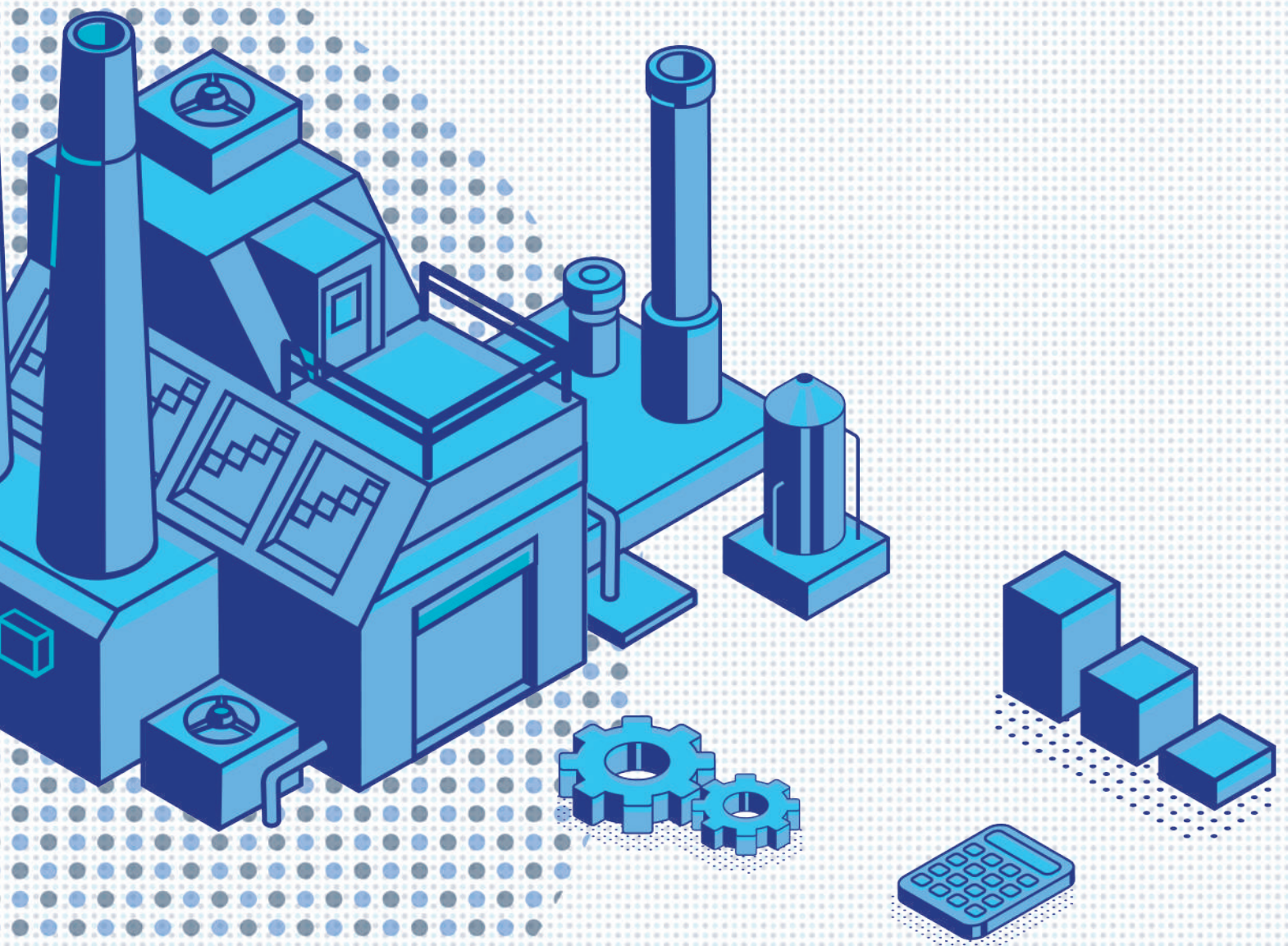


# Ukrainian Iron & Steel Industry in Figures 2020





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# INTRODUCTION

**Ladies and gentlemen, GMK Center published another annual analytical report on Ukraine's steel industry, Ukrainian Iron & Steel in Figures 2020. It is a complex product which contains minimum text and maximum information on operations of Ukrainian steel companies and entire supply chain.**

This document provides insight into the role that Ukraine plays in the global value chain, and into the changes which took place over the past year. And changes did take place, since the global steel industry is undergoing a number of challenges and transformations.

The last year was a tough time for the domestic steel industry because there was a number of internal economic challenges and weak markets in H2 2019. Understanding local specifics enables us to go deeper into the matters and have a closer look at the reasons and consequences, and make reasonable forecasts.

This document will tell you:

- How the presidential election influenced steel consumption in Ukraine's domestic market.
- What changes steel exports from Ukraine underwent after the EU and MENA had applied a number of safeguard measures.
- Whether iron ore sales pattern has changed after price surge back in 2019.
- How record CAPEX in the industry have influenced the companies' performance.
- What steel products Ukraine imports.

**“ Understanding local specifics enables us to go deeper into the matters and have a closer look at the reasons and consequences, and make reasonable forecasts**

The current year of 2020 has also prepared another black swan event for us. In the first five months of 2020, Ukraine has retained the 13th position among the largest world steelmakers. At the same time, local companies show much better production trends that many other regions of the world. This suggests high competitiveness of Ukrainian producers, effective customer engagement strategies and proper use of investment.

GMK Center keeps up to speed on the key events and trends in the steel industry. We focus our studies on the issue of protectionism rising, on the challenges connected with decarbonization process and on peculiarities of developments in CIS regional markets.

Stay tuned with GMK Center.



**Stanislav Zinchenko**  
Director GMK Center

# IMPACT OF IRON&STEEL INDUSTRY OF UKRAINE



contributed by the Iron&Steel sector to GDP of Ukraine with regard to related industries



