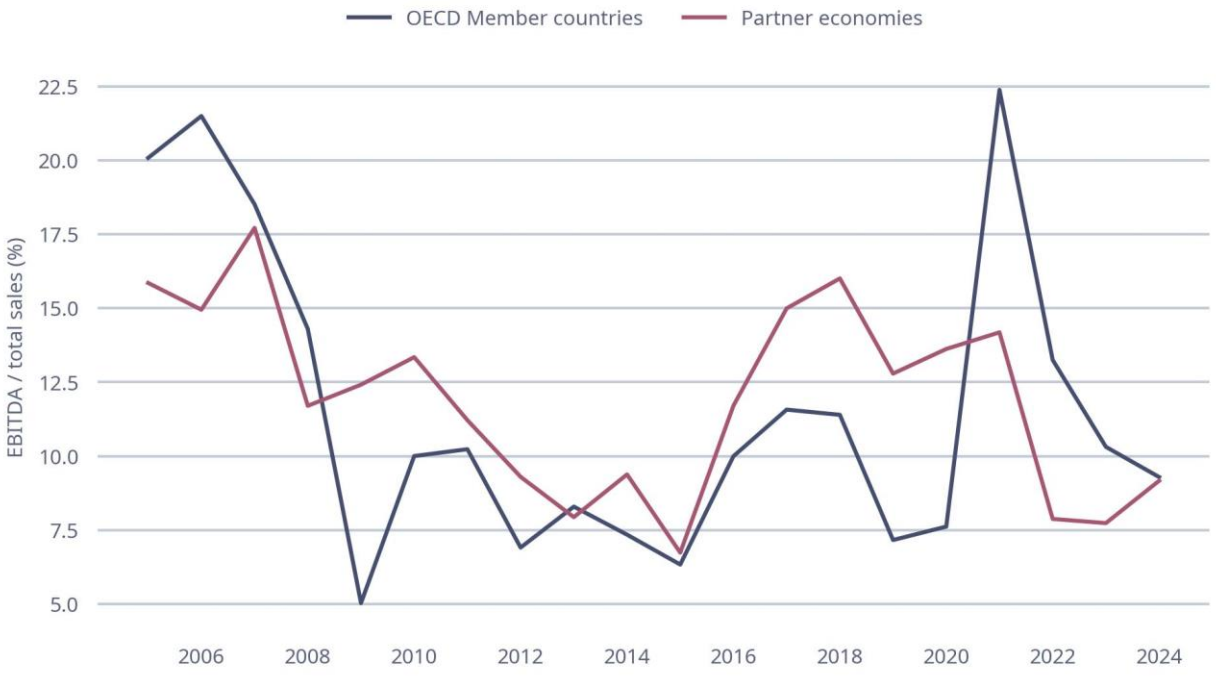
While world steel exports declined by 6.2% in 2025, those from China surged by 13.8%, to a record level of 131.2 Mt. China has seen its exports more than double during 2019-2025 and the country's share of world exports has soared, rising from 19% in 2019 to 41% in 2025. ASEAN exporters also saw their exports more than double during 2019-2025, reaching 20.8 Mt in 2025.

World steel trade has fluctuated in recent years, with annual exports (excluding intra-EU and intra-ASEAN transactions) ranging between 308 and 353 Mt since 2019 (Table 2.3). However, there have been

significant shifts in trade flows, with OECD steel-producing economies experiencing declines in their global position. European exports fell by 53% from their 2019 level to 50 Mt in 2025, with a 19% decline between 2024 and 2025 alone. At the same time, exports from North America and South America dropped to 14 Mt and 12 Mt, representing declines of 20% and 18% compared to 2019 levels, respectively.

Figure 2.4. Profitability of steel firms in OECD Member countries and partner economies, 2006-2024

EBITDA divided by total sales, in %



Note: Profitability is defined as EBITDA (earnings before interest, taxes, depreciation and amortisation) to sales revenue in per cent. The lines show the median values for firms in the sample.
Source: OECD MAGIC database.

Table 2.3. Global steel exports by region, 2019-2025

In million tonnes

Region	2019	2020	2021	2022	2023	2024	2025	Growth 2019-2025 (%)	Growth 2024-2025 (%)	Share in world trade in 2025 (%)
Asia	183.9	178.5	207	191.4	219.6	240.8	238.5	29.7	-1.0	74.3
China (People's Republic of)	62.7	52	64.9	67.2	92.6	115.3	131.2	109.3	13.8	40.8
India	13.4	17.3	20.4	12.1	9.9	9.7	9.9	-26.1	2.1	3.1
Japan and Korea	63.1	59.6	60.5	57.2	59.2	59.2	57.8	-8.4	-2.4	18
Middle East	22.5	19.9	25.4	25.7	27	22.1	8.6	-61.8	-61.1	2.7
ASEAN	9.5	17.3	23.2	17.6	19.7	23.9	20.8	118.9	-13.0	6.5
Other Asia	12.7	12.4	12.5	11.7	11.3	10.6	10.2	-19.7	-3.8	3.2
Europe	107.4	97.1	104.4	76.5	66.5	62	50	-53.4	-19.4	15.6
EU27 + United Kingdom	37.1	29.6	29	25.9	25.6	25.1	22.8	-38.5	-9.2	7.1
Türkiye	19.7	18.7	22.1	17.6	12.7	17	17.5	-11.2	2.9	5.4
Russia	29.5	28.7	32.6	24.2	21.6	12.2	4.5	-84.7	-63.1	1.4
Ukraine	15.6	15.2	15.7	4.8	3.3	4.7	3.3	-78.8	-29.8	1
Other Europe	5.6	4.9	5.1	4	3.3	3.1	1.9	-66.1	-38.7	0.6
North America	18.1	17	21.6	21.5	18.7	18.9	14.4	-20.4	-23.8	4.5
South America and the Caribbean	14.2	11.8	13.8	13.4	13.6	11.9	11.6	-18.3	-2.5	3.6
Africa	4.5	4.1	5.6	4.1	8.2	7.7	5.1	13.3	-33.8	1.6
Oceania	1.3	1.1	0.8	1.3	1.2	1.1	1.6	23.1	45.5	0.5
World	**329.5**	**309.6**	**353.3**	**308.3**	**327.9**	**342.5**	**321.2**	**-2.5**	**-6.2**	**100**
World (excluding China)	266.8	257.6	288.4	241.1	235.3	227.2	190	-28.8	-16.4	59.2
OECD	137	123.7	131.1	121.2	115.7	119.8	112.7	-17.7	-5.9	35.1

Note: Exports exclude EU27 and ASEAN (Association of Southeast Asian Nations) intra-trade.
Source: OECD based on data from the Iron and Steel Statistics Bureau (ISSB), the United Nations Comtrade Database and the World Steel Association.

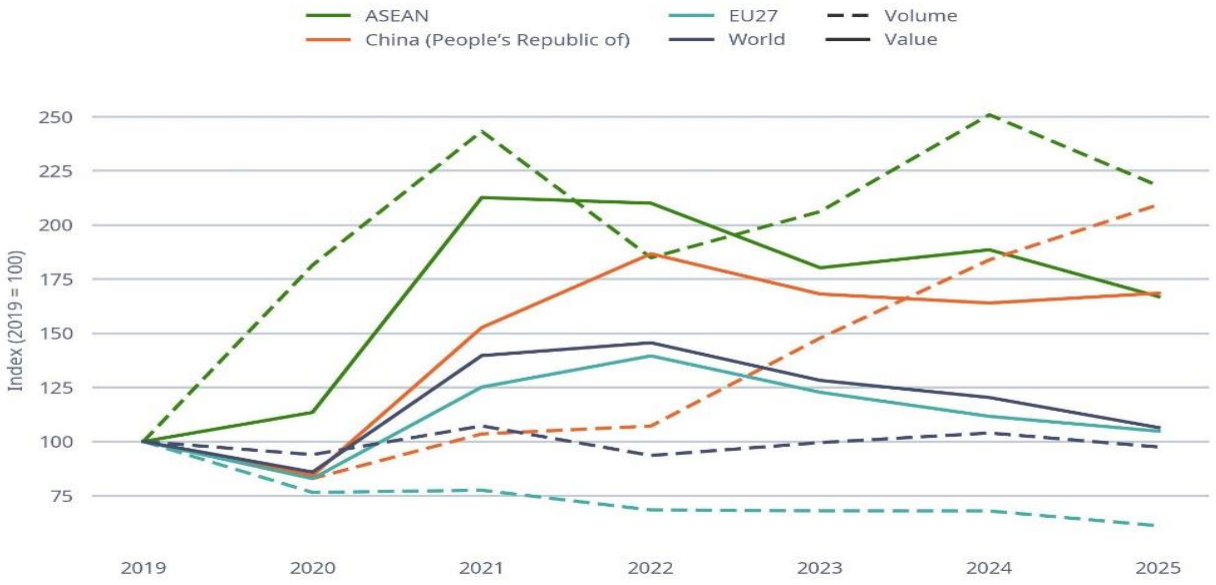
The increase in Chinese exports is due in part to weaknesses in domestic demand for steel, with exports providing an outlet for domestic production that exceeds domestic demand. Increased subsidisation is also a key factor, as it can lower costs, thereby helping boost foreign sales. Low prices may also have contributed to the country's success in boosting foreign sales volumes. With export unit values falling sharply, the growth in the value of China's exports has lagged the tonnage growth by a wide margin (Figure 2.5). A similar pattern can be observed in ASEAN, where export value growth has lagged export volume growth. China, ASEAN, and, to a lesser extent, the Middle East and North Africa (MENA) have gained share in key importing markets (Figure 2.6).

Apart from China, the share of steel production that is exported has generally declined. Europe, for example, exported 26% of its production in 2025, down from 47% in 2019. South America now exports roughly one-third of its production, down from 41%. Asian countries, apart from China, have seen a steady decline in their steel export share, from a high of 42% at the start of the decade to 30% in 2025.

Steel imports also demonstrated significant shifts in 2025. In North America, imports declined by 15.8% amid strengthened trade actions in the region. Sharp double-digit declines were also registered in Asia, with Chinese imports sliding from 40.2 Mt in 2020 to a mere 7 Mt in 2025. Sharp annual declines also occurred in the Middle East (down 52.4%), with import cutbacks in India, Japan and Korea. On the other hand, import levels rose in Europe, notably in the EU27-UK area, where safeguard measures were also in place. Semi-finished steel, which was not subject to the safeguards measure, accounted for nearly half of the increase.

Figure 2.5. Chinese steel exports have surged in volume terms, less so in value terms

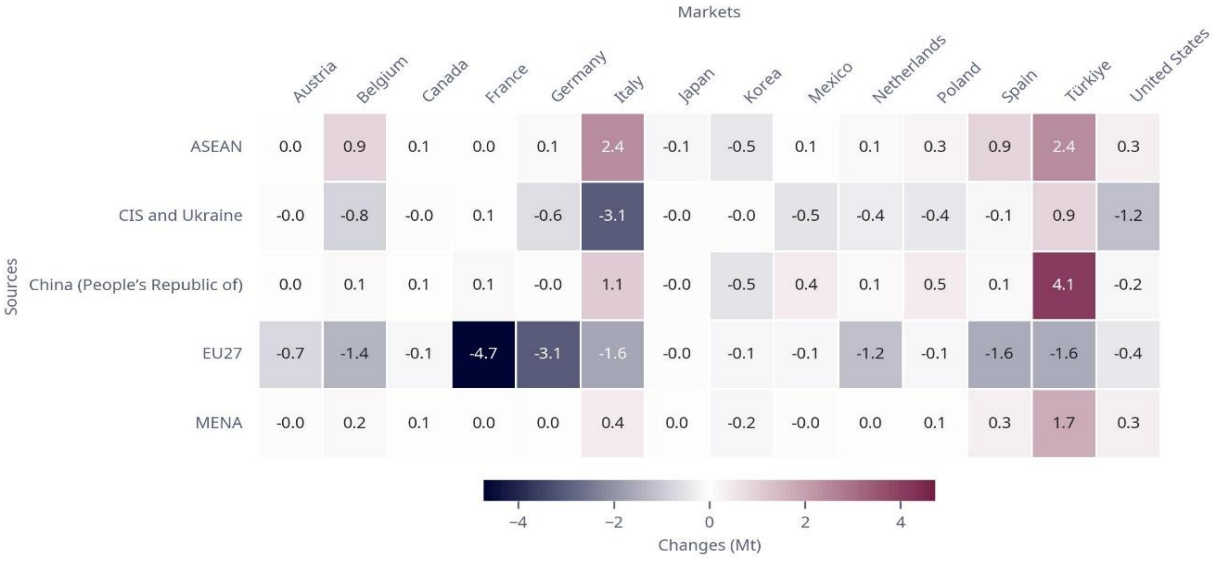
Evolution of value and volume of steel exports by region, 2019-2025, 2019 = 100



Note: EU27 and ASEAN (Association of Southeast Asian Nations) intra-trade is excluded.
Source: OECD based on data from the Iron and Steel Statistics Bureau (ISSB) and the United Nations Comtrade Database.

Figure 2.6. Steel imports from China and ASEAN increase as imports from OECD steel-producing economies fall

Change in imports by source and market region, 2019-2025, in million tonnes



Note: Selected countries include OECD Steel Committee members that are among the top 30 steel-producing economies.
ASEAN: Association of Southeast Asian Nations; CIS: Commonwealth of Independent States; MENA: Middle East and North Africa.
Source: OECD based on Iron and Steel Statistics Bureau (ISSB) and United Nations Comtrade data.

