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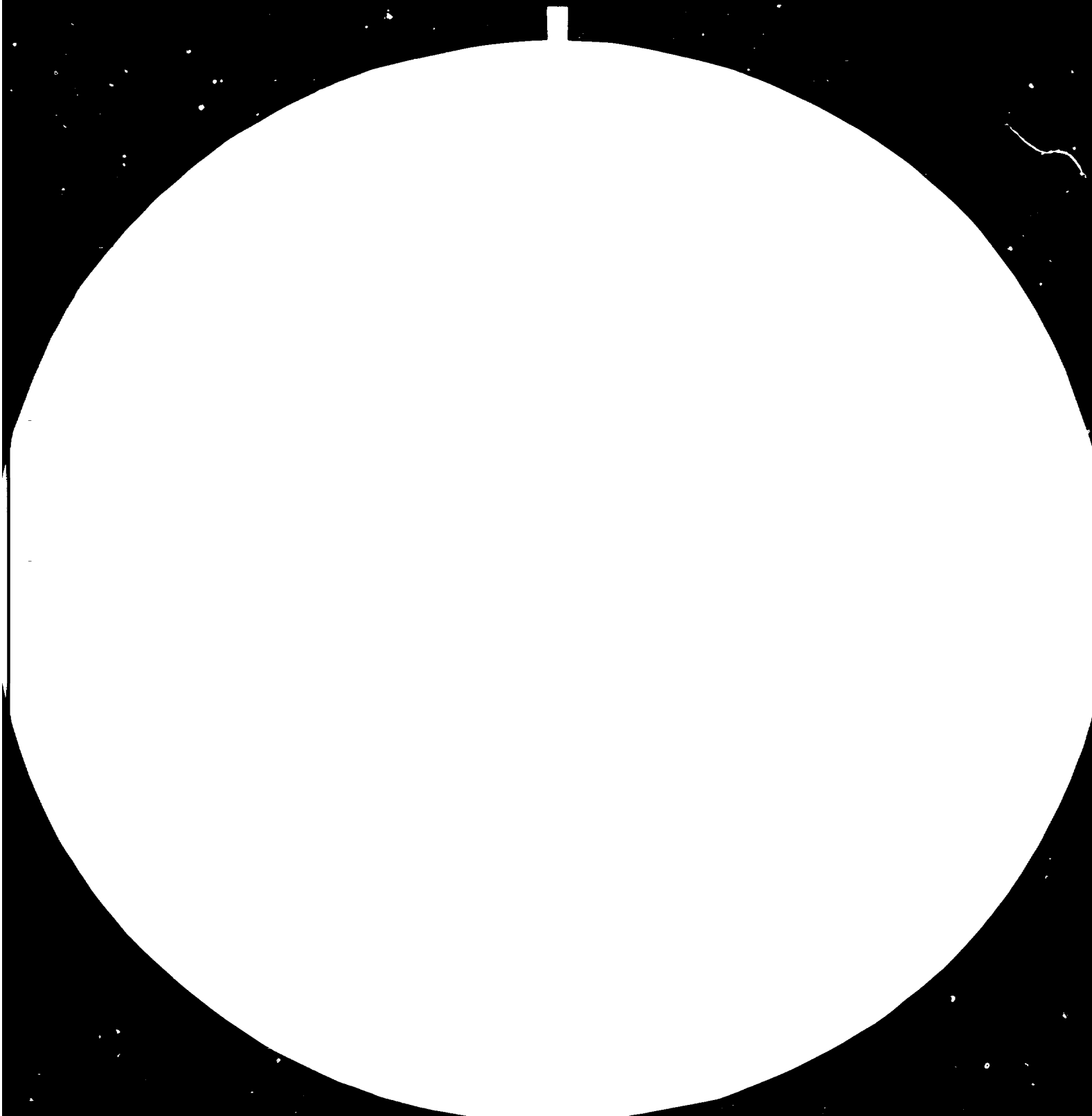
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GROUP OF RESOLUTION TEST TARGETS

1.0 1.1 1.25 1.4 1.6 1.8 2.0 2.2 2.5 2.8 3.2



11211



Distr.  
LIMITED

ID/WG.363/4  
11 February 1982

ORIGINAL: ENGLISH

**United Nations Industrial Development Organization**

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Second Working Group Meeting on Scenarios of  
the Iron and Steel Industry's Development,  
Estoril, Portugal, 3-5 February 1982

REPORT<sup>\*</sup>. (Scenarios for iron and  
steel industry).

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V.82-21855

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## INTRODUCTION

The Second Working Group Meeting on Scenarios of the Iron and Steel Industry's Development was held at Estoril, Portugal, from 3-5 February 1982. The Meeting was attended by 35 participants from 18 countries and 3 international organizations (see Annex I).