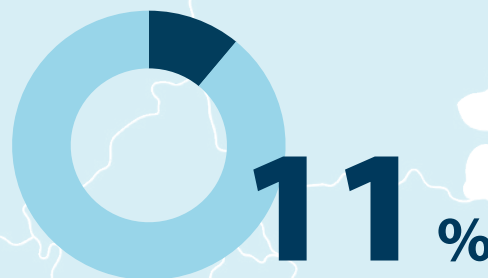
**\$ 4.7**

of added value in related industries generated by \$1 in the steel industry

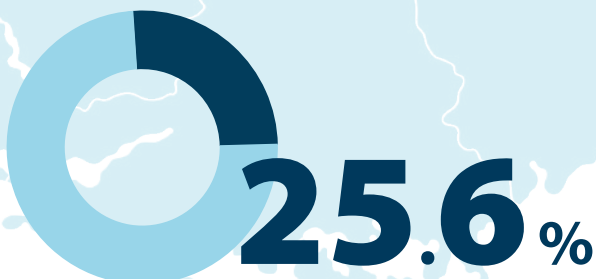


**1 in 13**

employees in Ukraine is linked to the steel industry



the share of the Iron&Steel sector in total salary of employees



contributed by the Iron&Steel sector to total exports of goods



the share in total CAPEX of industrial sector

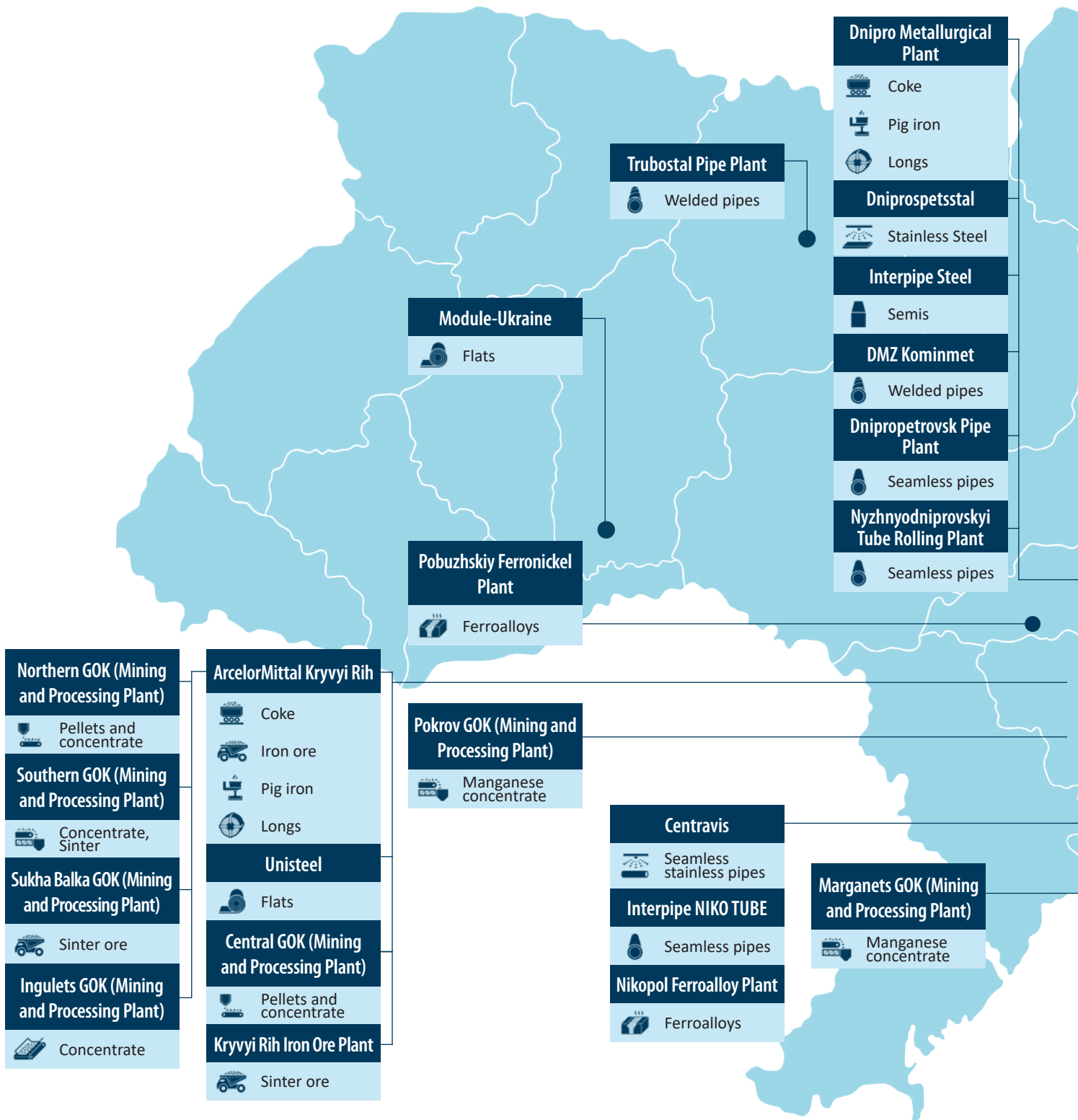
**\$12.8 billion**

the value of Iron&Steel sector exports in 2019

**\$1.2 billion**

value of CAPEX in the steel industry in 2019

# UKRAINIAN IRON&STEEL INDUSTRY MAP





Uncontrolled territories

# STEEL PRODUCTION

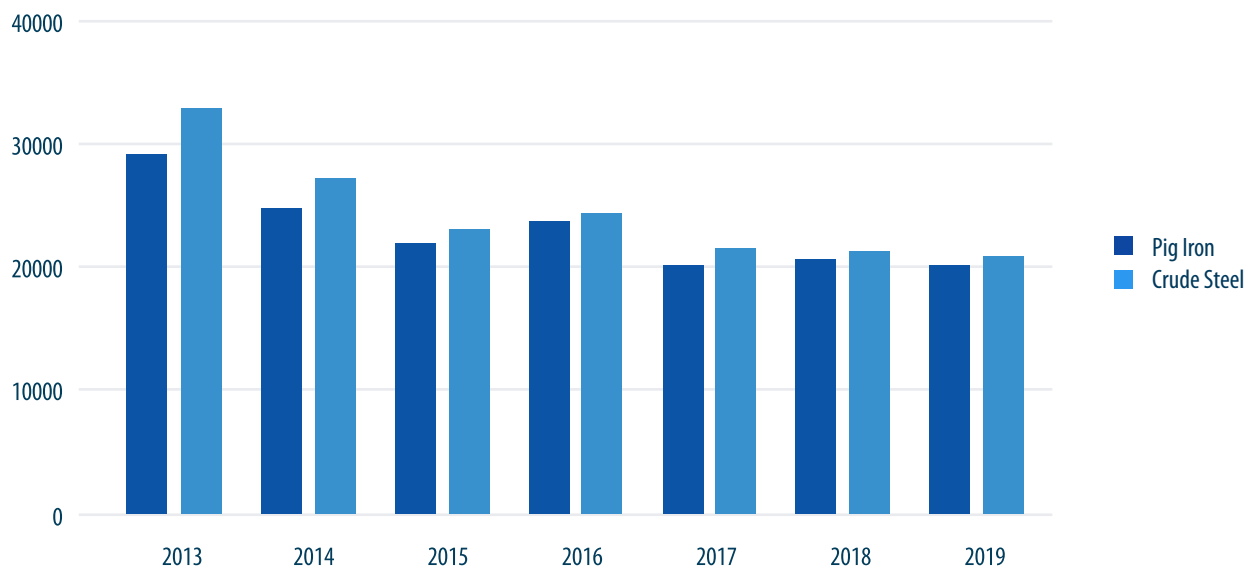
## Iron and steel production in Ukraine

ths tons

Steel production in Ukraine in 2017–2019 stabilized after the loss of some companies on the non-government controlled territories of Donetsk and Luhansk oblasts. These companies were included in Q1 2017 results. Therefore in 2018, companies on other Ukrainian regions even increased steel production by an average of 0.5% despite a decrease in the total figure.

In 2019, Ukraine's steel production dropped by 1.2%. The situation in the sector was affected by a slump in prices in Q4. Although in the first 9 months of 2019, Ukraine had one of the best dynamics in the world with a 3.9% increase in crude steel production.

A decline in pig iron production in 2019 was stronger than that of steel, 2.3%, due to the unfavorable price situation that triggered a decline in pig iron exports.

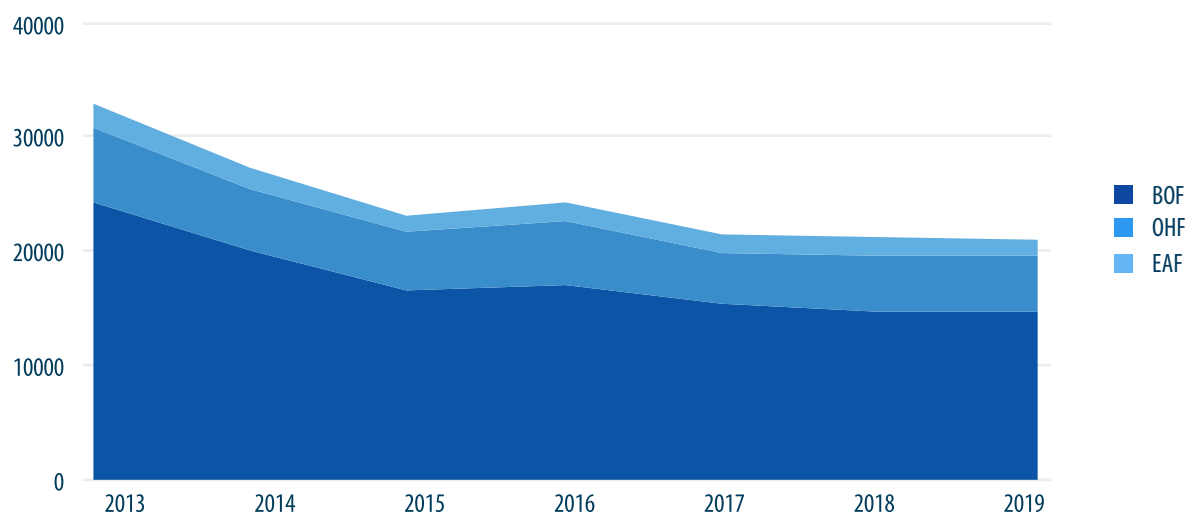


## Crude steel production by process

ths tons

A 23% decrease in production of steel in electric arc furnaces (EAF) was reported in Ukraine in 2019. The two major EAF producers reduced output due to the unfavorable situation on their main markets.

It can be said with confidence that production of steel in open-hearth furnaces (OHF), which has been stable for the past 5 years, will decrease by 1 million tons in 2020. ArcelorMittal Kryvyi Rih announced a shutdown of its open-hearth shop.