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3 Global steelmaking capacity reaches new highs

At the global level, steel excess capacity increased to 640 million tonnes (Mt) in 2025: it is now exceeding the total OECD steel production by more than 200 Mt, and it is projected to continue rising steadily, reaching 745 Mt by 2028. Global steelmaking capacity has increased for four consecutive years, reaching a new high of 2 445 Mt in 2025, some of which has been geared towards exports. Regional developments have diverged significantly, however, with the OECD area suffering a contraction in capacity, while some non-OECD economies recorded solid growth during this period. India and Southeast Asia have been significant drivers of the Asian capacity expansion, supported by relatively strong demand growth and, in the case of Southeast Asia, inward foreign direct investment by Chinese steel firms. The Middle East has also been a significant source of new capacity additions. Current developments raise concerns of over-investment, adding to the severe oversupply situation that is already heightening trade tensions globally.

Structural excess capacity worsens

The steel industry continues to expand globally, with the strong support of governments in many jurisdictions. Global steelmaking capacity has risen for five consecutive years, reaching a new record-high level of 2 445 million tonnes (Mt) in 2025, even as global steel demand contracted for the fourth year in a row. As a result, global excess capacity climbed to 640 Mt in 2025, exceeding total OECD steel production by more than 200 Mt. The excess capacity trend is expected to worsen, increasing steadily over the next three years to reach up to 745 Mt by 2028.

Most of the capacity expansion seen over the past few years has occurred outside of the OECD area, in aggregate, though some OECD Member countries have witnessed some capacity growth that has been offset by declines in others. Many emerging economies have concluded that they need a growing national steel industry to meet domestic demand and, in many cases, to become important global exporters of steel. Often, capacity expansions overshoot domestic steel demand, and the surplus is simply dumped on international markets. While governments embrace the necessity and value of open markets and competition, there is, at the same time, recognition that efficient plants worldwide are being hit by a surplus of steel flooding their markets, often sold by subsidised mills at prices far below their full cost of production.

The problem is not a new one. Back in the 1970s, overly optimistic long-term forecasts for steel demand attracted investment in new facilities worldwide. Then the first oil shock hit, even as new furnaces were being lit. Governments in many OECD Member countries intervened with schemes to address trade and adjustment problems, but steel trade relations were seriously strained. Since its establishment in 1978, the OECD Steel Committee has provided a venue to help ease tensions by bringing policymakers together to enhance transparency and explore ways to best address trade and adjustment problems. Over the years, members of the committee underwent structural reforms to rationalise, privatise and eliminate structural excess capacity in their steel industries. However, problems have re-emerged globally as capacity expansions have accelerated in many developing economies, exposing markets to structural oversupply again. The severity of the situation promoted the creation of the Global Forum on Steel Excess Capacity, which has focussed on enhancing transparency and seeking solutions to the crisis.

Recent developments in steelmaking capacity

Global steelmaking capacity continues to expand, while capacity utilisation drifts lower

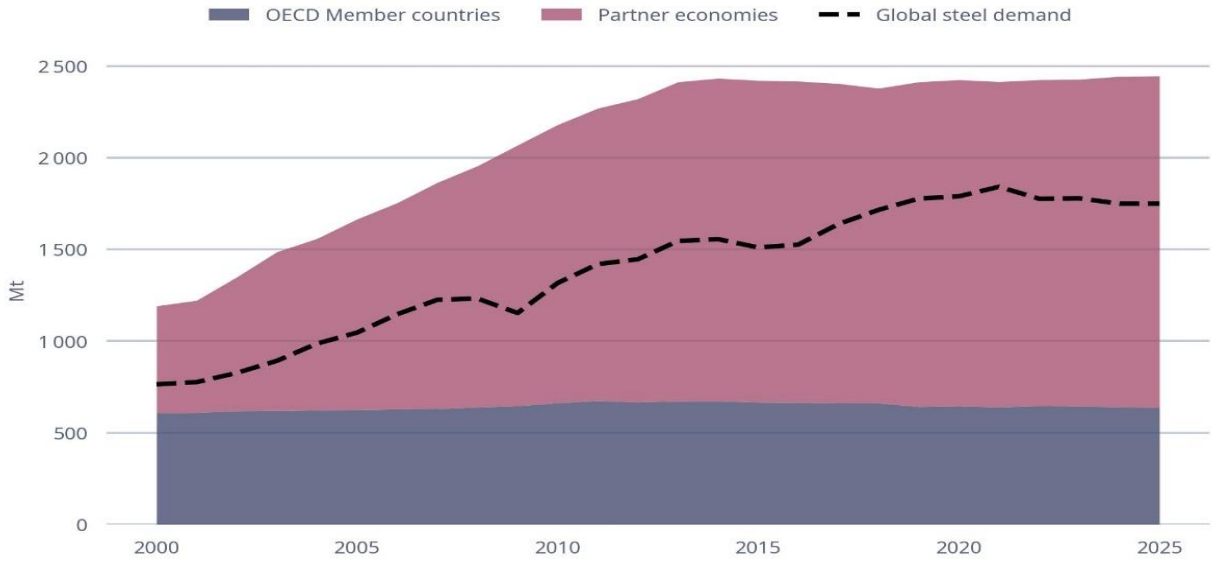
In 2025, global steelmaking capacity was 1.3% above the 2021 level (+31.1 Mt), reflecting growth in partner economies that was partly offset by a decline in capacity in the OECD area (Figure 3.1). With demand weakening worldwide, capacity utilisation rates continued their general decline, falling to a recent low of 76% in 2025 (Figure 3.2), well below rates considered sustainable for the steel industry. Further declines are forecast for 2026. The global capacity utilisation will remain low at around 74% until 2028, in light of strong capacity growth coupled with a weaker outlook for production.

Significant structural changes have occurred regionally, with Asia becoming more dominant in global steelmaking

Regional developments over the past five years underscore a persistent and fundamental shift in the global steelmaking landscape (Table 3.1). Between 2021 and 2025, OECD Member countries' steelmaking capacity declined by 2.8 Mt (-0.4%), led by declines in Japan (-8.8 Mt, or -7.2%) and the United Kingdom (-4.8 Mt, or -39.7%). In contrast, partner economies increased their total capacity by 33.9 Mt (+1.9%), even as China reduced its capacity by 11 Mt (-1.0%) during the same period. This growth in other partner economies has been the principal driver of global capacity expansion.

Figure 3.1. Trends in global steel capacity and demand have diverged over the past few years

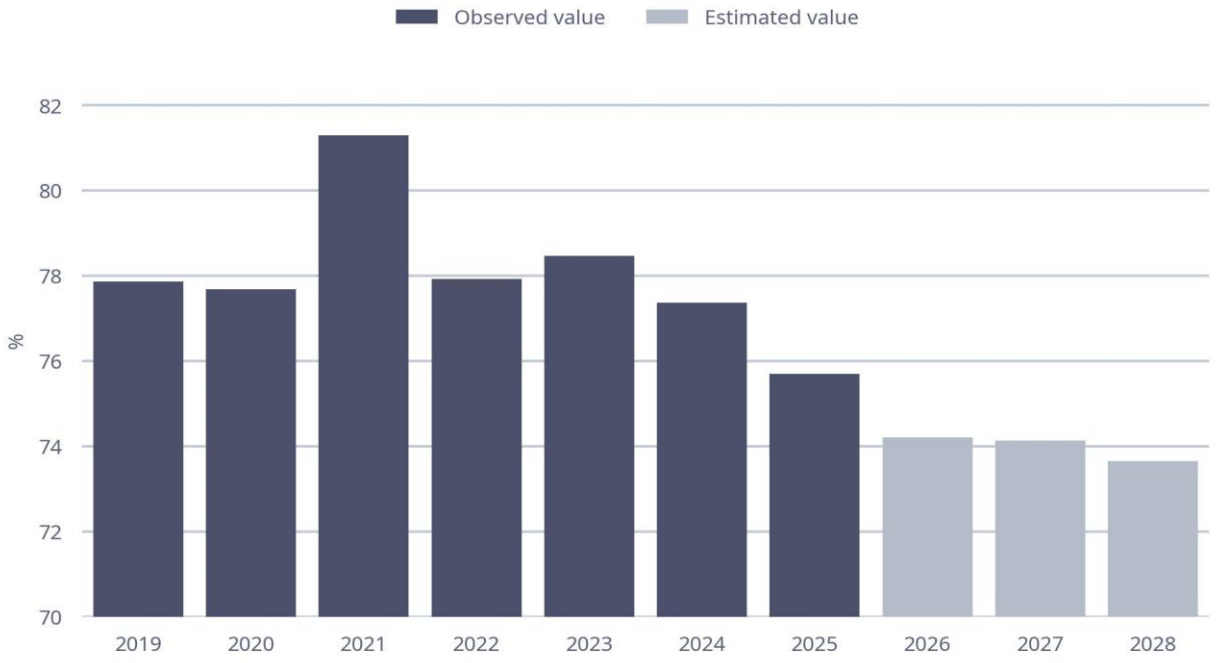
Crude steelmaking capacity and global steel demand, 2000-2025, in million tonnes (Mt)



Note: Capacity data are in net terms (taking into account capacity additions and closures) and reflect information available up to December 2025. Demand refers to apparent domestic consumption of finished steel products, as provided by the World Steel Association.
Source: OECD for steelmaking capacity and the World Steel Association for steel demand.

Figure 3.2. Steel industry capacity utilisation rates are falling to unsustainable levels

Crude steel production as a percentage of capacity, 2019-2025 and estimated 2026-2028



Note: Capacity data reflect information up to 2024.
Source: OECD for crude steelmaking capacity and World Steel Association for crude steel production.

In Asia, India was the main driver of capacity expansion during 2021-2025, adding 41.4 Mt of steelmaking capacity (+28.8%), while capacity in Association of Southeast Asian Nations (ASEAN) economies grew by 5.5 Mt (+6.9%). The Middle East remained the second-largest contributor, with capacity rising by 7.2 Mt (+8.1%) over the same period (Table 3.1).

Table 3.1. Global steelmaking capacity, by region, 2021-2025

In million tonnes

Region	2021	2022	2023	2024	2025	2021 vs 2025 (volume)	2021 vs 2025 (%)
Africa	43.5	47.1	48.1	48.5	49.4	6	13.7%
Asia	1 632.7	1 646.2	1 643.0	1 660.6	1 658.6	25.9	1.6%
China (People's Republic of)	1 146.5	1 149.9	1 141.5	1 141.5	1 135.5	-11	-1.0%
India	143.9	154	161.2	179.5	185.3	41.4	28.8%
Japan	122.4	122.4	117.8	117	113.6	-8.8	-7.2%
ASEAN	80.4	80.4	82.9	82.9	86	5.5	6.9%
Viet Nam	26	26	26	26	29	3	11.6%
CIS + Ukraine	130.6	114.3	114.3	114.3	114.5	-16.1	-12.3%
Europe	280.3	281.5	283.7	280.5	280.5	0.2	0.1%
European Union	205.6	205.6	205.7	205.7	204.7	-0.9	-0.4%
Other Europe	74.7	75.9	78.1	74.9	75.8	1.1	1.5%
Latin America	73.9	73.9	74.2	74.2	74.4	0.5	0.6%
Middle East	89	92.3	93.9	94.9	96.2	7.2	8.1%
Iran	54.8	57.4	58.2	59.2	60	5.2	9.4%
North America	157.7	162.8	163.3	163.3	165.2	7.4	4.7%
Oceania	6.4	6.4	6.4	6.4	6.4	0	0.0%
OECD Member countries	640	646.3	644.4	640.4	637.2	-2.8	-0.4%
OECD partner economies	1 774	1 778.1	1 782.4	1 802.2	1 807.9	33.9	1.9%
World total	**2 414**	**2 424.3**	**2 426.8**	**2 442.6**	**2 445.1**	**31.1**	**1.3%**

Note: The capacity data reflect information up to December 2025. "Europe" includes both OECD Members and partner economies in Europe, as well as Türkiye. Please see Annex C for detailed capacity data by individual economies. Figures for the European Union include all EU Member States. ASEAN: Association of Southeast Asian Nations; CIS: Commonwealth of Independent States.
Source: OECD Steel Secretariat.

The outlook for steelmaking capacity until 2028

Table 3.2 shows the expected future steelmaking capacity development by region up to 2028. When looking at future capacity additions, the OECD classifies investment projects as "underway" (and thus likely to be completed during the projection period) or "planned" (which are less certain but could still come on stream). Projects underway are those already under construction or for which equipment contracts have been awarded, and a major financial or state commitment has been made. Planned projects, on the other hand, are more uncertain because they are either at the feasibility or early planning stage, have not yet received financial or government support, or are not scheduled for completion at a specific date.

Information on announced investment projects indicates that 46.7 Mt of gross capacity additions are currently underway worldwide and are therefore projected to come on stream during the next three-year period (2026-2028). A further 92.1 Mt of capacity additions are currently in the planning stage for possible commissioning during the same period. If all the underway and planned projects come online, total additional capacity could, as mentioned earlier, reach as much as 138.8 Mt by 2028.

