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CONTENTS

<u>Chapter</u>	<u>Page</u>	<u>Para.</u>
INTRODUCTION.....	3	1
I. ORGANIZATION OF THE MEETING.....	4	3
II. SUMMARY OF DISCUSSIONS.....	5	5
Consideration of the document ID/WG.313/1 "Proposals for formulating 1990 scenarios for the world iron and steel industry derived from a view of 1985 as seen by the UNIDO secretariat"....	5	5
Content of the work.....	5	8
Method of work.....	7	15
Timing of the work.....	8	19
I II. CONCLUSIONS AND RECOMMENDATIONS.....	8	21

INTRODUCTION

1. The Working Group on Scenarios, proposed by the Second Consultation Meeting on the Iron and Steel Industry, met in Algiers, Algeria, from 3 to 5 December 1979. The purpose of the Meeting was to establish the methodology and programme of work leading to the elaboration of the intermediate scenarios for the period up to 1990.

2. It was attended by 38 participants: 26 from 19 countries; 2 from the Association of Iron Ore Exporting Countries (intergovernmental); 1 from the International Iron and Steel Institute (non-governmental); 1 from the Arab Iron and Steel Institute (non-governmental); 7 from the United Nations Industrial Development Organization; and 1 from the United Nations Conference on Trade and Development.

I. ORGANIZATION OF THE MEETING

Opening of the Meeting and election of officers

3. The Working Group Meeting was opened by the Chairman of the UNIDO Task Force on the Iron and Steel Industry. The Meeting was addressed by Mourad Castel, Secretary General of the Ministry of Heavy Industry of the Government of Algeria. A message from Dr. Abd-El Rahman Khane, Executive Director of UNIDO, was read.

4. R. Hocine (Algeria) was elected Chairman of the Working Group and B. Rollinger (Federal Republic of Germany) Vice-Chairman.

II. SUMMARY OF DISCUSSIONS

Consideration of the paper ID/WG.313/1 "Proposals for formulating 1990 scenarios for the world iron and steel industry derived from a view of 1985 as seen by the UNIDO secretariat

5. A member of the UNIDO secretariat introduced the paper. Although several organizations dealing with parts of the world steel industry were making their own forecasts, the importance of the UNIDO initiative lay in the attempt to take a comprehensive world view.

Content of the work

6. The establishment of scenarios began with the identification of the plans of the principal actors. The knowledge of future intentions of those concerned with supply could then be considered in relation to the evolution of direct and indirect demand. As a consequence, it would be necessary, based on the many external and internal factors that govern the steel industry, to select the key items.

7. The assessment of future demand for steel was an important factor in elaborating the scenarios. At the same time, many developing countries should try to reduce their dependence on large steel imports through increased production, taking into consideration the specific shortages of steel products they had been experiencing over a period of years.

8. A detailed study of the demand up to 1990 was not necessary for constructing the scenarios for those countries where projects already exist for that period.

9. UNIDO should develop further co-operation with international, regional, governmental and non-governmental organizations involved in steel industry forecasting.

10. The consumption and the evolution of the cost of energy in steelmaking as well as the energy requirements associated with transport facilities for the iron and steel industry should be featured. The availability of different kinds of energy (coal, natural gas, fuel oil, electric energy) and the relationship of prices between them would influence the choice of technological routes for new production facilities.

11. There was a trend towards increasing investment in industrial capital equipment and steel transforming industries in developing countries, and its implications for the international pattern of steel production and consumption should be taken into account in the scenarios.

12. The social aspects and implications of the changing pattern of world steel production as well as environmental requirements should be taken into account.

13. The figures of future production of steel should, among other things, be related to estimates of requirements of iron ore, bearing in mind the long periods required for exploiting new ore resources - periods even longer than those required for constructing steel plants.

14. Steel production figures should relate not only to crude steel but also to the principal finished steel products and should take account of the requirements of the main steel-using industries.

Method of work

15. The work to be completed in drawing up the scenarios could be considered under five headings:

- (a) The elaboration of the basic ideas and concepts of the scenarios;
- (b) The listing of the successive elements of the practical steps to be followed in writing the scenarios;
- (c) The collection of inputs of facts and forecasts;
- (d) The guidance of the operations, together with the review, correction and amendment of the results as they appeared;
- (e) The consideration of results and conclusions and their submission to the Third Consultation Meeting on the Iron and Steel Industry planned for early 1982.