ths tons

## Crude steel production by company

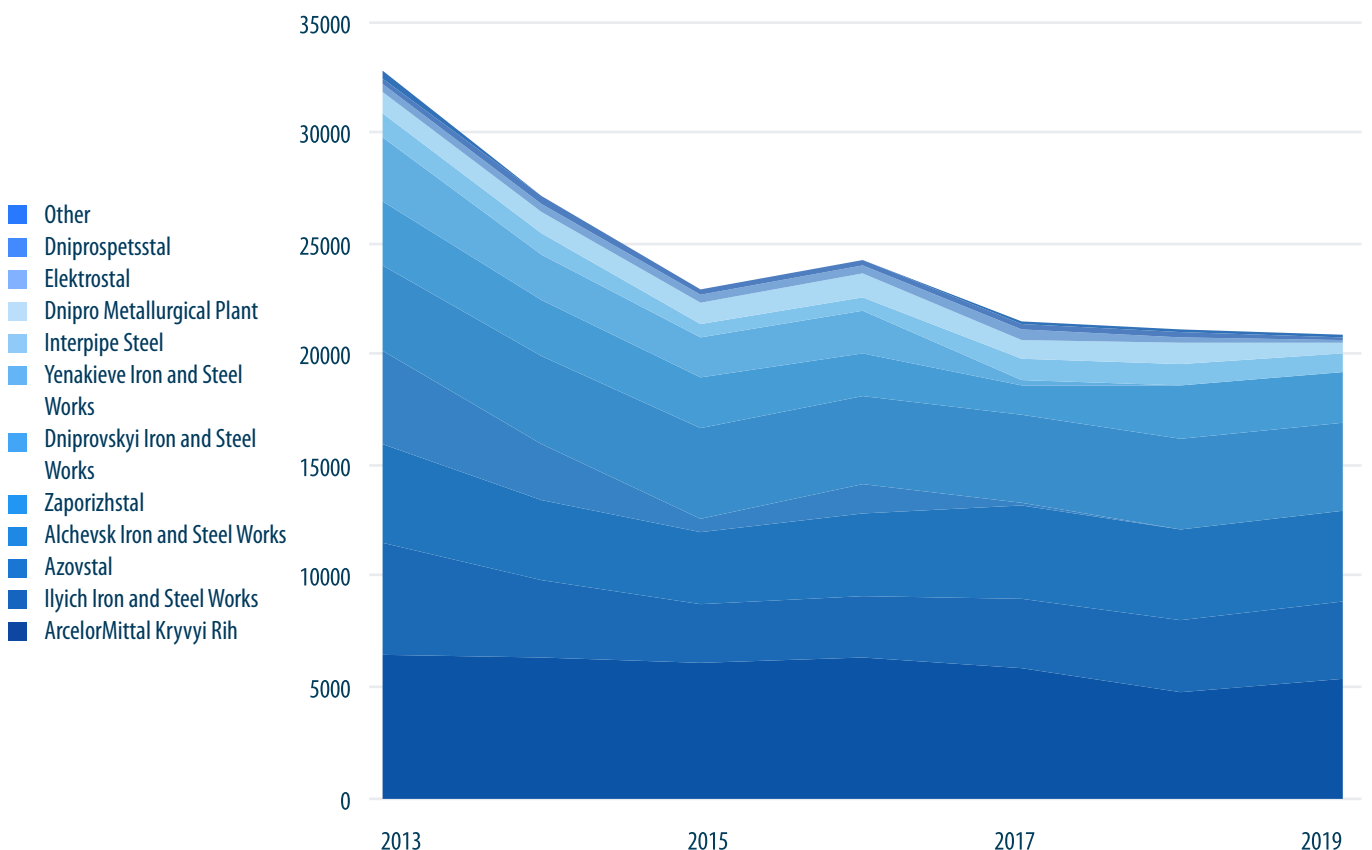
	2013	2014	2015	2016	2017	2018	2019
ArcelorMittal Kryvyi Rih	6,476.2	6,309.7	6,089.2	6,316.2	5,808.0	4,764.0	5,327.0
Ilyich Iron and Steel Works	5,044.2	3,546.1	2,646.3	2,736.7	3,096.7	3,241.8	3,562.0
Azovstal	4,469.1	3,599.9	3,206.6	3,705.6	4,264.0	4,085.6	4,016.0
Alchevsk Iron and Steel Works	4,173.7	2,502.7	680.7	1,398.0	158.1	0.0	0.0
Zaporizhstal	3,819.0	3,957.1	3,985.5	3,897.0	3,928.0	4,105.0	4,005.0
Dniprovskiy Iron and Steel Works	2,927.3	2,528.4	2,325.0	1,967.3	1,358.7	2,409.1	2,221.0
Yenakieve Iron and Steel Works	2,888.4	2,061.8	1,820.3	1,951.9	269.2	0.0	0.0
Interpipe Steel	1,032.0	883.2	584.5	629.5	855.0	973.0	854.5
Dnipro Metallurgical Plant	995.9	987.0	1,006.9	1,058.6	921.2	920.0	511.0
Elektrostal	365.2	410.0	301.0	326.9	439.0	289.9	83.0
Dniprospepsstal	273.7	276.7	243.4	235.8	256.8	246.0	219.3
Other	302.2	104.5	73.8	63.4	54.8	62.0	49.2
<b>Total</b>	<b>32,766.9</b>	<b>27,167.1</b>	<b>22,963.2</b>	<b>24,286.9</b>	<b>21,409.5</b>	<b>21,096.4</b>	<b>20,848.0</b>

ArcelorMittal Kryvyi Rih showed the best production performance in Ukraine in 2019, with a 12% increase in production. This is largely due to low comparative benchmarks in 2018. The company plans to maintain the level of production in 2020, which will mean an increase in the BOF capacity utilization rate following the shutdown of the open-hearth shop.

Ilyich Iron and Steel Works increased steel production in 2019 after the commissioning of a new continuous casting machine.

Dnipro Metallurgical Plant reduced production by 45%. Its pig iron and steel production facilities were suspended in October due to repairs, according to the plant's official message. The plant failed to resume steel production as of May 2020.

Elektrostal cut steel production by more than 70% because of the difficult situation in the square billet market last year and a lack of working capital.



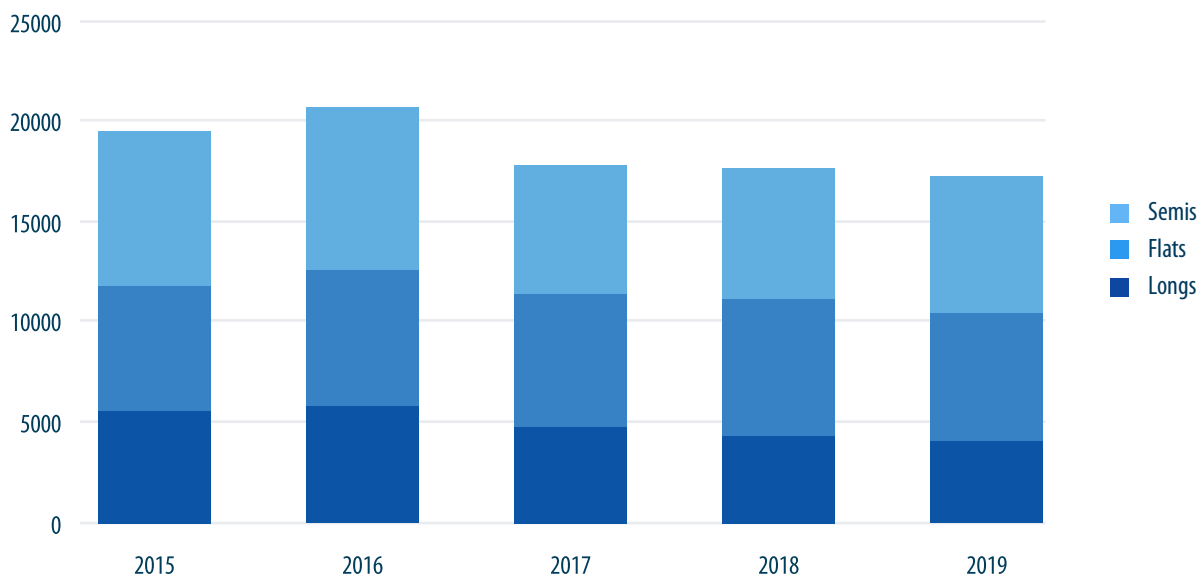
# STEEL PRODUCTION

## Production of finished steel products (incl. semi-products for export)

ths tons

A decline in production of long products is explained by internal problems of companies (Dnipro Metallurgical Plant), toughening of protective measures of foreign countries (quotas in the EU, duties in Egypt), and a decrease in steel consumption in key markets, in particular in MENA countries.

Because of the growth of protectionism, Ukrainian companies were able to increase exports only due to semi-finished products. Thus, the share of semi-finished products in production of finished products was 39% in 2019.

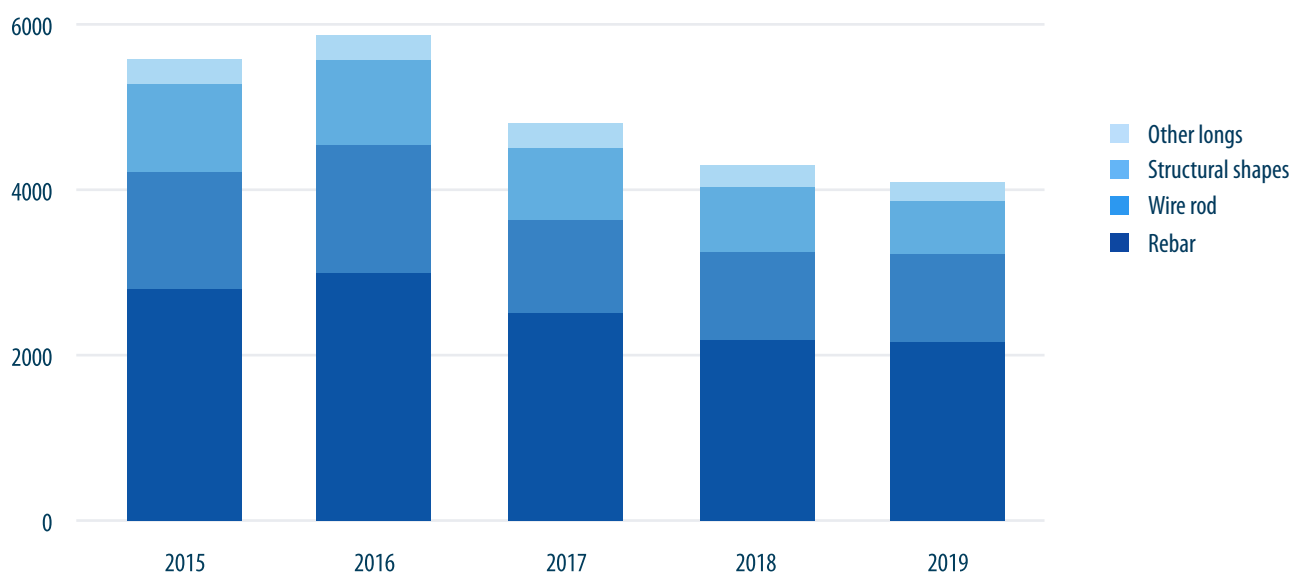


## Production of long products

ths tons

A 17% decrease in production of structural shapes in 2019 prompted an overall drop in production of long products. Azovstal and Dnipro Metallurgical Plant cut production of structural shapes.