Table 3.2. Global current nominal steelmaking capacity (2024-2025) and potential gross capacity additions (2026-2028), by region

In million tonnes

	Nominal capacity	Nominal capacity	% change	Potential gross capacity additions 2026-2028			Capacity in 2028		% change expected (2025 vs 2028)	
	2024	2025 (A)	2024-2025	Underway (B)	Planned (C)	(B)+(C)	Low (A)+(B)	High (A)+(B)+(C)	Low	High
Africa	48.5	49.4	1.9			0.0	49.4	49.4	0.0	0.0
Asia	1 660.6	1 658.6	-0.1	24.3	59.7	84.0	1 682.9	1 742.6	1.5	5.1
China (People's Republic of)	1 141.5	1 135.5	-0.5	13.2	25.4	38.6	1 148.7	1 174.1	1.2	3.4
India	179.5	185.3	3.2	6.0	25.8	31.8	191.3	217.1	3.2	17.2
ASEAN	82.9	86.0	3.6	0.5	5.5	6.0	86.5	92.0	0.6	7.0
CIS + Ukraine	114.3	114.5	0.2	1.5	0.8	2.3	116.0	116.8	1.3	2.0
Europe	280.5	280.5	0.0	9.2	16.3	25.5	289.7	305.9	3.3	9.1
European Union	205.7	204.7	-0.5	5.0	6.0	11.0	209.7	215.7	2.4	5.4
Other Europe	74.9	75.8	1.2	4.2	10.3	14.5	80.0	90.2	5.5	19.1
Latin America	74.2	74.4	0.3	0.4		0.4	74.7	74.7	0.5	0.5
Middle East	94.9	96.2	1.4	4.7	9.4	14.1	100.9	110.3	4.9	14.6
North America	163.3	165.2	1.2	5.8	4.8	10.6	171.0	175.7	3.5	6.4
Oceania	6.4	6.4	0.0	0.8	1.3	2.1	7.2	8.4	12.5	32.1
OECD Member countries	640.4	637.2	-0.5	18.3	24.3	42.6	655.5	679.8	2.9	6.7
OECD partner economies	1 802.2	1 807.9	0.3	28.4	67.9	96.2	1 836.2	1 904.1	1.6	5.3
World total	2 442.6	2 445.1	0.1	46.7	92.1	138.8	2 491.8	2 583.9	1.9	5.7

Note: The capacity data reflect information up to December 2025. "Europe" includes both OECD Members and partner economies in Europe, as well as Türkiye. Figures for the European Union include all EU Member States. Estimates regarding steelmaking capacity in 2028 and expected percentage changes are based on gross additions only; as such, the actual capacity levels will be affected by closures that may occur during the period. ASEAN: Association of Southeast Asian Nations; CIS: Commonwealth of Independent States.
Source: OECD Steel Secretariat.

Examining regional capacity developments, Asia is projected to see significant increases in steelmaking capacity over the next three years, assuming all ongoing projects are realised and not offset by closures. The region currently has a total of 24.3 Mt (+1.5%) of capacity additions underway for commissioning in 2026-2028, with an additional 59.7 Mt (+5.1%) in the planning stage. China is expected to reverse its recent declines in capacity and lead the expansion list. India will continue to be a major factor, with the two countries together accounting for 83.8% of Asia's steelmaking capacity additions.

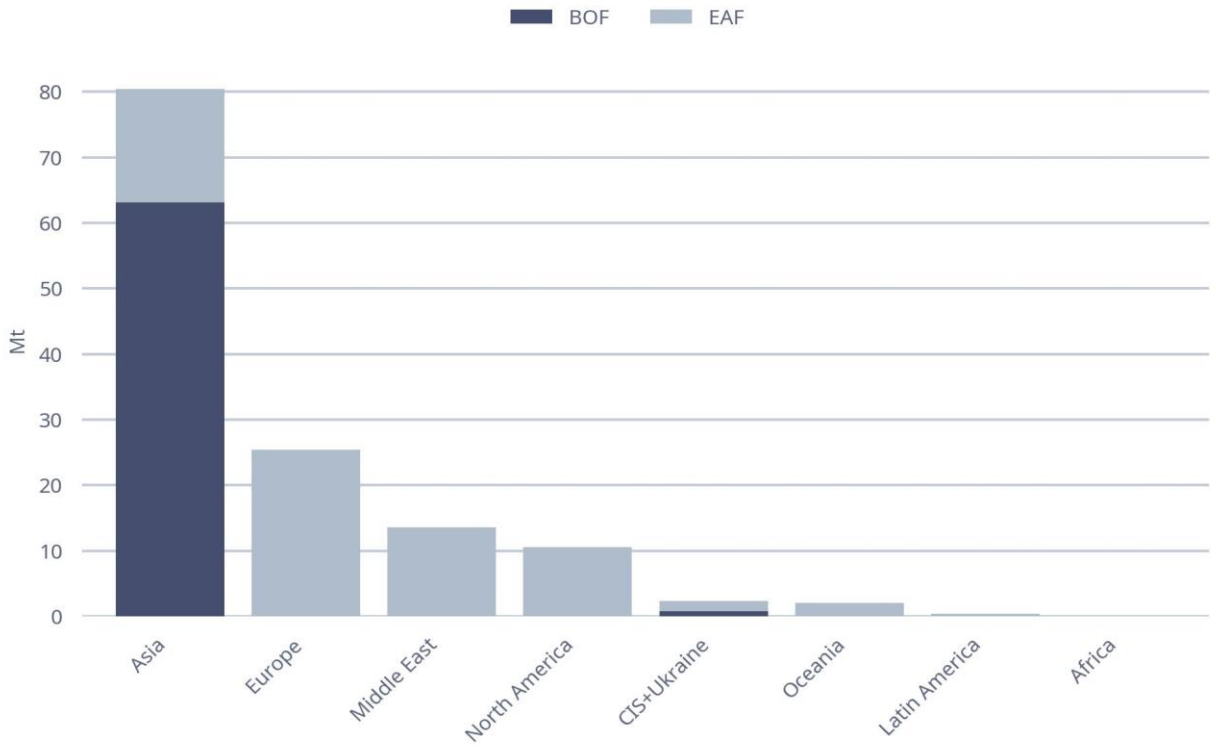
Following Asia, the largest increases in capacity are projected for the regional aggregate of "Other Europe" (including Türkiye) and the Middle East. In "Other Europe", Türkiye accounts for 78.8% of the planned capacity increase, which reflects in part the continuation of domestic demand growth enjoyed over the past decade. Prospects for the Middle East are uncertain due to current geopolitical tensions there.

In other regions, steelmaking capacity additions are projected to increase over the next three years as follows: an increase of 2.3 Mt (+2.0%) in the Commonwealth of Independent States (CIS) and Ukraine, 25.5 Mt (+9.1%) in Europe, 10.6 Mt (+6.4%) in North America, 0.4 Mt (+0.5%) in Latin America and 2.1 Mt (+32.1%) in Oceania. In Africa, there are currently no specific ongoing projects.

Figure 3.3 shows the potential gross capacity additions by region and production type from 2026 to 2028. Of the world total of 138.8 Mt of capacity currently underway or in the planning stages for completion over the next three years, basic oxygen furnace (BOF) projects account for 46% of the total, while electric arc furnace (EAF) projects account for 51% of the total. Significantly, China and India will continue to direct investment to integrated steel projects, while most investment elsewhere will add capacity through the installation of electric furnaces.

Figure 3.3. Asian steelmaking capacity is expected to continue expanding rapidly

Potential gross steel capacity additions by region and production type, 2026-2028, in million tonnes (Mt)



Note: Capacity data include both underway and planned projects and do not account for possible closures that may occur during the period.
BOF: Basic oxygen furnace; EAF: Electric arc furnace; CIS: Commonwealth of Independent States.
Source: OECD Steel Secretariat.

Capacity expansion is strong in parts of Asia

China

In 2021, the Chinese government introduced mandatory rules governing the replacement of outdated facilities with new plant and equipment (MIIT, 2021[1]). Motivated by concerns about overcapacity and the environmental impact of older production lines, the policy prohibited any net increase in steelmaking capacity. Companies were generally required to shut down more capacity than they built, following prescribed replacement ratios. The measures also aimed to encourage greater use of EAFs, strengthen environmental oversight, and impose stricter supervision of capacity-swap transactions.

The goal of reducing net capacity, however, proved elusive. A swapping mechanism requiring producers to link capacity additions to closures sometimes resulted in limited or no effective reductions as the facilities

that were being closed often involved older, less efficient plant and equipment, which, in some cases, were operating at low levels, or not at all (Zhang, 2024[2]). The government therefore suspended the capacity-replacement mechanism in 2024, with the stated intention of strengthening the rules and aligning them more effectively with China's evolving environmental and decarbonisation objectives (MIIT, 2024[3]).

The Ministry of Industry and Information Technology (MIIT) then developed a proposal for improving the policy measures, releasing it for public comment in October 2025 (MIIT, 2025[4]). The draft proposes tightening compliance, eliminating phantom capacity and better integrating the system with the country's carbon-reduction agenda. The revisions would narrow eligibility for capacity that can be used as replacement (for example, by requiring proof of sustained operation), raise replacement ratios by unifying them at stricter levels, and introduce carbon performance incentives.

A central pillar of this policy is the mandate for a stringent 1.5:1 replacement ratio as a nationwide baseline for integrated steelmaking. The 1.5:1 replacement ratio requires steel producers to permanently retire and dismantle 1.5 units of existing, legally registered production capacity for every 1 unit of new capacity they intend to commission. In contrast, the replacement ratio for EAF is maintained at 1:1, which remains more lenient than the requirement for the integrated route.

Against this background, as discussed above, China could nevertheless retake the lead in capacity expansion worldwide through 2028, adding up to 38.6 Mt of crude steel capacity by 2028. The net effect of such expansion, however, will depend on the extent to which there are corresponding closures under the new policy currently under consideration.

India

Spurred by high levels of actual and projected infrastructure spending, the Indian steel industry is now the fastest-growing steel-producing nation in the world. The country added an average of more than 10 Mt of crude steel capacity per year during 2021-2025, with the upward trend expected to accelerate, resulting in a capacity of 191.3 Mt to 217.1 Mt by 2028. The 41.4 Mt increase in capacity during 2021-2025 exceeded the net increase in global steelmaking capacity by 10 Mt. India was the clear leader in net capacity increases, as the next largest net increases in capacity were less than 10 Mt.

Indian growth in steel production is strongly supported by the government, which in 2017 set a target of 300 Mt of capacity for 2030-2031, projecting that steel demand for finished products would be on the order of 230 Mt (a crude-steel equivalent of 255 Mt) (Government of India, 2024[5]). Domestic steel demand has indeed been growing faster than capacity recently. In the process, India shifted from being a significant net steel exporter in recent years to a country where imports slightly exceeded exports in 2024 and 2025. The OECD's projections suggest that if capacity reaches the government target by 2030, it will exceed demand in crude steel equivalent by approximately 90 Mt.

From a policy perspective, the government considers steel to be of strategic importance, which is reflected in the development of its National Steel Policy 2017 (Government of India, 2017[6]). While prices, production and investment decisions are left to producers, the government nevertheless plays a large role as a facilitator by creating a policy environment conducive to the development of the industry (Ministry of Steel, 2025[7]). It has done so in a number of ways, including by: 1) promoting Indian-made steel in government procurement; 2) launching a Production Linked Incentive scheme to boost specialty-steel production through a cash subsidy of 4-12% of the value of incremental increases in production (Ministry of Steel, 2021[8]); 3) tightening quality standards on imports; 4) promoting energy efficiency through the issuance of tradable energy-saving certificates to companies that exceeded mandated energy-reduction targets (Bureau of Energy Efficiency, 2026[9]); 5) working to secure the availability of raw materials for the industry (Government of India, 2017[6]); and 6) actively promoting decarbonisation in the industry through a carbon-credit trading framework (Ministry of Steel, 2024[10]). Looking into the future, the prime minister has mentioned 2047 as a year when Indian steel production might reach 500 Mt (NEWKERALA, 2025[11]).

Southeast Asia

The South East Asia Iron and Steel Institute (SEAISI) has raised concerns about the mounting impact of the global excess capacity crisis on the ASEAN region. The pressure is intensified by regional expansion plans that significantly outpace projected steel demand, leaving the regional market increasingly vulnerable to disruptive shifts in steel trade flows.

Viet Nam and Indonesia have emerged as the primary drivers of capacity growth in the region, with annual capacity levels of 29.0 Mt and 23.8 Mt, respectively. In Viet Nam, the government announced a strategic plan for the industry in February 2026 under which the country would move toward full self-sufficiency over the next 25 years. Production would increase from its 2025 level of 24.7 Mt to 65-70 Mt of crude steel per year by 2050, with an interim goal of 33-36 Mt per year by 2035 (ASEMConnect, 2026[12]). The roadmap specifically prioritises the domestic production of high-value segments where the country currently remains heavily dependent on overseas supply. This includes specialised steel for the automotive, shipbuilding, energy, and rail infrastructure sectors. By replacing these high-end imports with indigenous production, the strategy seeks not only to secure domestic supply but also to establish a competitive base for high-value exports to global markets (Kallanish, 2026[13]).

Middle East

The Middle East has been the second-fastest-growing region after Asia in terms of both volume and growth rate of steelmaking capacity. The Islamic Republic of Iran (hereafter “Iran”) accounted for 62% of total steelmaking capacity in the Middle East in 2025 and led regional expansion. Its situation has, however, been significantly affected by the conflict in the region, which could well affect nearby countries and beyond. The volume of capacity additions until 2028 are projected to significantly outpace demand in the region, although significant uncertainties surround these forecasts due to the conflict.