## AGREED CONCLUSIONS AND RECOMMENDATIONS

The Working Group agreed that:

1. (i) the members of the Working Group would communicate to the UNIDO secretariat, within four weeks, any relevant information that they have with regards to the correction of the data contained in the UNIDO documents pertaining to the scenarios and dossiers;
2. (ii) the documents that will be presented to the Third Consultation in Caracas (Venezuela) will be the following:-
  - (a) Scenarios:- This document will include, besides the Normative Scenario, the Low Growth Scenario (Crisis Scenario), which would be elaborated and evaluated as has been done in respect of Normative Scenario;
  - (b) Dossiers:- They will be redrafted taking into account the Working Group discussions. Further, the conclusions from the complementary studies already carried out by the secretariat will be incorporated in the dossiers. It will be ensured that there is consistency between the information contained in the dossiers and the conclusions. The recapitulating and negotiating items contained in the present dossiers will be excluded.
3. (iii) UNIDO secretariat will prepare issue papers on the following subjects for consideration of the Third Consultation:-
  - (a) Co-operation between the developed and developing countries and amongst developing countries with regard to training, technical assistance and transfer of surplus human resources from the developed to the developing countries.
  - (b) Cost and financing for covering that portion of the project which needs more assistance, for example, development of infrastructure, human resources, etc.
  - (c) Specific problems faced by developing countries which are attempting to enter for the first time into the steel industry sector.

The issue papers will have the following contents:

- (a) Justification for the selection of the issue with respect to the criteria of mutual interest and of closing the gap between the two scenarios;
  - (b) Suggestions related to practical resolution of the issues.
4. (iv) Although member States are normally represented at Consultations by Government, industry and trade unions, the UNIDO secretariat should invite them to include, in particular, representatives of suppliers of equipment, engineering firms and financial institutions.
5. (v) It is recommended that facilities and time be made available in case some parties are interested in initiating negotiations.

#### I. ORGANIZATION OF THE MEETING

##### Opening of the Meeting

6. The Working Group Meeting was opened by the Secretary of State for Industry, Ministry of Industry, Energy and Export, Government of Portugal. Addressing the Working Group, the Secretary of State, Sr. Alberto Justiniano welcomed, on behalf of the Portuguese Government, the participants to the Meeting. He emphasized the extreme importance of the Meeting, both from the point of the aims of the 1975 Lima Declaration, the 1980 New Delhi Declaration and Plan of Action of UNIDO, as well as the fact that it helped to focus the importance of the iron and steel industry in helping the developing countries to achieve social and economic progress in the framework of a new international economic order. The Secretary of State for Industry further highlighted the crucial role of Portugal in the North-South dialogue in the area of industrial and economic development.

The Secretary of State for Industry briefly referred to the national steel plan drawn up by the Government and its implementation. He expressed the hope that this Meeting would help to guide the developing countries towards expeditious development of their steel industry.

7. The representative of the Executive Director, UNIDO, thanked the Secretary of State for Industry, Government of Portugal, and expressed his gratitude at the hospitality offered by the Portuguese Government in organizing this Working Group Meeting.

8. R. Hocine (Algeria), as Chairman and B. Rollinger (Federal Republic of Germany) as Co-Chairman of the Working Group, took over the Meeting.

Adoption of the agenda

9. The following agenda was adopted:-

- i) Presentation of the secretariat's proposals on scenarios
- ii) Presentation of the Normative Scenario
- iii) Discussions and further proposals on preparation for the Third Consultation

Adoption of the report

10. The report of the Working Group was unanimously adopted in plenary on 5 February 1982.

Documentation

11. Documents issued for the Working Group are listed in Annex II.

II. REPORT OF THE PLENARY

Introduction by the secretariat

12. The secretariat of UNIDO presented the scenarios explaining the methodology utilized in their preparation. It was brought to the notice of the Working Group that the various documents which had been presented, have taken into consideration the suggestions and directions of the earlier meetings of the Working Group, Small Group of Experts and the Bureau. It was explained that, in the preparation of the scenarios, an attempt was made to achieve a coherent combination of various hypotheses exogenous and endogenous to the sector, covering macro-economic, political and social aspects.

13. The scenarios are based on the analysis of the main variables and of their evolution which are contained in the dossiers. The dossiers identify the problems related to those variables. Seven scenarios have been prepared, three of which comprise qualitative evaluation. The main scenarios are trend, crisis and normative. The secretariat indicated



the significance of each scenario and presented the figures characterizing the balance between supply and demand for 1990.

Summary of discussions

14. Participants based the discussions on the documents which were submitted to the Working Group (see Annex II). Many participants commended the efforts made by the secretariat in the preparation of the scenarios. Some participants observed that the Crisis Scenario appeared to be a more probable one and this scenario and the normative one tended to converge towards each other. They were of the view that it took into account the problems of financing and the recessionary trends in the industrialized countries. Other participants felt that financing might not be a serious constraint, particularly, for well-planned viable projects, and, consequently, the Normative Scenario may represent achievable goals. Some participants felt that it was desirable to refer to the Crisis Scenario as the 'Low Growth Scenario'. Some participants suggested that in the presentation for the Third Consultation it would be desirable to further elaborate the Low Growth Scenario and to present it along the same lines as the Normative Scenario.