Rebar and wire rod production remained stable in 2018–2019. Producers were supported by the introduction of an anti-dumping duty of 13.8–35.37% on imports of bars from Moldova.



## ths tons

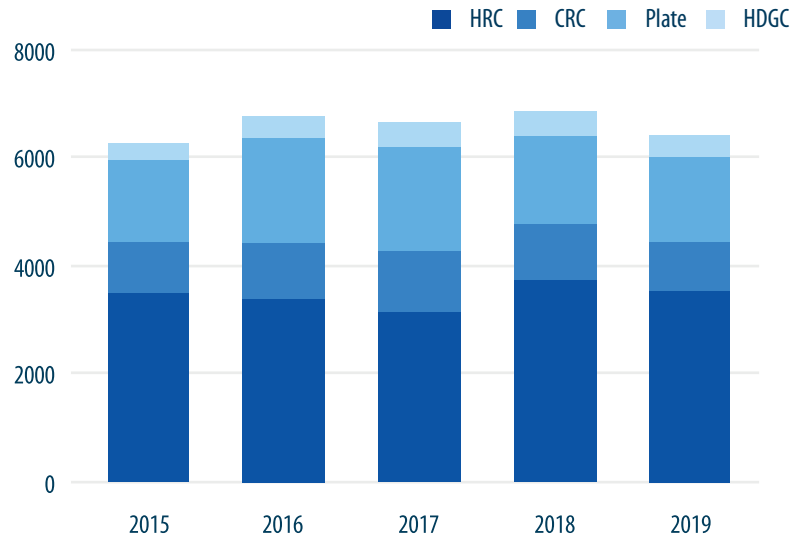
Production of flat products is stable in general. Companies of this segment showed stability even during the crisis of 2015.

CRC production fell by 13.5% due to reduced export opportunities amid trade restrictions and a global industrial crisis.

HDGC production is stable following domestic consumption and limited export opportunities, although local companies plan to increase their market share in this category.

In 2019, a new plant for production of organic coated coil was opened in Ukraine. There are plans to launch two more small plants in 2020, whose task will be to substitute imports against the backdrop of growing domestic consumption of these products.

## Production of flat products (incl. strip for tubular products)

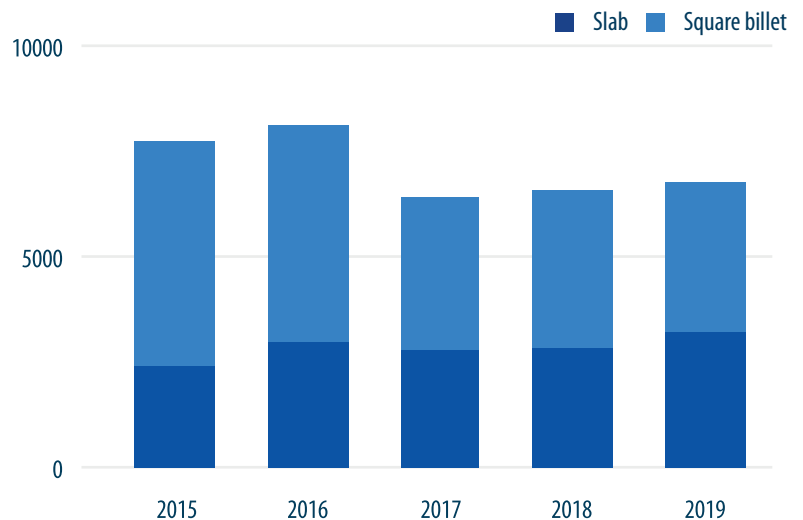


## ths tons

Production of steel semi-finished products in Ukraine is growing for the second year in a row. This was due to an increase in slab production. Indicatively, shipments within the production chain of the Metinvest Group account for 40% of slab exports. The growth of slab production, +400 thousand tons, was due to Ilyich Iron and Steel Works following the launch of the continuous casting machine No. 4.

Production of square billets dropped by 5.7% in 2019. A drop was caused by internal problems of the producing companies and increased protectionism, in particular protective duties imposed by Egypt on imports of billets.

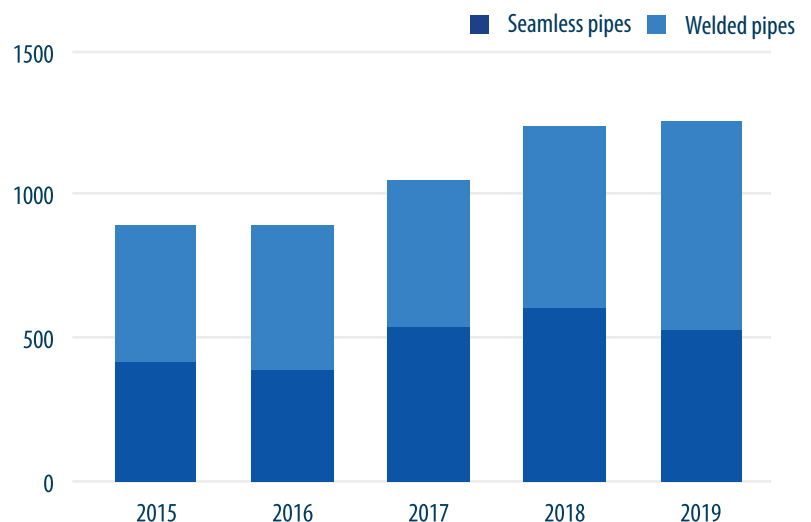
## Production of semi-products for export



## ths tons

Seamless pipe production decreased by 12%. The global OCTG market was affected by a slump in oil prices, while the domestic market was hit by a decrease in drilling activity of Ukrgasvydobuvannya, the largest player in the sector.