Cross-border investment in steelmaking

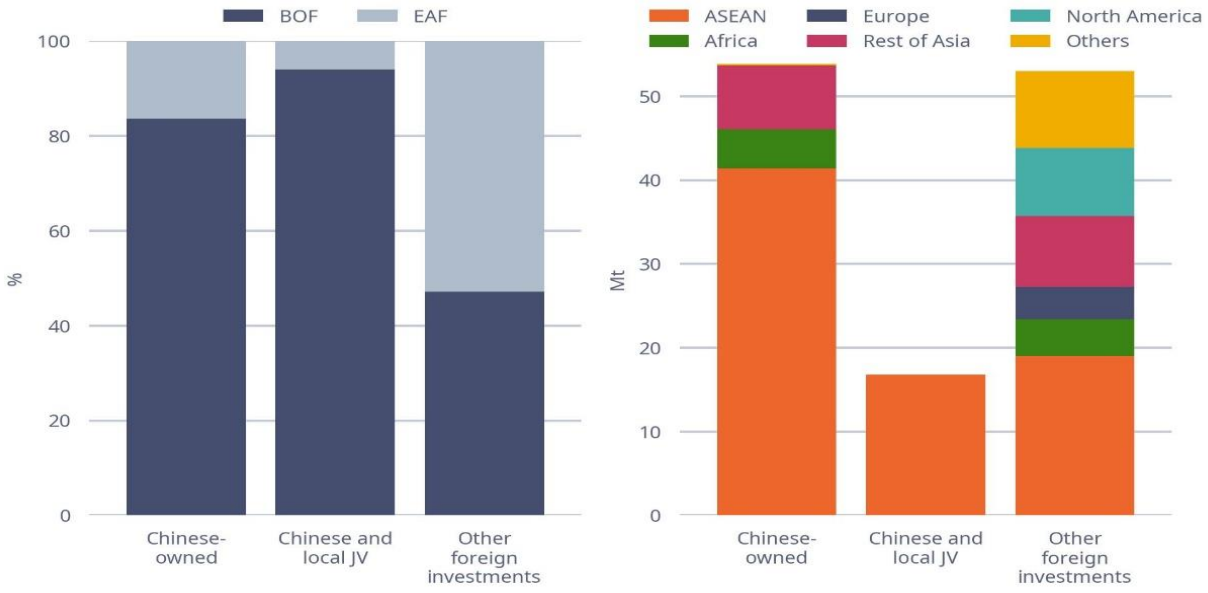
Chinese investors will continue to take a leading role in financing foreign-integrated steelmaking facilities

Figure 3.4 illustrates the breakdown of cross-border investments for projects scheduled to start from 2025 and beyond. Cross-border investments account for approximately 21% of the capacity associated with all future investments, with more than half involving either a Chinese company alone or joint ventures with Chinese companies. These investments also need to be seen in the context of China’s broader capacity relocation practices, whereby domestic capacity reductions have been accompanied by financial support for new steelmaking capacity overseas, including through Chinese capital, equipment, parts and materials (State Council, 2015[14]). Regionally, over 93% of these investments are concentrated in Asia, with the remainder directed towards Africa. In terms of equipment types, about 86% of Chinese investments (the average of both entirely Chinese and joint ventures) focus on BOF plants.

Among cross-border investments involving Chinese companies, 70% include at least one state-owned enterprise (SOE). The average capacity per project for SOE-involved investments is 3.3 Mt higher than the 2.4 Mt average for private-owned enterprises (POE), indicating a tendency for larger-scale investments by SOEs (Figure 3.5).

Figure 3.4. Chinese foreign investments are driving steel capacity expansions in Asia and Africa

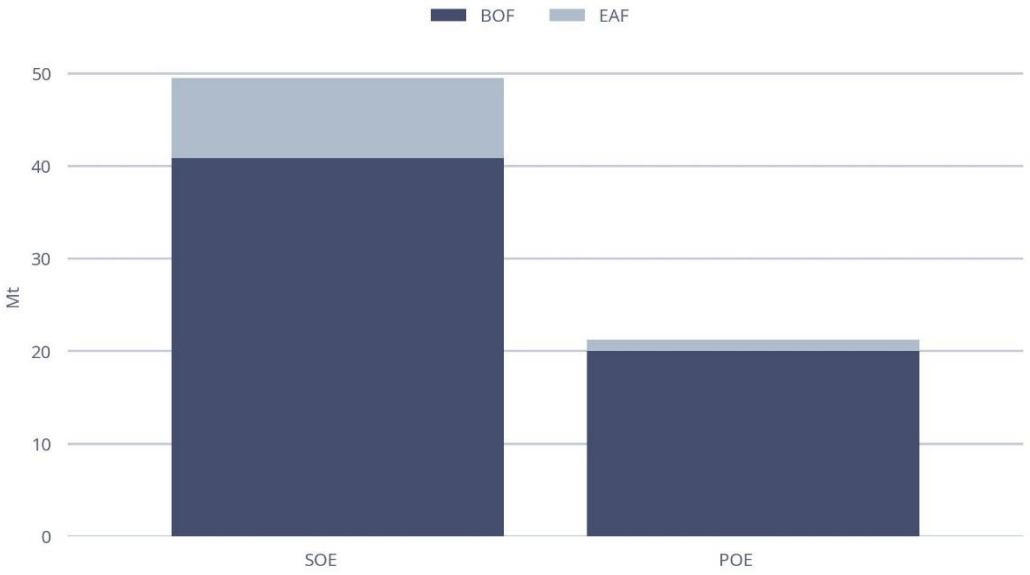
Cross-border investments scheduled to start operation in 2025 and beyond, by investing economy and technology, in % (left) and by host region, in million tonnes (Mt) (right)



Note: BOF: Basic oxygen furnace; EAF: Electric arc furnace; JV: Joint ventures; ASEAN: Association of Southeast Asian Nations.
Source: OECD Steel Secretariat.

Figure 3.5. Chinese state-owned enterprises are investing heavily in new integrated steel plants abroad

Breakdown of cross-border investments in 2025 and beyond, by equipment type for Chinese SOEs and POEs, in million tonnes (Mt)



Note: BOF: Basic oxygen furnace; EAF: Electric arc furnace; SOE: State-owned enterprises; POE: Private-owned enterprises.
Source: OECD Steel Secretariat.

Developments in ironmaking and direct reduced iron

Blast furnaces entail long-term commitments and must be run continuously to be viable

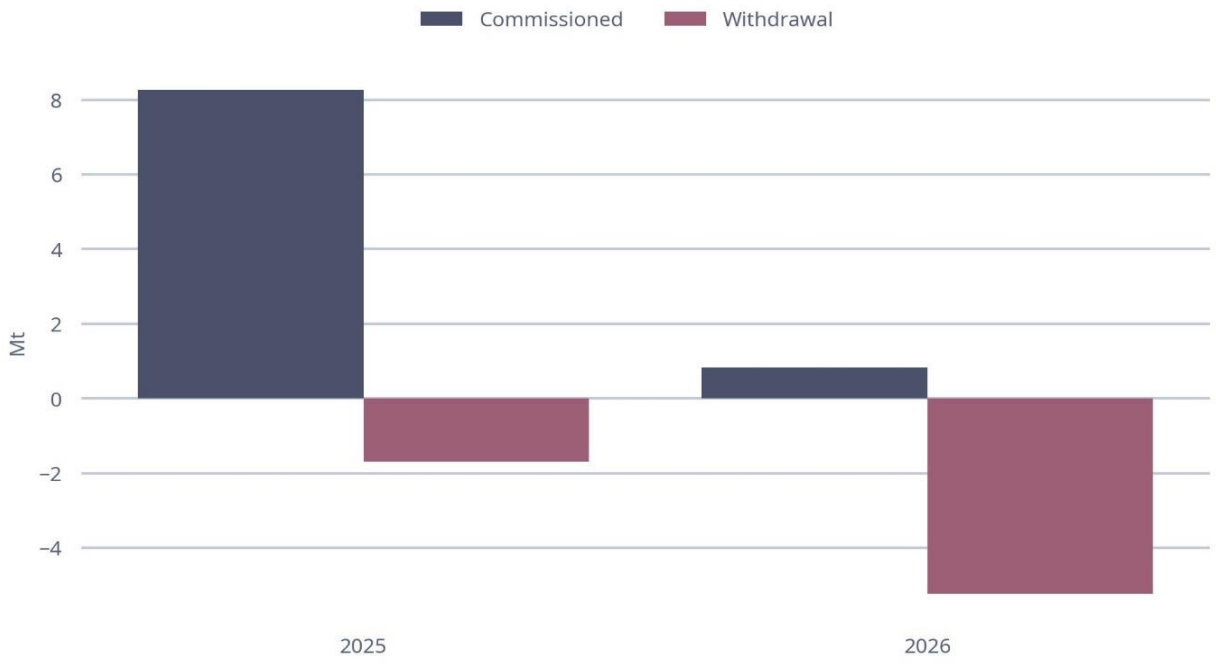
Trends in pig iron capacity from blast furnaces (BFs) indicate that much of the structural excess capacity identified in the crude steel sector remains entrenched in the upstream ironmaking segment. In 2024, global pig iron production from BFs reached approximately 1.3 billion tonnes, approximately ten times that of direct reduced iron (DRI), which stood at 145.6 Mt. China, the biggest source of steel produced in integrated steelworks, accounted for approximately 70% of global production.

While the overall growth rate of pig iron capacity is modest, this headline figure masks starkly contrasting developments across regions. Currently, advanced economies are planning BF closures due to ageing assets or transitions in steelmaking processes. Conversely, emerging economies, particularly in Asia, are commissioning and expanding large-scale, state-of-the-art BFs. This pattern, in which capacity reductions in certain regions are offset by massive new additions elsewhere, keeps global pig iron capacity elevated, complicating efforts to address global excess capacity.

The commissioning of such large-scale BF necessitates significant initial investment and a lifecycle often spanning several decades to achieve economic viability, creating a profound “lock-in effect”. This structural rigidity and the need to operate a blast furnace continuously between furnace relines generate persistent supply-side pressures that are decoupled from market signals.

Figure 3.6. Large-scale blast furnaces are still being installed, particularly in emerging Asian economies

Global blast furnace capacity, 2025 and beyond (2026 onwards), in million tonnes (Mt)



Note: Data reflect new capacity developments announced during the second half of 2025.
Source: OECD Steel Secretariat.

The market for high-quality direct reduced iron is tight, further complicated by questions over the continuity of supply

Global DRI production has nearly doubled over the past decade, reaching 145.6 Mt in 2024. The market is highly concentrated, with India and Iran accounting for over 70% of global output. Looking ahead, Iran was advancing projects to add 11.8 Mt of new DRI capacity, representing approximately 40% of the total projected global expansion, but the conflict in the Middle East is likely to significantly change these prospects.

The outlook for the DRI market is broadly positive, with demand rising in line with the expansion of EAF steelmaking and the decarbonisation pressures that are pushing producers toward DRI-based metallics (S&P Global, 2026[15]). On the supply side, the Middle East is the world's largest DRI market, and a major source of exports. Geopolitical developments, and existing sanctions on Iran, however, are creating uncertainty about the continuity of supply, cost and further investment in the sector.

Next to scrap-based EAF steel production, DRI also provides a foundation for low-emission steelmaking when fed with hydrogen (H2). However, a number of planned low-emission projects have been recently cancelled or postponed due to adverse market conditions and weak demand stemming from the current excess capacity crisis. OECD research shows that in the first half of 2025, several projects, corresponding to 19% of the total expected low-emission pipeline by 2027, were put on hold amid global excess capacity, high energy prices and regulatory uncertainty (OECD, forthcoming[16]). Suspended projects concerned BF-BOF to EAF conversions (27%), H2-DRI projects (18%), as well as carbon capture, utilisation and storage projects (15%). The continuous growth of government-supported steelmaking capacity, therefore, not only exacerbates ongoing market challenges but also hampers the deployment of low-emission capacity, while also putting newly built emission-intensive capacities at risk of becoming stranded assets in the not-too-distant future.

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4 Steel subsidies continue to increase, severely distorting markets

Subsidisation of the steel industry continues to increase, mainly outside of the OECD area. The latest data show that the median Chinese firm received 15 times more subsidies relative to its asset size than the median firm elsewhere in 2024, up from 10 times more in earlier years. Recent empirical work shows that the pervasive use of subsidies is highly distorting competition and weakening the market function of the sector. In 2025, Chinese support measures were dominated by provincial and municipal subsidy programmes, which introduced 59 new programmes in 2025 to support the domestic steel industry. The measures mainly involved grants, preferential finance and regulatory adjustments that facilitated investment in the industry. In several cases, support instruments were linked to output performance or export competitiveness, potentially dampening market-based exit signals. Recent monitoring work shows that steel producers across the Middle East and North Africa (MENA) region are also benefitting from a wide range of capacity-inducing subsidies.

Growing steel subsidies are eroding market-driven behaviours

The pervasive use of market-distorting subsidies has been a significant, longstanding problem for the steel industry. Subsidies lead to excess capacity and severely distort international competition. The subsidies include grants, below-market borrowings (BMB) and tax concessions, which have been quantified using the OECD's MAnufacturing Groups and Industrial Corporations (MAGIC) database of firm-level support. Regular monitoring by the OECD Steel Committee provides evidence of many other forms of subsidies that are more difficult to quantify, such as equity infusions inconsistent with market-based conditions, non-market-based equity swaps, government provision of goods and services at subsidised prices, export subsidies, and input support at preferential or non-market rates, including the provision of land, energy and raw materials to steel companies at preferential rates (OECD, 2025[1]).

The latest available data for subsidies that are quantified in the MAGIC database show that steel firms in partner economies continue to receive more subsidies per unit of asset size than firms in OECD Member countries. Moreover, there is a substantial discrepancy in both the levels and trends of subsidy data between Chinese firms and firms headquartered in partner economies. Figure 4.1 presents data on both Chinese firms and firms in partner economies and compares them with those of OECD Member countries. The figure shows that the Chinese subsidy rate has been on a strong upward trend since 2019, with the median firm now receiving about 15 times more subsidies relative to its asset size than firms in other partner economies and OECD Member countries in 2024. Adding to these concerns is anecdotal evidence that China is making much more intensive use of subsidy instruments that are particularly challenging to quantify (Mercier and Giua, 2023[2]).