16. Task (a) would be carried out by UNIDO with such outside help as was considered necessary. For task (b), UNIDO would take the lead with help from members of the Working Group as necessary. For task (c), it would be useful to have a small group of experts drawn from the Working Group, who would undertake to provide information from their own organizations and to give all possible help in obtaining contributions from others. For task (d), the same group of experts would act. For task (e), the whole Working Group would be reconvened.

17. One of the first stages in the work would be to organize the collection of material from which to provide a clear picture of the likely situation of the world steel industry in 1985, and also to give as much information as possible to assist in the writing of the 1990 scenarios. The main headings to be covered in the material required would be as follows:

Forecasting methods and models, and results of work already carried out elsewhere on scenarios

Factual information on steel production capacity, expansion plans and closures

Technological developments, including research and development

Economic, technical and social structure of the steel industry

Macroeconomic and social variables in the steel industry environment

External and internal constraints experienced, including environmental problems

Problems that have emerged, with potential solutions

18. The information requested should be clearly defined and limited to that required to achieve the objectives. The intention would be to collect inputs from all interested organizations. Members of the Working Group were asked to secure as much co-operation as possible from all their contacts, and they reacted positively.

Timing of the work

19. The work in formulating the scenarios would need to be completed early enough to give all interested parties the opportunity to assess the results presented before the Third Consultation Meeting on the Iron and Steel Industry expected in early 1982. The secretariat of UNIDO would, therefore, need to work out a strict timetable.

20. The small Expert Group would be convened as soon as UNIDO had completed the preliminary arrangements to put the work in hand. The pattern of steel production in 1985 could be completed by June 1980, at which time the small Expert Group could be asked to comment on it. A preliminary draft of the 1990 scenarios would be prepared by December 1980 and the Working Group could then be convened to examine them. The revised draft of the 1990 scenarios would be completed during the course of 1981.

III. CONCLUSIONS AND RECOMMENDATIONS

21. The Working Group agreed that:

Content of work

(a) There would be two principal types of scenario for 1990: the first would be normative, setting out the implications of reaching the Lima target; the other would be exploratory showing possible alternatives based on various assumptions. The two scenarios would be based on the pattern of 1985 and the problems identified at this stage. The purpose of the scenarios should be clearly defined in order to specify their scope and nature. The purpose would be to highlight the problems arising within the possible alternative future situations, and in addition to offer proposals for their solution and provide guidance for national policy makers;

Method of work

(b) The methodology for constructing the 1990 scenarios would be the responsibility of the secretariat. Nevertheless, a small expert group should be set up to provide guidance, review, correct and amend the work of the secretariat. The members of the small Expert Group would also act as points of contact in their regions in order to secure as much co-operation as possible in the submission of the material required in compiling the scenarios;

(c) The small Expert Group, selected as individuals from the members of the Working Group, would consist of the Bureau of the Working Group (Messrs. Hocine and Rollinger), together with Messrs. Dastur, Firek, Signora and a person from the Latin American steel industry to be chosen by the secretariat. Meetings of the small Expert Group would be convened as necessary; the secretariat would be free to choose alternates from those invited to this Working Group meeting if any member of the Expert Group were unable to attend a particular meeting. Furthermore, should the secretariat deem it necessary to have additional input, it might invite other members of the Working Group to assist in the activities of the small Expert Group;

(d) The continuing function of the Working Group, within the specific terms of reference given to it by the Second Consultation Meeting, would be to receive reports from the secretariat on the progress of the work on the 1990 scenarios, consider the results, review and amend if necessary the conclusions that the secretariat would submit to the Third Consultation Meeting;

Timing

(e) The schedule of the secretariat work would be to provide the 1985 picture by June 1980, the first draft of the 1990 scenarios by December 1980 and the final draft with the potential solutions during 1981. The small Expert Group would meet in June 1980 to consider the 1985 pattern prepared by the secretariat. Other meetings would be convened as necessary. The Working Group itself would be convened in December 1980 and at a date in 1981 to be fixed by the secretariat. This date should be early enough to permit all interested parties to make a thorough review and prepare for the Third Consultation Meeting.