## Production of pipes



## Export of iron and steel products from Ukraine

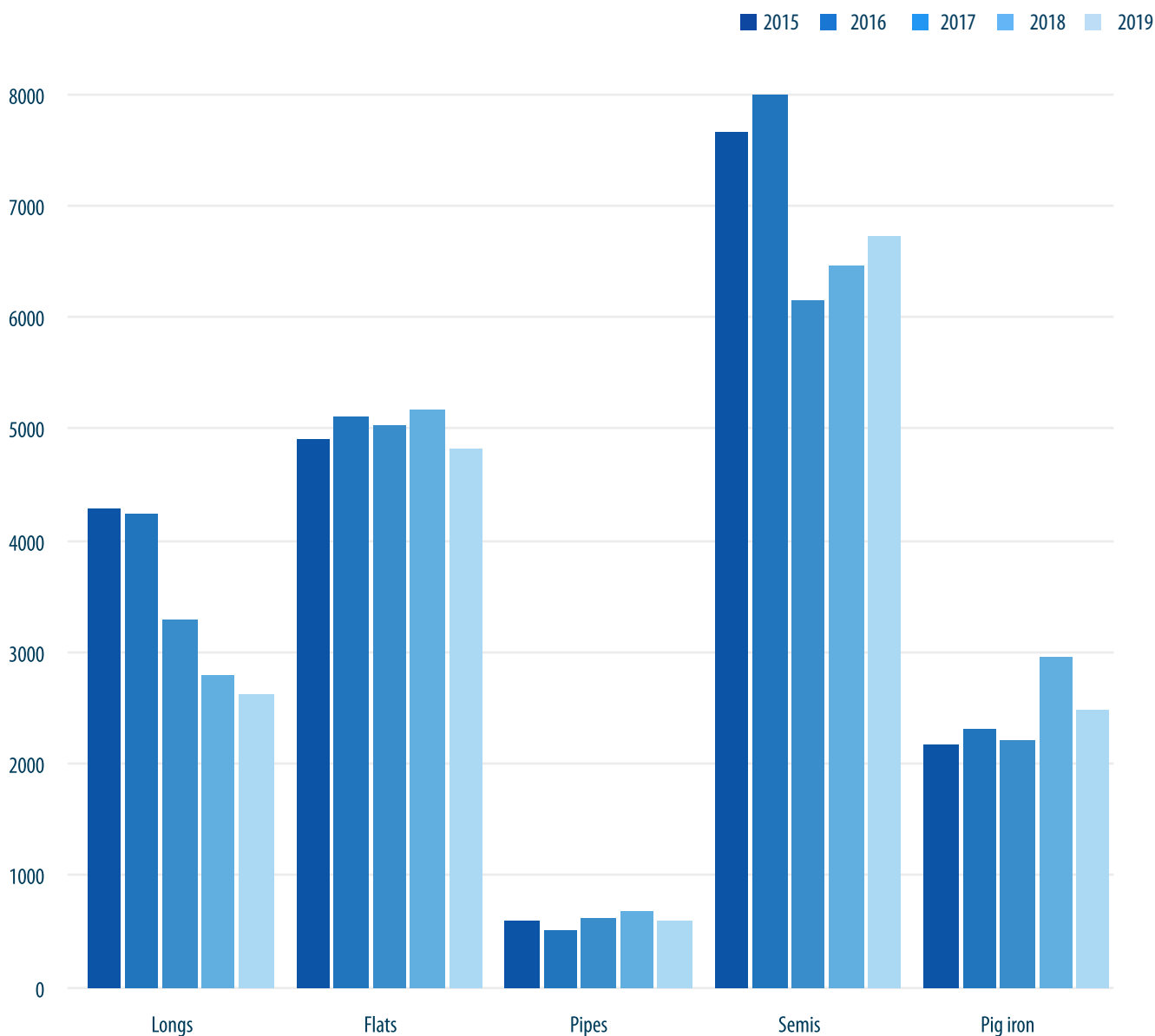
ths tons

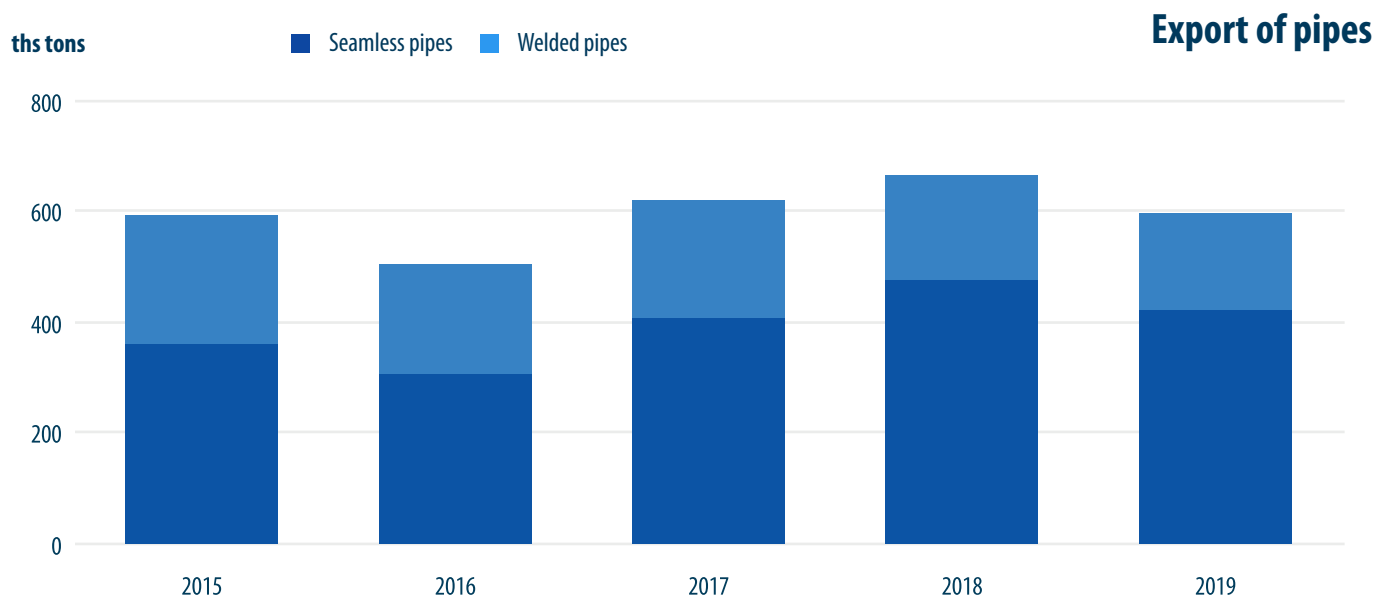
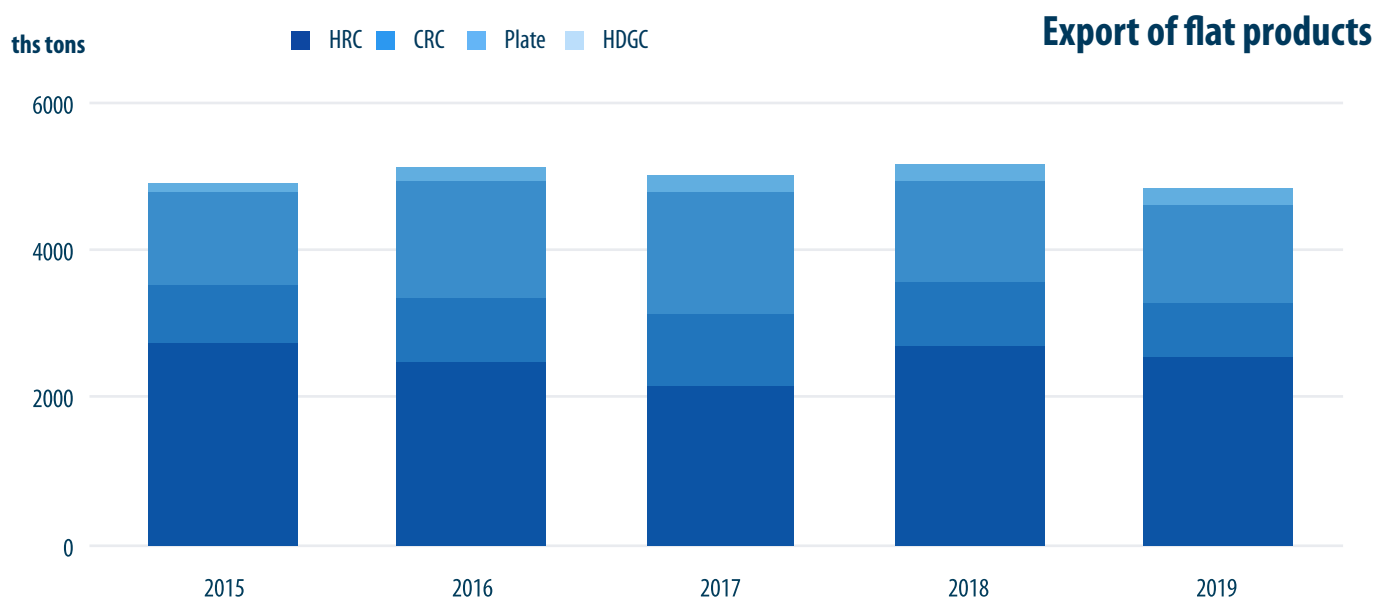
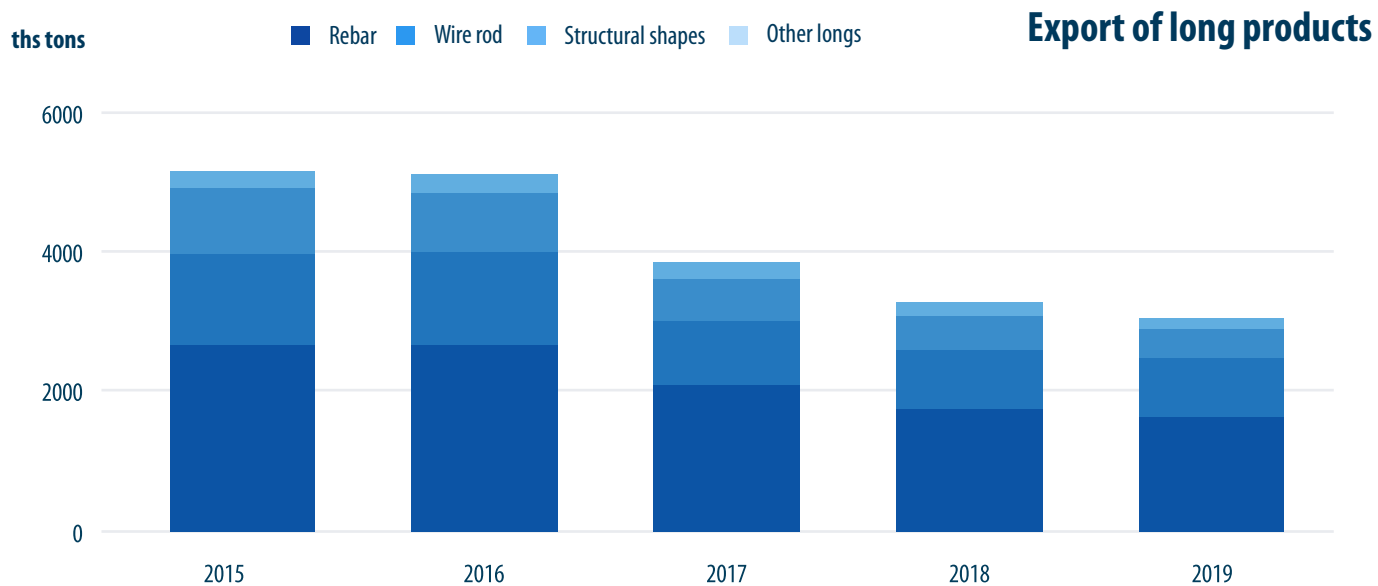
	2015	2016	2017	2018	2019
Longs	4,285	4,246	3,909	3,745	2,621
Flats	4,906	5,115	5,031	5,322	4,815
Pipes	591.5	506.2	616.0	642.7	595.1
Semis	7,659	7,994	6,145	6,459	6,725
Pig iron	2,168	2,316	2,208	2,949	2,469
<b>Total</b>	<b>19,610</b>	<b>20,177</b>	<b>17,909</b>	<b>19,118</b>	<b>17,225</b>

In 2019, Ukrainian steel producers reduced exports of almost all types of products. The only exception is semi-finished products.