Figure 4.1. Steel subsidies in partner economies are driven by China, with the median Chinese firm receiving 15 times more subsidies relative to its asset size than a median firm elsewhere

Subsidy divided by asset, median, 2006-2024

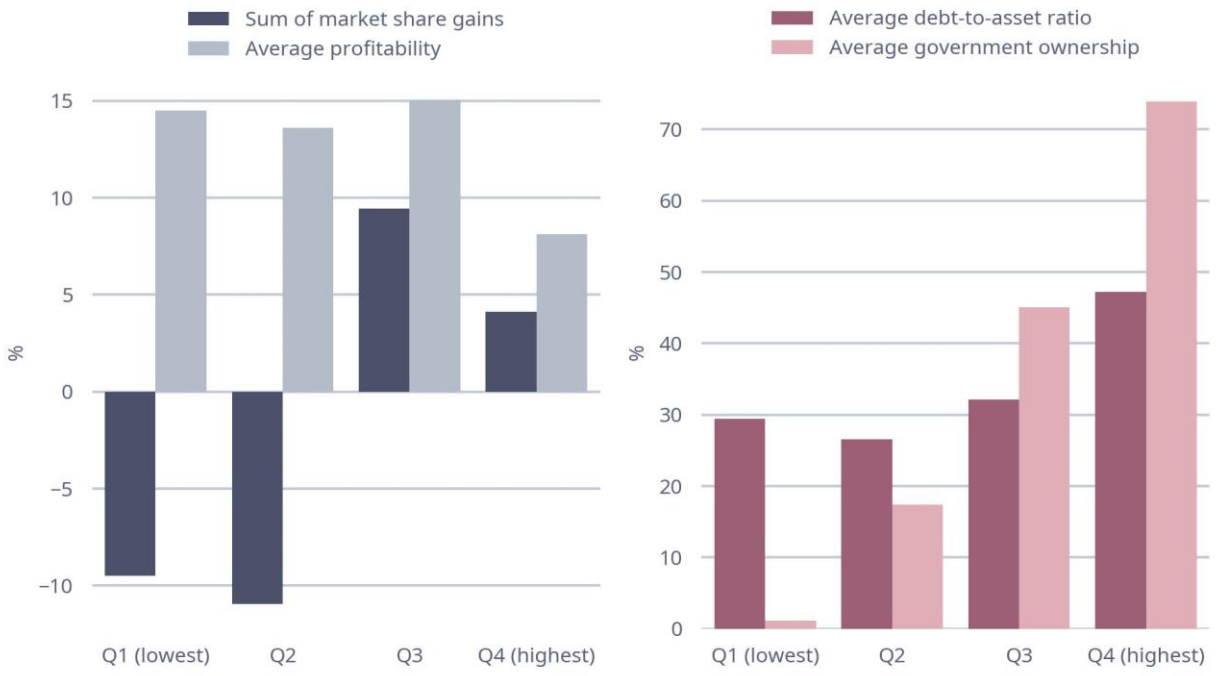
Note: Subsidies are computed here as the sum of grants, below-market borrowings (BMB) and, if available, tax concessions.
Source: OECD MAGIC database.

Recent research by the OECD Steel Committee provides evidence of the general distortive effects of subsidies that erode market-driven behaviours in the steel sector (OECD, forthcoming[3]). Even in the absence of subsidy-induced capacity expansions, subsidies can distort competitive conditions both domestically and internationally. By weakening market signals, subsidies enable less efficient firms to maintain or even expand their market share, to the detriment of less subsidised competitors, whether domestic or abroad. In doing so, subsidies result in a clear suboptimal allocation of resources and a net loss to economic welfare.

The distortive effects of subsidies are significant. Econometric regressions provide robust evidence that cash grants, BMB and tax concessions positively impact the market share of recipient firms, even though their productivity, cost efficiency and financial strength do not improve and are often lower than those of less subsidised firms to start with (OECD, 2025[4]; forthcoming[3]). There are also harmful spillover effects on competitors, who lose market shares to more subsidised firms, despite having stronger financial performance (Figure 4.2). These effects can crowd out investments by the sector as a whole and discourage rivals from modernising or otherwise investing in the industry.

Figure 4.2. Less subsidised steel firms are losing market share to more heavily subsidised competitors, despite having stronger financial performance

Market performance by subsidy intensity quartile



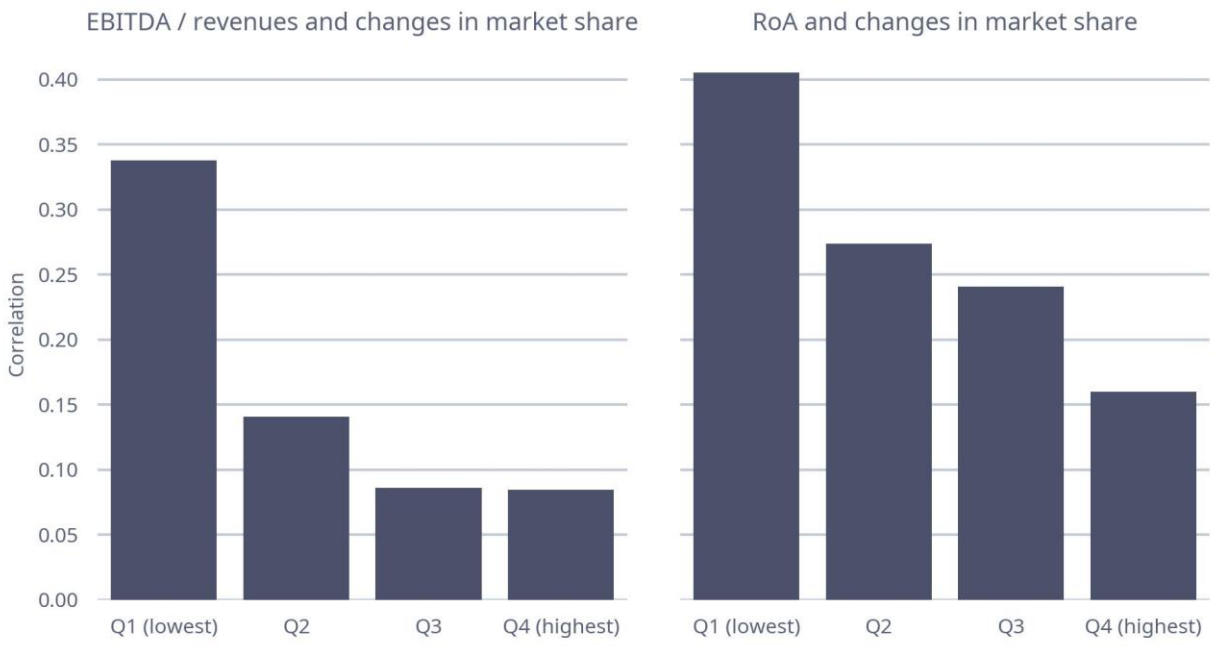
Note: The subsidy intensity quartiles are displayed on the X axis, from the lowest quartile Q1 to the highest quartile Q4. Hence, subsidisation increases when one moves from left to right. This is an observation-level graph, meaning that a single firm may appear in different subsidy intensity quartiles across years, depending on its annual subsidy-to-asset ratio. Subsidy quartiles are defined based on the 25% quantiles of the combined grants and below-market borrowings (BMB) relative to total assets - i.e. (grants + BMB) / assets. By construction, each quartile contains approximately the same number of observations (around 174 per quartile).
Source: OECD MAGIC database for steel firms.

In well-functioning markets, higher profitability, higher capacity utilisation and a lower debt burden tend to be rewarded with larger sales volumes. OECD research finds that, in the steel sector, when government support increases or is higher (as in the case of partner economies), these signals quickly fade: highly

subsidised firms gain ground even when they are less profitable, less cost-efficient and more indebted than their peers (OECD, forthcoming[3]). The more a firm is subsidised, the less its market-share gains correlate with profitability, cost efficiency, capacity utilisation and lower debt (Figure 4.3).

Figure 4.3. Higher steel subsidisation weakens the correlation between financial performance and market-share gains

Correlations between firms' financial performance and changes in market share, by subsidy intensity quartile



Source: OECD MAGIC database for steel firms.

The weakening correlation between market-share outcomes and performance indicators, such as profitability, capacity utilisation, and leverage, among more subsidised steel producers indicates that subsidies distort well-functioning market outcomes. By dampening the market signals that would normally reward more efficient firms – those that use resources effectively, add greater value, or operate with lower debt – subsidies risk reducing overall economic efficiency and, ultimately, aggregate welfare.

Monitoring support measures in selected countries and regions

The OECD conducts regular monitoring of subsidies and other non-market policies and practices (NMPPs) in key countries. The work carried out in 2025 and early 2026 covers China, the Middle East and North Africa (MENA) region. Other countries and regions will be included in future analyses to provide an increasingly comprehensive picture of NMPPs used in the steel sector.

China

In 2025, China's steel sector continued to face pronounced structural pressures, with weak domestic demand, persistent excess capacity and intensifying price competition weighing on the steel industry's performance. Against this backdrop, policymakers increasingly framed market conditions through the lens of "anti-involution", which focusses on excessive competition and destructive price wars that erode margins

without resolving underlying supply and demand imbalances. The national steel-specific policy response in 2025, the Steel Industry Stable Growth Work Plan (2025-2026), centres on strengthening regulatory discipline, discouraging below-cost competition and steering firms towards upgrading, decarbonisation and higher value added production (Chinese government, 2025[5]).

The programme is operationalised primarily through provincial and municipal entities, which may nevertheless go beyond the national objectives by providing grants, preferential finance and regulatory breaks that support the local steel industry. This results in decentralised competition at the local level, frequently leading to uncoordinated capacity expansion, continued support for loss-making firms, and supply growth that significantly exceeds domestic demand, thereby reinforcing structural overcapacity and amplifying market distortions (Wu, 2019[6]).

OECD research located 59 steel-related support programmes implemented at the local government level in 2025, with a clear concentration of policy activity in eastern and coastal provinces, where steel production plays a more central role in local industrial activity. However, transparency remains a significant challenge. Of the 59 steel-related subsidy programmes identified at the provincial and municipal levels in 2025, only 22 disclose either the total amount disbursed or the maximum support available per firm, and only a very small subset reports the actual amounts received by individual steel enterprises. Most programmes either list beneficiaries without financial details or describe eligible instruments, such as grants, preferential credit, tax incentives or energy cost relief, without disclosing disbursement levels. This represents a deterioration relative to 2024, when 41% of programmes disclosed subsidy amounts. At the same time, access to Chinese public information has become increasingly constrained, including through geo-blocking of official government websites, which now affects more than half of domestically hosted government portals when accessed from abroad (Brussee, 2026[7]). Transparency constraints are a significant policy concern, with practical consequences. They undermine independent monitoring and the ability to assess the scale, structure and trade effects of the subsidies.

Output / sales-linked subsidies

A first category of potentially distortive programmes consists of instruments that directly tie public support to realised production volumes or sales performance. Unlike upgrading or transition-oriented measures, these schemes reduce firms' marginal operating costs and explicitly reward continued output, thereby weakening market exit signals and risking the prolongation of excess capacity. The clearest example is Zhejiang's Yunhe County steel support policy, which provides a grant equal to up to 2.3% of annual sales, supplemented by tiered per-tonne production bonuses for output exceeding agreed baselines, with payments made on a monthly basis and additional penalties or rewards linked to operational targets (Economy and Information Technology Departments of Zhejiang, 2025[8]).

A similar dynamic is observed in Guangxi's Q2-Q3 2025 industrial stabilisation package, which offers cash rewards based on year-on-year increases in quarterly output value and explicitly extends eligibility to "difficult industries" such as steel. Although framed as short-term growth stabilisation, the scheme directly incentivises higher production regardless of underlying market conditions (Guangxi Government, 2025[9]).

Together, these mechanisms stand out as particularly problematic because they support continuous output rather than structural adjustment, potentially delaying capacity rationalisation and reinforcing supply-side imbalances. Moreover, these local measures also contradict national anti-involution directives, which emphasise production discipline, capacity control and reductions of destructive competition.

Preferential credit sustaining excess capacity

A second category of potentially distortive support concerns large, policy-driven preferential credit programmes, particularly when financing is extended to incumbent steel producers without explicit capacity-reduction requirements. The most prominent example is Hebei's Steel Industry Transition Finance Guidelines (2025), under which financial institutions approved CNY 27.2 billion (Chinese yuan)

(approximately USD 2.8 billion) in transition credit lines by Q1 2025, with CNY 15.8 billion already disbursed to 11 steel enterprises and one downstream user, to finance firm-level transition plans and project-level low-carbon investments (notably ultra-low-emission retrofits, energy-efficiency improvements and process upgrading), at rates 5-150 basis points below comparable non-transition loans (People's Bank of China, 2026[10]). Such a scale of concessional lending creates a risk of competitive distortion by lowering financing costs for participating firms relative to non-supported producers, both domestically and internationally.

More fundamentally, the programme reflects a broader pattern of “upgrade without exit”, in which subsidised or preferentially financed investments improve efficiency and environmental performance at the firm level without requiring reductions in capacity. In practice, this can weaken normal market-driven adjustment. By lowering financing costs for existing producers, the programme supports firms that might otherwise scale back or exit, thereby slowing consolidation and capacity reduction. Without binding requirements to retire inefficient capacity, large-scale transition finance can sustain aggregate supply and delay structural rebalancing, meaning that sector-wide overcapacity may persist even as individual plants become cleaner or more efficient.

Export-oriented competitiveness support

Export support appears in fewer programmes than for digitalisation or the green transition. Several provinces embed export promotion within broader industrial upgrading frameworks that combine cost-reduction instruments with market-access support. In Hebei, the Hebei Products Going Overseas initiative explicitly mobilises steel and steel-using clusters to “go abroad” through co-ordinated overseas promotion, compliance assistance and participation in international trade fairs, reinforced upstream by a provincial steel supply chain platform providing logistics and supply chain finance (Hebei, 2026[11]).