15. Several participants stressed that there were mutual interests to be drawn from co-operation between developed and developing countries and among developing countries. One participant stressed that Low Growth Scenario represented a realistic situation from the point of view of the developed countries, while the Normative Scenario represented the aspirations of the developing countries and the Third Consultation should, therefore, consider both the scenarios, since they would constitute a basis for a meaningful dialogue. Other participants stressed that the Normative Scenario and not the Crisis Scenario should be the acceptable one.

16. Another participant stressed that the Low Growth Scenario did not necessarily imply conflict. He added that it is necessary to analyse why some projects are not successfully implemented in developing countries. One participant stressed that it is precisely during difficult economic periods that global agreements can be reached and stated that a solution to the problem would be a general agreement on tariff and trade for the iron and steel industry. One participant said that it will be necessary to define more precisely the content of the Crisis - or Low Growth Scenario. The same participant stated that it was necessary to clearly distinguish between those constraints that are external to the iron and steel industry

and those that can be directly influenced by it (hence, he added, the external constraints could not be the subject of negotiations).

17. A few participants indicated that there appeared to be a certain number of inaccuracies and discrepancies in the data contained in the dossiers and the complementary papers and suggested that the secretariat rectify them. One participant suggested that the members of the Working Group should provide the secretariat, within four weeks, any relevant information they have for correction of the papers.

18. With regard to the availability of ores, one participant stated that concerning this particular problem the conclusions of the Normative Scenario were acceptable. Another participant noted, however, that eventual shortage of supply of mineral ores was not general but rather limited to several qualities of mineral ores.

19. A few participants in addressing themselves to the question of energy stated that specific consumption of iron and steel per unit of output of steel containing manufactured goods has decreased as a consequence of technological progress and structural change in industry as well as of attempts at energy conservation. Concerning the hypothesis that new markets are linked to new sources of energy, several participants confirmed the conclusion of the UNIDO secretariat that this should not have a substantial increasing influence on the future demand up to 1990. A few participants noted that consideration would have to be given in the future to the use of technologies which were energy-saving and noted the importance for those developing countries in which energy sources were scarce. One participant drew attention to the possibility that within the framework of the Normative Scenario the shortage of coke could create a bottle-neck.

20. When considering the Third Consultation, many participants suggested that the number of documents should be reduced and be presented in a clear and concise manner in order to facilitate discussions. Some participants pointed out that it would be useful for countries participating in the Consultation to include, in particular, representatives of suppliers of equipment, engineering firms, financial institutions and trade unions. One participant suggested that UNIDO should regularly review and up-date the information contained in the dossiers. One participant suggested that before the Consultation, preparation should take place at a regional level in order to have a co-ordinated approach, thereby enabling achievement of concrete results.

21. One participant, referring to the Second Consultation on the Iron and Steel Industry, suggested that organization of countries by Groups should be avoided so as to prevent any confrontation at the Third Consultation.

22. Some participants suggested that during the Third Consultation working groups should be constituted so as to enable meaningful discussions.

23. One participant drew attention to the other recommendations of the Second Consultation and suggested that the follow-up action taken by the UNIDO secretariat be reported to the Third Consultation.

Annex I

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Annex II  
LIST OF DOCUMENTS

1990 Scenarios for the iron and steel industry

- Part I - The Dossiers UNIDO/IS.213/Rev.2
- Part II - Proposals for the scenarios UNIDO/IS.213/Add.1/Rev.1

Complementary papers to:

- Dossier II - "Raw materials and energy" - Problems and projects in regard to supplies of iron ore Informal document
- Dossier III - "Markets, product ranges and scale economies"
  - Study of markets for the iron and steel sector created by the development and diversification of energy production ID/WG.356/1
  - Evolution of the structure of international trade from 1972 to 1977 by main categories of iron and steel products ID/WG.356/2
  - Mini steel industry ID/WG.363/1
- Dossier V - "Labour and the development of human resources" and Dossier VI "The design and implementation of projects and the commissioning of new plants"
  - Difficulties of achieving full production in iron and steel plants in the developing countries Informal document
- Dossier VII - "Costs and financing"
  - Iron and steel projects versus indebtedness, savings, exports and creditworthiness ID/WG.356/4

The Normative Scenario - Effects and conditions of realization ID/WG.363/2

Crisis and trends in the restructuring of the iron and steel industry - implications for the scenarios ID/WG.363/3

Map indicating geographical distribution of iron and steel projects in developing countries

Graph on negotiable interfaces

Graph on configuration of negotiations

Report of the Third Meeting of the Small Group of Experts on Scenarios of the Iron and Steel Industry's Development UNIDO/PC.32