Among the reasons are a drop in demand in virtually all markets traditional for Ukrainian companies. According to preliminary data, steel consumption in the EU decreased by 3.1% in 2019, in the Middle East by 7.0%, in Africa by 1.4%, and in Turkey by 20%.

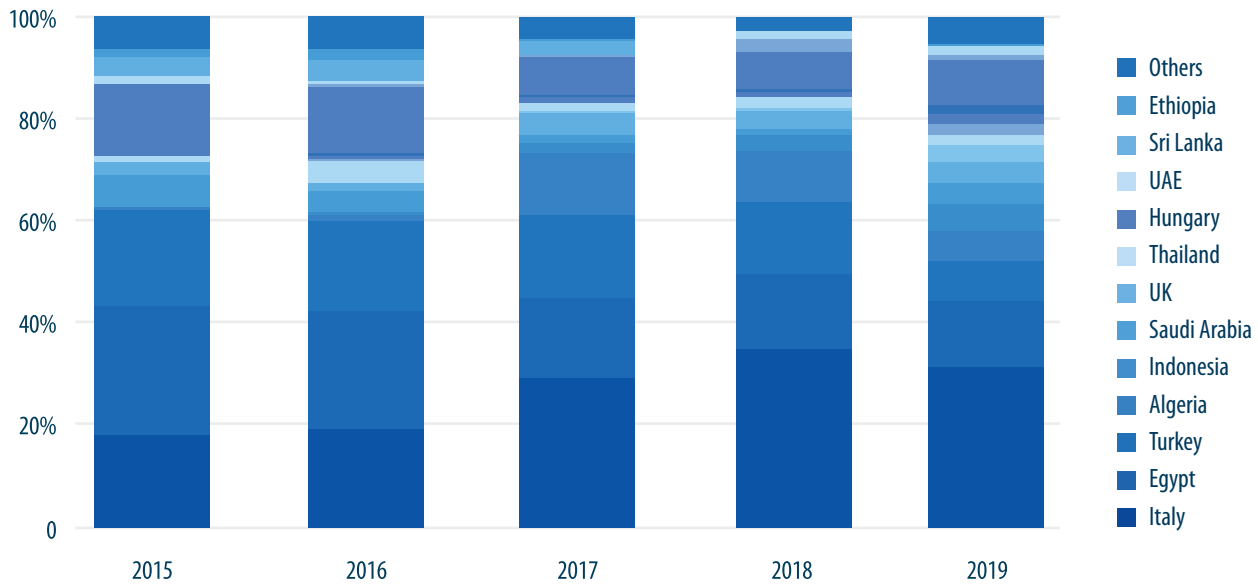
The difficult market situation triggered the toughening of protective measures, e.g. the imposition of import duties on billets by Egypt.





# INTERNATIONAL TRADE

## Export of semis by country



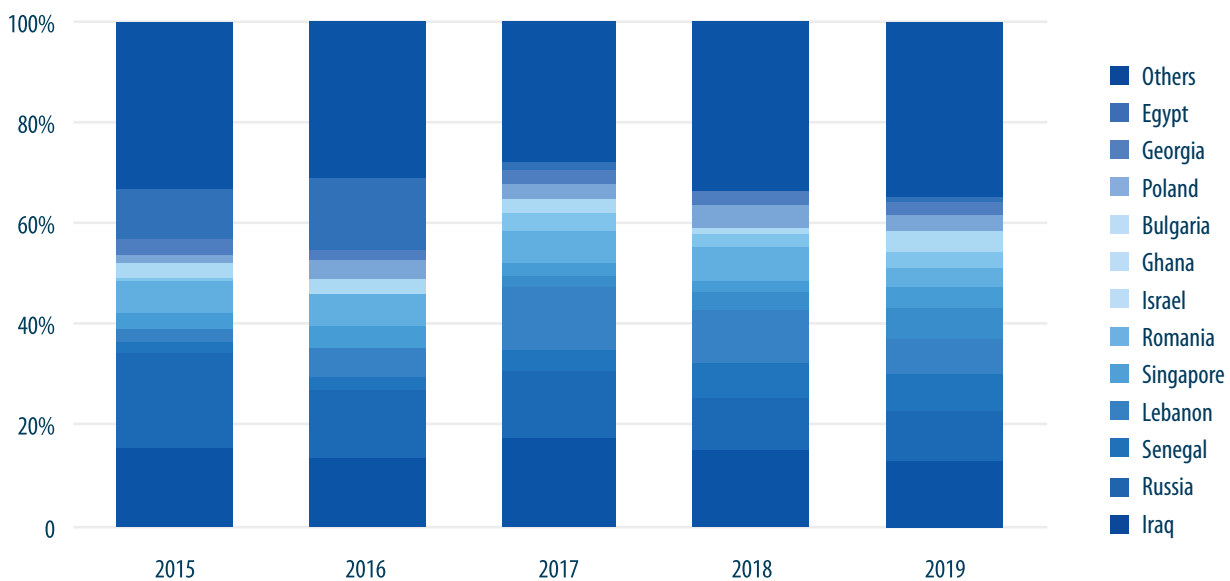
A reduction in the share of other countries shows that the structure of exports by country has changed over the past 5 years. However, Italy remains the largest importer of Ukrainian semi-finished products, mainly slabs. Italy's rolling facilities of the Metinvest Group consumed around 1.3 million tons of slabs out of the total exports of 3.2 million tons.

At the year-end, exports of square billets to Egypt did not decrease. The adverse impact of import duties will be more pronounced in 2020.

Exports of semi-finished products to Turkey declined by 27%. In 2019, the Turkish steel industry faced the consequences of the crisis in the real estate market. In H2, a drop in scrap prices in Turkey enabled local manufacturers to produce cheaper semi-finished products than those produced by Ukrainian integrated companies.

In search of sales boost, Ukrainian companies increased their exports to non-traditional markets: Indonesia, Saudi Arabia, Thailand, and the UAE.

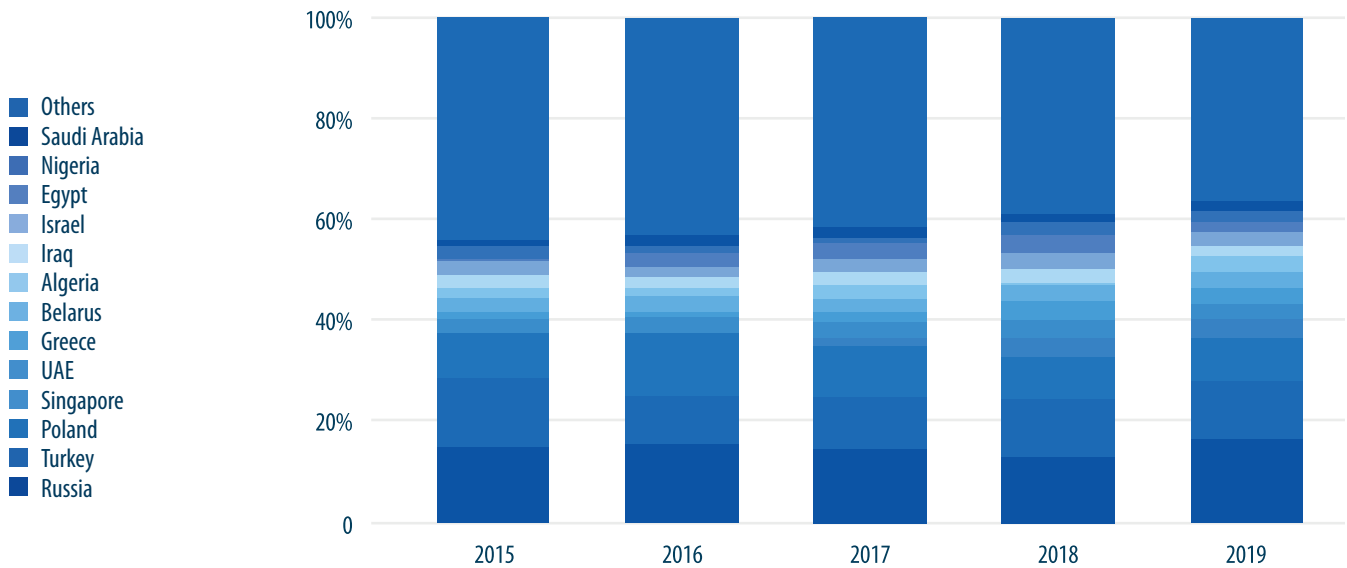
## Export of longs by country



The key region in exports of long products for Ukraine is the MENA region with a share of 35%. Iraq is the largest market for Ukrainian producers.