In Shandong, export competitiveness is supported through subsidised green certification, and the development of product carbon-footprint accounting and labelling systems designed to meet destination-market requirements, alongside preferential trade finance and overseas market development tools (Department of Science and Technology of Shandong, 2025[12]; CCN, 2025[13]; Shandong Provincial Department of Finance, 2025[14]).

Guangxi province provides export support in the form of grants, interest subsidies and cost-reduction measures covering warehousing, transport, guarantees and overseas market expansion (Guangxi Government, 2026[15]; 2025[9]). These measures reduce export costs, thereby somewhat muting producers' response to global price signals. When combined with extensive upgrade subsidies and preferential finance, such export-oriented instruments risk reinforcing excess capacity by enabling Chinese steel firms to maintain or expand foreign sales despite weak domestic demand, thereby shifting domestic imbalances onto international markets.

MENA region

Steel producers across the MENA region benefit from a wide range of capacity-inducing subsidies. These measures seek to reduce reliance on foreign inputs used in the region’s steel production through upstream integration into raw materials and intermediates, while also fostering downstream integration with domestic consuming industries. At the same time, governments are promoting digitalisation, the green transition, and cost competitiveness, while encouraging foreign direct investment to build local value chains. Common channels of support include subsidised energy, tax and customs exemptions, concessional loans, preferential treatment of state-owned enterprises (SOEs), public procurement and local content requirements. However, the Middle East conflict has increased the fiscal impact of these measures, as higher oil and gas prices raise the cost of maintaining subsidised domestic energy prices in some countries and may expose the dependence of several regional support regimes on stable trade routes and energy infrastructure (IMF, 2026[16]).

At present, available information on support measures in MENA does not permit robust comparison with other regions. Further work will therefore focus on improving the comparability of these measures across jurisdictions.

Algeria

Subsidised energy has a large impact on production in Algeria, where domestic steel plants mostly rely on electric arc furnace (EAF) and induction furnace (IF) technologies. Indeed, there is only one steel plant using the blast furnace-basic oxygen furnace (BF-BOF) method, located in the El Hadjar industrial complex in the province of Annaba. Since the rest of the industry uses the EAF or IF methods, which rely on direct reduced iron (DRI) or scrap, they use natural gas and electricity as energy inputs.

Algeria is the largest natural gas producer in the region, with state-owned Sonatrach dominating production, transport and distribution. Natural gas is sold at more than 90% below recovery price levels in the country, and for high-intensity industrial users, the Electricity and Gas Regulatory Commission (CREG) sets the price at USD 0.48 per MMBtu (million British thermal units), one of the lowest rates in the MENA region (Electricity and Gas Regulatory Commission, 2025[17]).

This advantage in natural gas supply allows Algeria to provide low-cost inputs for electricity generation, with electricity prices in 2023 estimated at 60% below cost-recovery levels (OECD, 2025[1]). For high-intensity electricity usage, the price set by CREG is USD 58 per MWh (megawatt-hour) for peak hours, USD 20 for normal hours, and USD 5 at night (Electricity and Gas Regulatory Commission, 2025[17]). According to Bloomberg, the average price of electricity for industrial use between 2020 and 2023 fluctuated between USD 12.4 and USD 13.4 per MWh, making it one of the lowest in the MENA region (BloombergNEF, 2025[18]).

Egypt

Natural gas in Egypt continues to be subsidised by the Egyptian government. Previous OECD work noted that the gas price for the steel sector was cut to USD 5.5 per MMBtu in 2019-2020 and USD 4.5 per MMBtu in 2020-2021, which was below the general industrial price (OECD, 2025[1]). The price for the steel industry has remained at USD 5.75 per MMBtu since 2021. Most other industries benefit from natural gas subsidies to different degrees. In the context of the conflict in the Middle East, maintaining such fixed industrial gas prices may become more fiscally burdensome for Egypt, as oil-importing economies in the region are exposed to higher imported energy costs and tighter external conditions (IMF, 2026[16]). Despite these subsidies, natural gas prices generally remained higher than global gas prices.

The government also controls electricity prices for all operating steel plants using EAF or IF technologies, meaning Egyptian producers benefit from subsidised electricity prices. The Ministry of Electricity and Renewable Energy sets prices for businesses at around USD 0.028 per kWh (kilowatt-hour), which was 80% lower than the world average in 2024 (Global Petrol Prices, 2025[19]).

Investment Law 73 of 2017 remains in force and provides tax incentives, including a 30% reduction in tax on investment profits in several sectors, such as the metallurgical, engineering and textile industries. Under the same law, special economic zones (SEZs), where most steel plants are located, benefit from a 50% tax reduction on investment profits (Arab Republic of Egypt, 2017[20]).

The government is actively looking to increase steel capacity and exports (Ministry of Industry, 2025[21]), while also recognising that the country has already reached a surplus of production (Salaasil news, 2025[22]). The government has, for example, approved the construction of a new steel complex in the Suez Canal Economic Zone despite a slump in the domestic steel industry caused by a decline in domestic steel demand and a shortage of currency in 2023 (Ahram Online, 2023[23]).

The war in the Islamic Republic of Iran (hereafter “Iran”) may also complicate this expansionary policy stance, as Egypt has already announced a temporary slowdown in large fuel-intensive state projects and cuts to fuel allocations for government vehicles in response to higher energy costs and the fiscal strain linked to the conflict (Reuters, 2026[24]).

Libya

There is currently only one steel producer in the country, the state-owned Libyan Iron and Steel Company, which started operations in 1979. A second steel plant project announced in 2024 is planned in Benghazi by Türkiye’s Tosyali; the new plant is projected to have an annual capacity of 2.7 Mt, which would increase national steelmaking capacity by 163% (Yermolenko, 2024[25]). In addition to steel, the country produces DRI; announced projects could place it among the world’s top five DRI producers if fully realised.

The government continues to provide high subsidies on electricity (EIA, 2024[26]). The general price of electricity for heavy industry was set at USD 36 per MWh during 2025 (Libyan Centre for Strategic Studies, 2025[27]).

Morocco

Morocco’s steel industry has been developing rapidly in recent years, despite having electricity costs that are considerably higher than those of other MENA countries. Support has come in various forms, often in the form of cash grants.

Morocco’s National Hydrogen Strategy 2020-2030 is driving the rapid expansion of green hydrogen production and renewable energy capacity. The country aims to become a leading global exporter of green hydrogen, with ambitions to supply 4% of global demand by 2050 (Kingdom of Morocco, 2021[28]). To spearhead these objectives, the government is providing around 1 million hectares for integrated green hydrogen projects, offering parcels ranging from 10 000 to 30 000 hectares (Kingdom of Morocco, 2025[29]). Feasibility studies are conducted jointly by the public agency ONEE and private companies.

While part of the produced hydrogen will be exported, the kingdom also plans to use green hydrogen to decarbonise certain industries as part of its emission-reduction targets and to mitigate the impact of the European Union’s Carbon Border Adjustment Mechanism (CBAM). While green hydrogen would have a more direct role in decarbonising Morocco’s large fertiliser industry, once abundant and cost-effective, it could also benefit the steel industry.

Finally, the Fond de soutien de l’innovation (FSI) has actively supported the domestic steel industry through programmes that help producers develop innovative steel products. In 2023, the first project benefitted Maghreb Steel, one of the largest domestic steelmakers, providing it with USD 31 million in financial support to develop an innovative type of micro alloyed steel. Other projects aim to support downstream producers of steel, for example, such as corrosion-resistant steel and a galvanisation simulator. Through these programmes, the state is effectively providing cash grants to steel producers (Ibriz, 2023[30]).

Oman

The Omani government supports its steel industry through a wide range of instruments, and both SOEs and private companies appear to benefit from these measures. Steel plants in Oman are concentrated in two industrial zones, with a presence in a third. The Free Zone Law of 2002 establishes that investors in SEZs are exempt from corporate income tax, customs duties, and restrictions on foreign currency exchanges and transfers (Sultanate of Oman, 2022[31]). There is also a streamlining of administrative procedures through a One Stop Shop policy, which regroups in a single portal all services, such as application for utilities, environmental approvals, certificates for tax exemptions or labour permits (Sohar Port and Freezone, 2025[32]).

Out of the currently operational steel plants in Oman, three out of five are in the Sohar SEZ, with a combined steel-producing capacity of 3.8 Mt of crude steel equivalent, representing 90% of domestic capacity as of 2025. The two smaller remaining plants are located within the Rusayl SEZ near Muscat. The largest planned steel project in the country will be an integrated green steel project by China's Jindal Steel (Oman Observer, 2023[33]).

The SEZs are also attracting a significant number of upstream producers of steelmaking inputs, such as iron concentrate, iron pellets, pig iron, DRI and hot briquetted iron (HBI). The Duqm SEZ is attracting one HBI and one DRI plant (Trade Arabia, 2023[34]; Hill, 2023[35]), while an iron concentrate, iron pellet, and pig iron plant are planned in the Suhar SEZ (Steel Radar, 2024[36]; Prabhu, 2022[37]).

Qatar

Qatar Steel, a SOE, accounts for 96.9% of the country's steel production capacity. Qatar Steel is indirectly owned by Qatar Energy, the main domestic producer of natural gas, meaning that it is supplied with energy internally. Qatar Steel, which is located in the Mesaieed Industrial Zone, is managed by the Qatari Economic Zones Authority (Manateq). The authority has previously provided land lease reductions to attract new businesses and has announced a 50% reduction in lease prices for 2025.

In Qatar, industrial projects in the automotive and other advanced manufacturing sectors can benefit from state support if they align with Qatar's Third National Development Strategy for 2024-2030. Financial contributions can cover up to 40% of local qualifying investment expenditures for a period of five years. This can cover capital expenditure in construction, the purchase of machinery and the outfitting of factories, as well as the rental of facilities and legal costs (Qatar Invest, 2025[38]). While not directly linked to the steel industry, financial assistance to downstream sectors can be considered an indirect subsidy, as it increases domestic demand for steel.

Saudi Arabia

Saudi Arabia's industries are benefitting from government-led initiatives to promote the diversification of the economy in the framework of its Vision 2030 plan. Saudi Arabia could also become a more important player in the region's steel supply chains, as it seeks to develop iron ore mining and the production of intermediate products such as DRI.

Most Saudi steel plants produce long products for the construction sector, using either IF or EAF technology and a mix of scrap and DRI. Integrated steel mills are also emerging in Saudi Arabia, often in partnerships with foreign companies that bring their know-how and technology.

Saudi Arabia's steel industry is rapidly growing through partnerships with foreign companies. The requirement to have foreign companies undertake a joint venture with a domestic firm often results in projects that are done in partnership with institutions linked to the state, such as the Saudi Arabian Oil Company (Aramco), the Public Investment Fund, the National Industrial Development Centre, or the Royal Commission for Jubail and Yanbu.

The Saudi Electricity Company (SEC), which holds a quasi-monopoly on domestic electricity distribution and is 81.2% state-owned, sets fixed electricity tariffs for industrial users (Saudi Electricity Company, 2025[39]). Prices are differentiated by the type of connection: USD 48.6 per MWh for facilities connected to the distribution network, and USD 32.4 per MWh for those connected to the transmission network (Saudi Electricity Company, 2025[40]). Given that EAF plants, which account for 91.8% of Saudi steelmaking capacity, are almost always connected to the transmission grid, they benefit from the lower industrial tariff. Electricity prices are not subject to market fluctuations, as they are centrally determined by the SEC, reflecting both the company's public ownership and the lack of liberalisation in the electricity pricing system.

In 2021, the government launched the Shareek programme, which aims to boost private investment in large domestic companies by streamlining procedures to enable companies to benefit from incentive packages. To benefit from the programme, a company needs to invest more than USD 2.667 billion in the next ten years to be publicly listed and have a minimum project size of USD 53.34 million in capital expenditures (Shareek, 2025[41]). The programme is government-led and assisted by 10 ministries and 11 additional public bodies, which provide tailored enabling tools to each company in the programme and increase local content in production. Since its implementation, at least one major steel project has benefitted from the programme.

The Saudi Industrial Development Fund (SIDF) provides advantageous loans to industrial sectors in Saudi Arabia. While steel is not mentioned directly as a sector targeted by its loans, USD 70.38 million went to the manufacture of sport utility vehicles (SUVs) and passenger vehicles in 2023. It is thus more a form of indirect support to the steel sector, as it resulted in domestic demand for steel from downstream sectors (Sidf, 2023[42]).

United Arab Emirates

The United Arab Emirates seeks to become a pioneer in steel decarbonisation in the region by developing low-carbon hydrogen capabilities. In 2021, the government announced the Hydrogen Leadership Roadmap, with the aim of producing 25% of global low-carbon hydrogen by 2030. The federal government released a National Hydrogen Strategy in 2023, which outlines its potential for the domestic steel industry. The government hails Emsteel as the fastest steel producer to adapt to the green steel market globally, and the first green steel in the MENA region was produced through a joint pilot project between Emsteel and Masdar, an Emirati renewable energy company (Ellis, 2024[43]). The company, which is state-owned, dominates the domestic steel industry, owning plants with a combined capacity of 3.6 Mt of crude steel, representing 74.3% of national capacity. Another company, Persian Gulf Steel Industries, announced in 2024 that it has achieved net-zero emissions at its rebar plant, which is entirely based on scrap-fed EAF technology (Durmus, 2024[44]).

As part of its strategy to promote green hydrogen production, the government of Abu Dhabi has outlined several supporting measures to accelerate its development. A low-carbon hydrogen support committee was created to provide support and facilitate investments in early-stage projects. The government allows the committee to use regulatory, economic and financial instruments to reach its objectives. The committee is formed of several government bodies: the Abu Dhabi Department of Economic Development, the Abu Dhabi Investment Office, the Department of Finance, the Environment Agency Abu Dhabi, the Abu Dhabi Department of Municipalities and Transport, and the Abu Dhabi Department of Energy (Abu Dhabi Department of Energy, 2022[45]). By supporting this upstream industry, these state policies help steel firms better integrate green steel into their products.