The share of Egypt in exports plummeted in 2017 following the imposition of a 17–27% anti-dumping duty on Ukrainian rebar. It is difficult to compensate for a loss of such a large market. Hence, the total exports of long products from Ukraine are declining.

## Export of flats by country

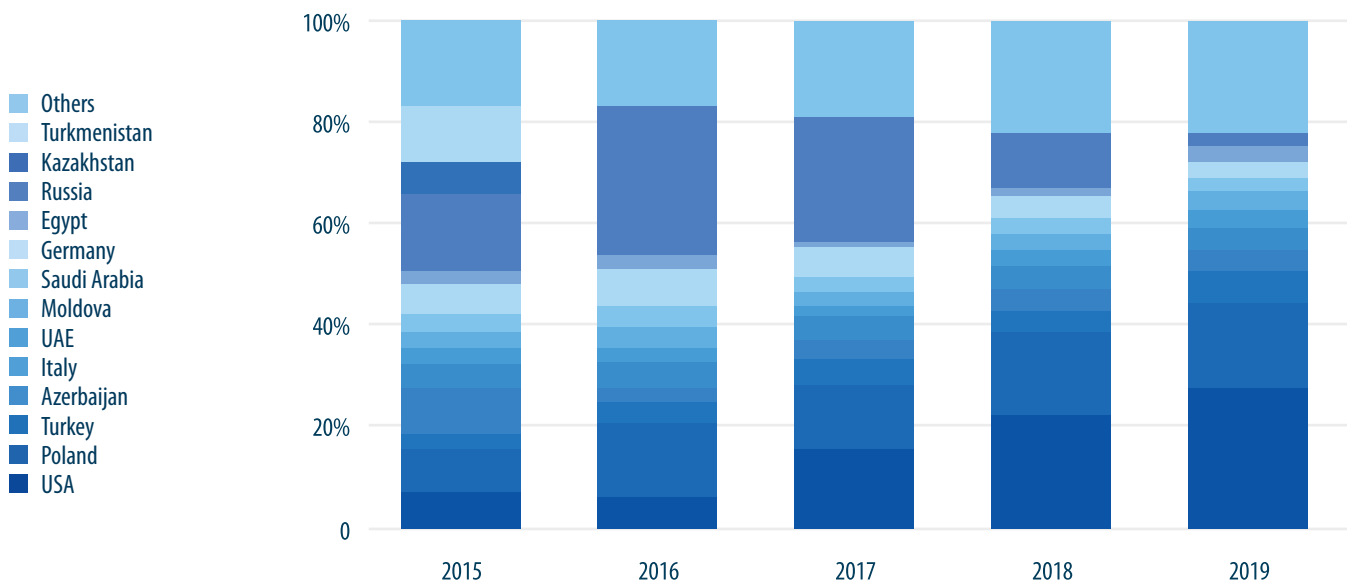


Russia remains Ukraine's important region for exports of flat products. In 2019, shipments grew by more than 30%. Yet since December 2019, import quotas have been imposed on hot-rolled flat products in the EAEU countries, which will limit export opportunities in this market.

Turkey remains an important export market with a share of 10%. The Turkish market for flat products was less affected by the crisis in the country. When supplying to Turkey, Ukrainian producers can compete with EU players.

The EU is the largest importer among the regions with a share of 31%. Shipments to the EU are however declining due to an anti-dumping import duty of €60.5 per ton imposed on HRC in 2017. Under unfavorable market conditions, the duty dramatically reduces the competitiveness of Ukraine-made products.

## Export of pipes by country



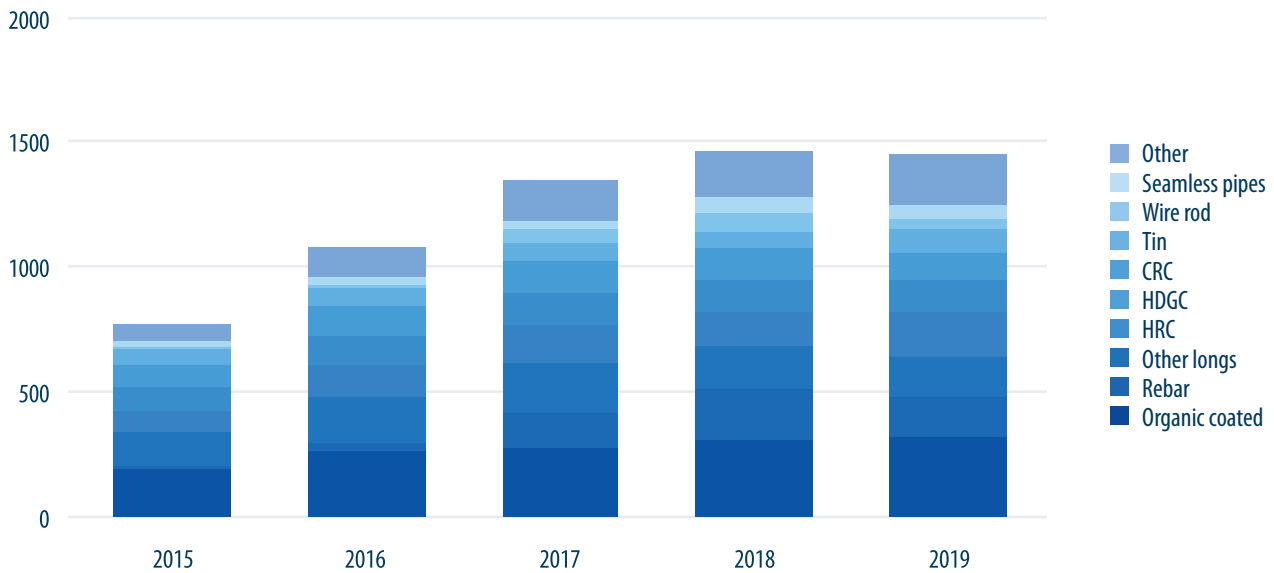
Exports of pipes to Russia in 2018 fell by more than twofold. In 2019, Russia made a political decision to ban imports of pipes from Ukraine. Since H2 2019, shipments of pipes to Russia have completely halted. Russia has long been one of the main markets for Ukrainian pipes. Ukrainian companies managed to reorient sales. They started to supply seamless pipes to the U.S. and hollow sections to the EU.

The development of the oil and gas industry in the U.S. helped Ukrainian pipe producers. Despite a decrease in oil prices and in the number of operating drilling rigs in 2019, exports of pipes to the U.S. grew by 18%. The main growth took place in H1. Since July, the U.S. terminated the minimum price agreement with Interpipe and reinstated a 7.47% anti-dumping duty.

# INTERNATIONAL TRADE

## Import of steel products to Ukraine

ths tons



A double increase in imports of steel products in Ukraine in 2016–2018 was followed by a 0.8% drop in 2019.

On the one hand, imports are not growing, because economic problems impeded the development of domestic steel consumption.

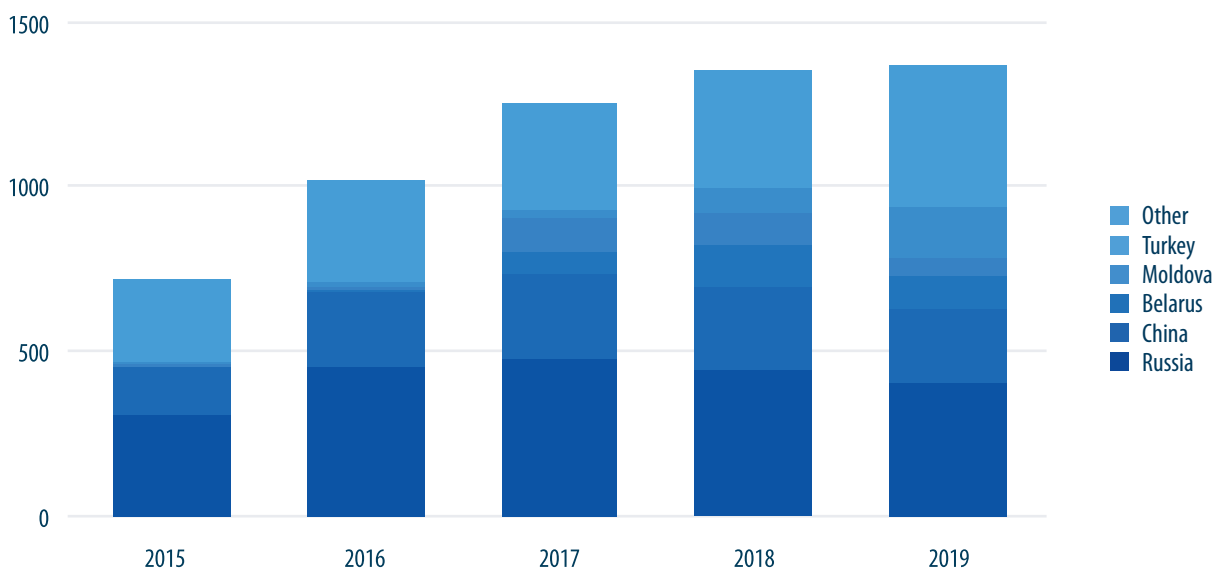
On the other hand, a number of protective measures were imposed in 2019. Specifically, imports of rebar and wire rod slightly decreased following the imposition of an anti-dumping duty on products from Moldova.