All steel production plants are located in industrial zones, which provide advantageous regulatory incentives. Companies operating in these areas are exempt from corporate and income taxes, as well as customs duties (Ministry of Economy, 2025[46]). Finally, manufacturers also benefit from simplified and accelerated business procedures. The industrial zones relevant to steel production are the Industrial City of Abu Dhabi, where 92% of production capacity is concentrated, and the Dubai Industrial City and Sharjah Industrial Area 6.

While industrial zones provide broad regulatory incentives, the Ministry of Finance has further clarified that certain strategic companies may benefit from additional corporate tax exemptions. Moreover, SOEs, including Emsteel, are automatically exempt from corporate income tax under current regulations (Federal Tax Authority, 2025[47]). Moreover, the UAE federal government continues to subsidise energy, with the Ministry of Energy and Infrastructure allocating USD 54.45 million for subsidies in the 2025 state budget (United Arab Emirates, 2025[48]).

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5 Trade actions increase as the steel crisis worsens

Antidumping and countervailing duty measures continue to be widely used to address the dumping of unfairly priced and subsidised steel onto world markets. A growing number of countries have also established, or are introducing, broader measures to protect their steel industries more effectively from surges in imports, particularly from countries with excess capacity. Despite these actions, Chinese and other sources of excess capacity continue to flood markets with surplus steel, often by shifting shipments through or to less-protected markets and by finding new ways of circumventing the trade measures. At the same time, export restrictions on some key steelmaking raw materials are increasing, adding further pressure on steel producers globally.

Recent trade remedy investigations on steel products

Antidumping and countervailing duty (AD/CVD) measures continued to be widely used to address the dumping of unfairly priced and subsidised steel into world markets in 2025. In addition to these measures, a growing number of countries have established, or are introducing, more sweeping trade measures to address rising concerns about surges in steel imports, particularly from countries with excess capacity.

While the growth in the number of new AD/CVD investigations moderated slightly in 2025, the number was nevertheless relatively high, at a combined level of 75, down from 90 in 2024. China remained the primary target of these investigations, accounting for 27 of the total number, far more than any other country. Eighteen countries initiated the cases, led by Canada with 20 investigations, followed by Brazil with 9. Japan also joined the group of petitioners, launching investigations against China, Chinese Taipei and Korea. A total of 27 countries were targeted in the unfair trade cases.

All but one of the investigations in 2025 resulted in positive preliminary determinations. Countries became more efficient in processing the cases, with the number of days for preliminary determinations falling from 200 days in recent years to 144 days in 2025. Countervailing duty investigations were often launched in tandem with dumping actions. The United States also launched AD and CVD investigations in tandem on reinforcing bars from Algeria, Egypt, and Viet Nam during the year.

The full impact of unfair trade cases on markets, however, needs to be considered in a multi-year context, as actions taken in earlier years continue to affect trade until the tariff actions are terminated. What is remarkable in recent years is that new cases continue to be filed by a growing number of countries on a growing number of countries, on a growing number of products. The number of AD/CVD measures in place, counting cases started since 2016, reached a record high of 395 in 2025, up from 321 in 2024. Currently, there are 113 trade actions targeting China, 41 on Korea, and 33 on Viet Nam (Figure 5.1). The United States leads with 77 measures in place, followed by Canada (64), Australia (46), and the European Union (32). Collectively, these four jurisdictions account for about one-half of all global AD/CVD trade measures.

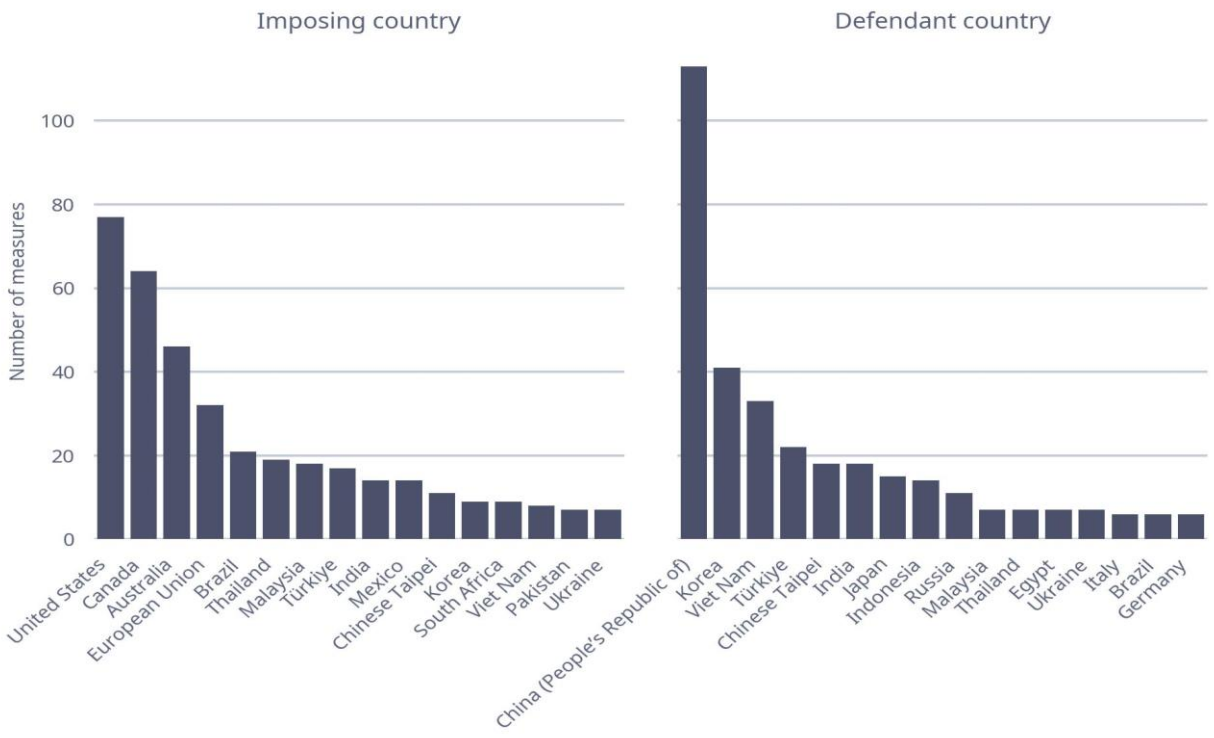
Other measures affecting the steel trade

The AD/CVD actions described above are particularly well-suited to addressing issues involving specific products from specific countries, but they have proven inadequate to address the larger-scale problems associated with global overcapacity across all steel products. A growing number of countries have therefore introduced across-the-board measures that aim to deal more effectively and efficiently with the scope and impact of growing global overcapacity on steel markets (see Table 5.1 for some examples), though in many instances they also affect imports from countries that are not sources of excess capacity, thereby affecting regional value chains. The actions have been taken in light of the importance of the industry to economies and to national security, including economic security. Features in some of the more recent measures include:

- recognition of the threat global excess capacity in the steel industry is having on the viability of their national steel industries, and, at the same time, the importance of the steel industry to national economic and defence security
- remedial global tariffs of up to 50% on many steel products
- indefinite duration periods for the measures
- implementation or consideration of measures to discourage or prevent diversion by requiring imported steel to include information on the origin of the hot metal used to produce imported products, no matter where final transformation took place
- inclusion of downstream products in tariff measures, to discourage efforts by foreign steel producers and traders to evade the measures by refocussing on more advanced products.

Figure 5.1. Number of active antidumping and countervailing duty measures, by imposing and defendant countries, 2025

Count of initiated measures under investigation or in place, December 2025



Note: Investigations targeting multiple countries are counted as separate investigations in the figure above. Ongoing investigations are defined as those initiated but with no provisional date established as of March 2026 and no negative investigation outcome. The measures in force are those with a provisional, definitive, or extension date established. Only investigations and measures that started in 2016 or after are considered. Only countries with at least five investigations are displayed in the figure. The data from Australia has been additionally complemented with cases from the Australian Anti-Dumping Commission.
Source: OECD, based on trade remedy data from the Japan Iron and Steel Federation and the Australian Anti-Dumping Commission.

Table 5.1. Trade measures, including those taken to address global overcapacity on steel markets, in 2025 and early 2026: Developments in selected economies

	Brief description of measures
Brazil	The tariff rate quota (TRQ) introduced in June 2024 was extended for another year in May 2025, and certain products were subsequently added to the coverage. In February 2026, tariffs were increased to 25% (no TRQs) on certain additional sheet, wire, and wire products.
Canada	In June 2025, Canada implemented TRQs on steel imports to help stabilise the Canadian market and prevent the harmful diversion of foreign steel from third countries into Canada, while minimising impacts on Canadian importers and downstream users. The measure covers a wide range of semi-finished, flat, long and tubular steel products, but does not include rail products and a number of other specialised products. Imports above the quota levels, originally set at 100% of 2024 levels for countries without free trade agreements with the country, are subject to a 50% surtax. In the months that followed, the quota level was reduced to 50% of 2024 levels, and then, in December, to 20%. In August, TRQs were expanded to include Free Trade Agreement (FTA) countries (except Mexico and the United States), based on 100% of their 2024 import levels. In December, the TRQ for the FTA countries was reduced to 75%. At the same time, the steel measures were expanded to include prefabricated buildings, wire, cables, chains and fasteners; these derivative (downstream) products are, with some exceptions, now subject to a tariff of 25%. Also in 2025, Canada imposed a 25% surtax on steel imports that contained steel melted and poured in China. The surtax was applied in light of the broad range of pervasive Chinese non-market policies and practices, and the resulting spread of trade distortions into global supply chains, pursuant to the country's Customs Tariff regulation. When an imported article is subject to this surtax and the TRQ mentioned above, only the latter is currently applied.

	Brief description of measures
China (People's Republic of)	In December 2025, the Chinese Ministry of Commerce, together with the General Administration of Customs of the People's Republic of China, announced the addition of steel products to the list of products subject to export licensing, effective on 1 January 2026. The mandatory export permits cover all steel mill products.
European Union	The safeguard measure that was introduced in 2018, in the form of a TRQ, was strengthened in 2025, including by 1) the provision under which the quota was liberalised by 1% per year, was reduced to 0.1%; 2) countries were no longer permitted to use the entire volumes of unused quotas by other countries; and 3) a carry-over mechanism that allowed countries to roll over unused quotas to the next quarter was eliminated for product categories with high import pressure and low consumption. In March 2026, the European Union initiated a safeguard involving certain grain-oriented flat-rolled products of silicon-electrical steel. The Steel and Metals Action Plan announced in March 2025 included steps to promote and protect the industry beyond 2026, in light of the expected ongoing pressures from global excess capacity on steel markets. In April 2026, a political agreement was reached on a new measure to replace the EU safeguard, which will expire by 30 June 2026. The new measure will be based on a revised TRQ system with a biannual review and imports in excess of the quota will be subject to a 50% ad valorem tariff. The measure also includes a provision requiring imported steel products to include an identification of the country where the steel was originally melted and poured to increase supply chain transparency. On 1 January 2026, the European Union's Carbon Border Adjustment Mechanism (CBAM) entered its definitive phase, following a transitional period from 2023 to 2025. The CBAM is designed both to place a fair price on the carbon emitted during the production of carbon-intensive goods imported into the European Union and to encourage cleaner industrial production in non-EU countries.
India	In 2025, the Steel Import Monitoring System was tightened, requiring importers to demonstrate compliance with the applicable Indian Standards and Bureau of Indian Standards (BIS) specifications as a condition of entry, unless otherwise exempted. These requirements apply to all steel products in Harmonized System (HS) Chapters 72 and 73 for which BIS Quality Control Orders exist. Also in 2025, the government strengthened its policy providing preferential treatment to domestically manufactured iron and steel products linked to government procurement, and a safeguard action on certain flat-rolled products was implemented; under the safeguard measure, an initial additional tariff of 12% is being applied to imports whose cost, insurance and freight value falls below a prescribed level.
Mexico	In late 2025, Mexico boosted tariffs on non-FTA countries on a broader range of products, including more steel products. Regarding steel, HS 7207 (semi-finished slabs and billets) was the only four-digit steel code excluded from the tariff measures. The tariffs were effective as of 1 January 2026, with no set duration. Covered steel products are now generally subject to a 35% tariff.
United Kingdom	In July 2025, the safeguard provisions were strengthened. In March 2026, the UK government published a paper articulating its strategy for the sector in the months and years to come. On the trade front, the strategy is designed to defend against global overcapacity in steel once the current safeguard measure expires on 30 June 2026. Under the plan, a new set of TRQs will be introduced, containing quota levels that are 60% lower than those under the current safeguard, with an increased out-of-quota tariff rate of 50%. The country intends to initiate a process under Article XXVIII of the General Agreement on Tariffs and Trade 1994, to lift its bound rates to 50%, from the current duty-free level. Moreover, the scope of the new measure will be expanded to include additional steel products made in the United Kingdom but not currently covered by the steel safeguard. The new measure will cover all countries, including those which have entered into FTAs with the country. Also, the possibility of introducing requirements to identify where the steel used in imports is melted and poured will be explored.
United States	Measures under Section 232 of the Trade Expansion Act of 1962 were modified in 2025. Principal actions taken in in early 2025 included: 1) termination of exemptions and special treatment for a number of countries so that all trading partners were brought under the Section 232 steel regime; 2) termination of general approved exclusions (GAEs), a set of preapproved, product specific exclusions, and the discontinuation of new product exclusion requests; 3) exemption of derivative products from the tariffs when produced abroad exclusively from steel melted and poured in the United States; and 4) expansion of the list of derivative steel products subject to Section 232 tariffs. In June 2025, the tariff was increased to 50% ad valorem, except for the United Kingdom, which remained subject to the 25% tariff under the terms of the US-UK Economic Prosperity Deal. In April 2026, the tariff regime was further modified. The principal changes contained in the Presidential Proclamation included: 1) articles made entirely or almost entirely of steel will pay a 50% tariff on their full value; 2) derivative articles made substantially of steel will pay a 25% tariff on their full value; 3) certain metal-intensive industrial equipment and electrical grid equipment will pay a 15% tariff through 2027, to accelerate the industrial base buildout currently underway in the United States; 4) products made abroad entirely with American steel will pay a tariff of 10%; and 5) products made of 15% or less of steel will no longer be subject to the Section 232 tariffs. The proclamation also reinforces the enforcement powers of the Customs and Border Protection agency, with particular attention to illegal transhipment, under valuation and other tariff evasion issues.

Source: OECD Steel Secretariat.

Trade diversion and the circumvention of trade measures

While the AD/CVD measures introduced limit inflows of targeted steel, they can also lead to steel being diverted to alternative markets (OECD, forthcoming[1]), which then experience the effects of the dumped and/or subsidised products. Countries with lower levels of trade enforcement or less developed trade remedy systems are often affected.

In many cases, steel producers and traders are trying to circumvent trade measures to which they are subject. Their use reflects the ease with which the producers can tweak their products and/or manage their trade by, for example, altering the chemistry, form, gauge, finish and other characteristics of a steel product in ways that would place that product outside the scope of a trade action, or by simply shifting shipments to upstream or downstream products. This is particularly significant in AD and CVD actions, as the cases focus on narrowly defined products, where width, thickness, chemistry and finish are key parameters for classifying products. Moreover, AD and CVD cases are country-specific; shipping products subject to an AD or CVD order to intermediate countries not subject to an order for limited processing of the product could change the country-of-origin designation of the product. As a result, the processed product would fall outside the scope of the AD or CVD duties in the final country of importation.

Many countries, however, have or are setting up tools to address circumvention. The tools include: 1) extension of AD/CVD measures to products that have been slightly modified or used as components in the manufacture of other goods; 2) products that have been processed in a third country; and 3) the possibility to extend orders to all producers in a country. In the case of the United States, the European Union, Australia and Canada (and others), formal investigations are required to determine whether the scope of orders can be expanded.

The efforts described earlier by countries to mandate “melt and pour” reporting requirements in order to enhance supply chain transparency may also have implications for addressing circumvention, as this required information would follow steel shipment from the ladle to its final destination, thereby undermining efforts by producers and traders to blur origin using third-country transhipment.

Circumvention opportunities, it should be noted, can also arise when countries that are FTA members or benefit from developing country exemptions process the steel subject to safeguard measures into products that are exempt from FTA and/or developing country exemptions.

In 2025, the OECD initiated a workstream to assess the magnitude and scope of efforts by steelmakers and traders to circumvent AD and CVD steel remedies (OECD, forthcoming[2]). Particular attention is being paid to developments in Southeast Asia, which is a major steel-producing, steel-importing and steel-exporting area. There is evidence that producers and traders in China, which is named in more AD and CVD actions than any other country, have responded to the imposition of punitive AD and CVD tariffs by adapting their commercial strategies. They seek to avoid AD/CVD remedies by increasing their steel exports to Association of Southeast Asian Nations (ASEAN) countries that are not subject to similar trade remedies, where the steel is then processed or otherwise modified. In many instances, the processed product is then treated as a product of the ASEAN country, enabling it to be exported freely to the country where the trade remedy is in effect, without a punitive tariff being imposed, thereby, in effect, circumventing the remedy.

At the same time, the surge in Chinese exports to the ASEAN region over the past five years, often at low prices, has led to a growing number of trade actions by Southeast Asian countries, some of which have developed tools to address circumvention. During 2020-2024, ASEAN countries as a group initiated 35 AD investigations, 10 of which were against China.

Preliminary work examines how circumvention is being addressed in Southeast Asia (OECD, forthcoming[2]). The examination focussed on the situation in the Thai and Vietnamese steel industries, and the actions that the two countries had taken to address circumvention. Thailand has thus far initiated six anti-circumvention cases, all of which involved steel products; Viet Nam has one such case underway on steel. China was the party named in all seven cases.

The OECD analysis also examines how trade flows have shifted following the initiation of steel AD and CVD investigations in OECD Member countries, with a view towards identifying patterns that could eventually be linked to circumvention. This initial work examines how ASEAN steel trade flows have shifted following the initiation of an AD/CVD case by an OECD Member country against China. The analysis finds that products subject to OECD trade remedies may have continued to reach OECD markets indirectly via non-OECD intermediaries, such as ASEAN countries.

The report also finds that, following the implementation of trade measures against China, Chinese exports of semi-finished steel increased to ASEAN countries; at the same time, exports of ASEAN exports of finished steel to OECD areas increased, suggesting that AD/CVD actions may have been circumvented through the processing of semi-finished steel into products that otherwise would have been subject to AD/CVD duties, had they been exported directly from China.

Export restrictions on steelmaking materials

Trade in some of the critical raw materials used in steelmaking has been subject to an increasing number of actions to restrict exports in recent years. Ores and minerals, including nickel and chromium, have seen the most rapid increase in restrictions, often aimed at promoting domestic processing and, by increasing supply and lowering domestic prices of those materials, supporting steel producers in the countries that apply them (OECD, 2025[3]). Such trade restrictions not only have the potential to disrupt global value chains for steel but also have ripple effects on downstream industries that manufacture steel-based products, with potentially significant implications for broader economic activity. Given the extensive use of steel across key industries, disruptions in raw material availability can lead to production bottlenecks, increased costs and economic security risks for both industrialised and developing economies.

Scrap faces growing export restrictions

Steel scrap is an essential raw material for the steel industry, enabling cost-effective and energy-efficient production while supporting the circular use of resources (OECD, 2024[4]). Scrap is an essential input for making steel in the EAF production mode and is also used, albeit to a much lesser extent, in BOFs. While it is a cost-effective and practical material that ensures the circularity of production, it is also an important material for low-emission steel production. As such, it is increasingly being considered a strategic material by countries.

Areas with high steel consumption, such as North America, Europe, East Asia and China, have relatively abundant scrap supplies, while emerging markets may face chronic shortages. This geographic heterogeneity can spur trade tensions, especially if major suppliers impose export restrictions to safeguard domestic supplies.

Over the past few years, there has been an increase in the application of export restrictions on ferrous scrap, indicating the growing importance of ferrous scrap to certain economies as an input for their steelmaking operations. According to the OECD Inventory on Export Restrictions on Industrial Raw Materials, in 2023, 42 economies applied some form of restriction on ferrous scrap (OECD, 2025[3]). These include several large steelmaking economies, such as China, Egypt, Indonesia and India, as well as a wide range of smaller markets. However, when comparing these measures against export volumes at the Harmonized System (HS) 6-digit level, only about 15.2% of global scrap trade was actually subject to restrictions. Among the world's major exporters, only India currently maintains an active measure (India Code, 2023[5]), indicating that while restrictions are widespread in number, they still cover a rather limited part of global scrap trade flows (see Table 5.2).

Table 5.2. Active export restrictions on ferrous scrap (major exporters) in selected economies, 2025

	Scrap exports (Mt)	Share of global exports (%)	Number of export restrictions currently in force
European Union	22.9	17.2	0
United States	21.4	16.0	0
Türkiye	19.0	14.3	0
India	11.8	8.8	1
United Kingdom	7.5	5.7	0
Japan	7.0	5.2	0
Canada	5.6	4.2	0
Viet Nam	5.2	3.9	1
Korea	4.2	3.1	0
Mexico	3.7	2.8	0
Chinese Taipei	3.5	2.6	0
Pakistan	2.5	1.9	0
Australia	2.2	1.6	0
Thailand	1.9	1.4	0
Switzerland	1.1	0.9	0
Indonesia	1.1	0.9	2
Brazil	1.1	0.8	0
Hong Kong (China)	1.1	0.8	0
Russia	1.1	0.8	1
Morocco	1.0	0.8	1
China (People's Republic of)	0	0	1

Note: Data on ferrous scrap trade are obtained from the Iron and Steel Statistics Bureau (ISSB) and include the following Harmonized System (HS) codes (6 digit): 720410, 720421, 720429, 720430, 720441, 720449, 720450. Data on export restrictions are obtained from the OECD Export Restrictions on Critical Raw Materials Database and complemented by desk research carried out by the Steel Secretariat. EU data do not include EU intra-trade.
Source: OECD (2025[3]).

While scrap export restrictions affect only a small share of global trade, their growing number is a cause for concern. The spread of such measures, particularly among developing economies, signals rising competition for scrap, which could tighten availability in the medium term for steelmaking countries that depend on imports.

Chromium restrictions raise concerns for stainless-steel supply chains

Chromium is an essential raw material for the steel industry, particularly in the production of stainless and alloy steels, where its use is required. It improves resistance to corrosion, increases hardness and allows steel to withstand high temperatures.

The chromium value chain begins with chrome ore, which undergoes beneficiation to increase its grade. The ore is then smelted into ferrochrome, the main form through which chromium enters steelmaking. Around 90% to 95% of mined chrome ore is converted into ferrochrome, and the stainless-steel sector accounts for 80% to 90% of global ferrochrome use (du Preez et al., 2023[6]). World chromite resources are geographically concentrated in Zimbabwe, Kazakhstan, and South Africa, which together account for around 90% of the world's resources. China overtook South Africa as the world's largest ferrochrome producer in 2012, and by 2014, it was firmly established as the global leader (ICDA, 2025[7]). This development was driven not only by the rapid expansion of domestic smelting capacity but also by sustained overseas investment, as Chinese enterprises, frequently state-backed and operating within the framework of the Belt and Road Initiative, acquired chromite and ferroalloy assets in Zimbabwe and South Africa to secure long-term access to raw materials.

The high concentration of chromite resources in a few countries, together with China's dominant role in ferrochrome production based on imported ore, raises concerns about supply dependencies. Recurrent electricity and infrastructure constraints in South Africa, as well as policy measures in Zimbabwe, such as export restrictions and beneficiation requirements, further increase the exposure of global stainless-steel supply chains to market and regulatory risks.

Recent trade and policy developments in chromium raise strategic concerns for stainless-steel supply chains. According to OECD data (OECD, 2025[3]), chromium ore exports from both South Africa and Zimbabwe are affected by some form of export restrictions. These two countries together account for about 88% of global chromium ore exports. These measures have been introduced with the stated objective of promoting domestic beneficiation by scaling up the value chain and processing chrome ore locally rather than exporting it in raw form. There are no restrictions on ferrochromium.

Beyond the restrictions themselves, the deeper vulnerability lies in the high geographic concentration of production of this material in southern Africa, coupled with extensive Chinese investment and the dominance of China-linked trading relationships with both South Africa and Zimbabwe.

Major nickel ore suppliers maintain some form of export restriction

Nickel is a base metal with a broad range of industrial applications. Overall, however, more than 70% of nickel demand is tied to steel-related applications. At the same time, batteries already represent a smaller but rising share of use, even though stainless steel is expected to continue dominating overall consumption.

In recent years, a slowdown in the stainless-steel market, combined with weaker-than-expected demand from the battery sector, the second-largest nickel market, has led to oversupply and falling prices. Many nickel producers, particularly in OECD Member countries, have struggled to operate, and some have been forced to exit the market. Between 2020 and 2024, Indonesia added an estimated 1.5 Mt of new nickel supply, while production outside Indonesia contracted by around 500 000 tonnes. As a result, Indonesia's share of global refined nickel output rose from 6% in 2015 to 61% in 2024 and is projected to reach about 74% by 2028, raising concerns among consuming economies about growing supply dependencies and the associated risks for market stability (Financial Times, 2025[8])

Regarding supply, since 2020, Indonesia has imposed a full ban on nickel ore exports to promote domestic smelting and battery-related investments. Other producers have also sought to limit the outflow of unprocessed ore: the Philippines, while not imposing an outright ban, has introduced fiscal and administrative measures, such as value-added tax (VAT) rules and strict export-permitting requirements, that raise the cost of shipping raw ore abroad. Currently, four of the world's major nickel ore suppliers, Indonesia, the Philippines, New Caledonia and the Russian Federation, maintain some form of restriction on nickel ore exports. By contrast, ferronickel and nickel oxide sinter, two key processed intermediates used in stainless-steel production, remain unaffected by export restrictions.

The core concern is therefore the tightening control over the raw ore segment, which is critical for feeding stainless-steel production. By limiting the tradability of nickel ore, these measures heighten the vulnerability of global supply chains to policy shifts in a handful of jurisdictions.

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OECD Steel Outlook 2026

The Steel Outlook is the OECD's annual analysis of the world steel market. It provides the most up-to-date figures and the medium-term outlook showing developments in the world steel market by area, and the main characteristics, apparent consumption, production and trade trends in the steel industry globally.

The global steel industry faces persistent challenges that are likely to intensify in 2026 and beyond. Global steel excess capacity is projected to grow through 2028 amid sluggish steel demand growth. Capacity utilisation could fall, intensifying downward pressure on the industry's profitability.

The industry is facing significant trade and adjustment challenges. Competition is being distorted by increasing subsidisation of the steel industry, mainly outside of the OECD area. The pervasive use of subsidies is severely distorting competition and weakening the market function of the sector.

The analysis presented in this report highlights the need to address the root causes and impacts of distortionary policies to build a level playing field for steel producers worldwide.

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