The share of organic coated coils was the largest in Ukraine’s imports, because domestic production is not enough to meet market needs. Yet in 2019, the Heavy Metal plant with annual capacity of 72 thousand tons was put into operation. In 2020, two more players announced their plans to open similar facilities. Hence, a cut in imports of this type of products is expected in the coming years.

In 2019, HRC imports increased by 27% due to strips imported from Russia.

## Import of steel products to Ukraine by country

ths tons



Ukraine cut imports from Russia following the imposition of a 47.57% anti-dumping import duty on HDGC. Similarly, shipments from Moldova dropped following the imposition of import duties on bars. The vacant niche was taken by Turkish manufacturers.

Due to a decrease in domestic steel consumption in Turkey, local producers have increased exports of HDGC and longs to Ukraine.

Imports from China were also affected by a 22.78% anti-dumping duty on HDGC. Also, an investigation was launched in 2019 against unfair imports of seamless pipes from China. The main goods imported from China are high value-added products — HDGC and organic coated coil.



ths tons

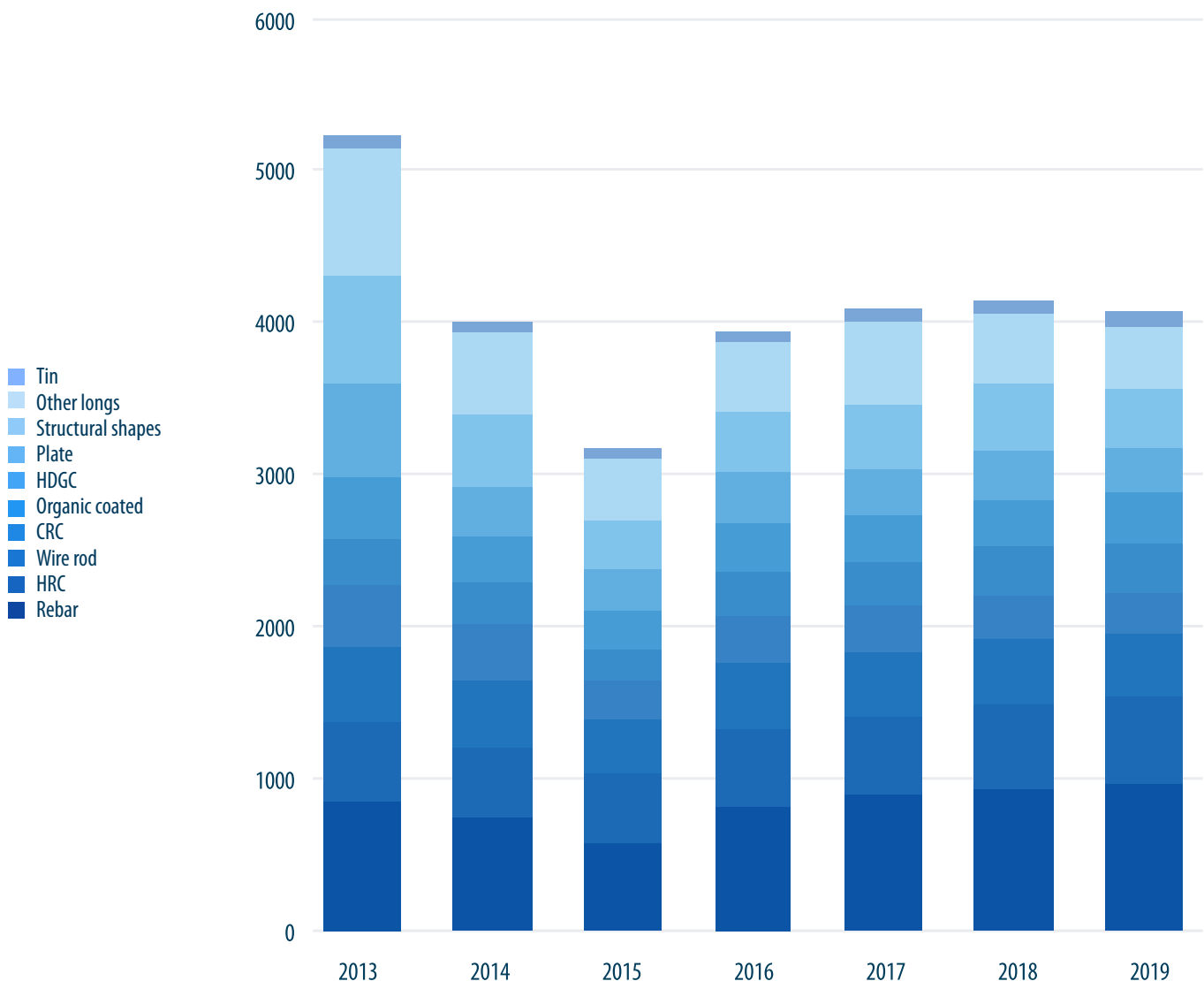
## Apparent consumption of rolled products (excl. strip for tubular products)

	2013	2014	2015	2016	2017	2018	2019
Rebar	836	738	576	806	893	926	955
HRC	539	457	446	526	569	643	579
Wire rod	483	451	368	432	423	420	409
CRC	410	373	313	396	392	410	270
Organic coated	302	268	205	284	293	324	335
HDGC	406	311	251	317	301	314	326
Plate	626	312	208	312	290	312	296
Structural shapes	705	485	321	406	437	443	387
Other longs	833	538	417	454	541	459	415
Tin	86	65	58	67	76	74	92
<b>Total</b>	<b>5,226</b>	<b>3,997</b>	<b>3,164</b>	<b>4,000</b>	<b>4,214</b>	<b>4,324</b>	<b>4,063</b>

Multidirectional dynamics were observed for various products in 2019. Specifically, rebar consumption increased by 3.2%, whereas demand for wire rod decreased by 1.7%. The market for structural shapes slumped (-12.8%).

Consumption of HDGC (+ 3.8%) and organic coated coils (+ 3.5%) grew, but demand for these products is mainly covered by imports. In general, the share of imports in the Ukrainian market remained at the past year's level, around 30%.

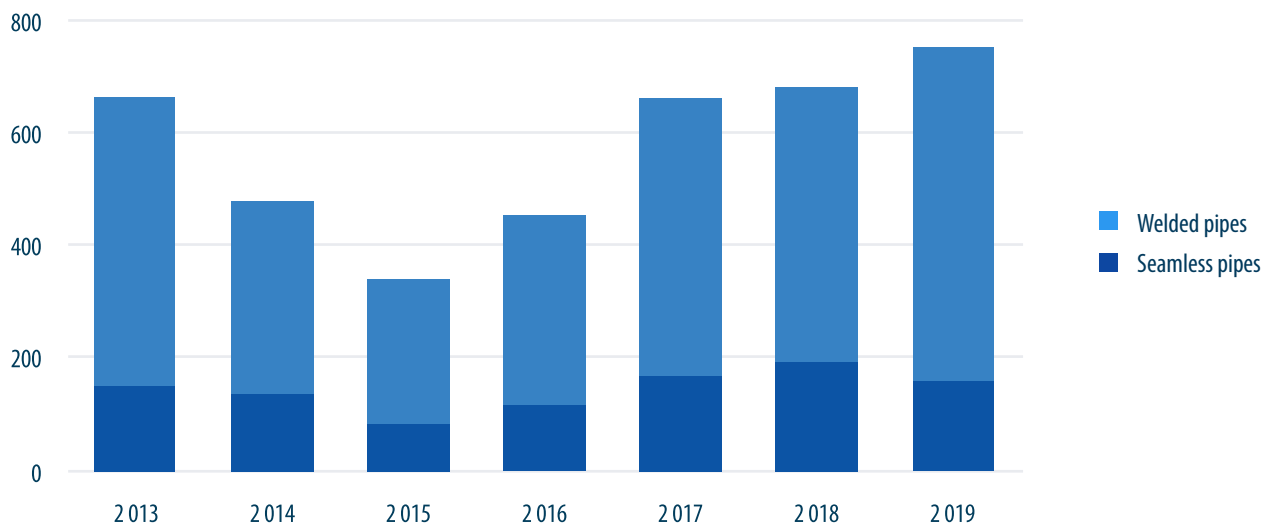
The market is stagnating and there will be no prospects for changes without special incentive programs.



# STEEL CONSUMPTION

## Apparent consumption of pipes

ths tons

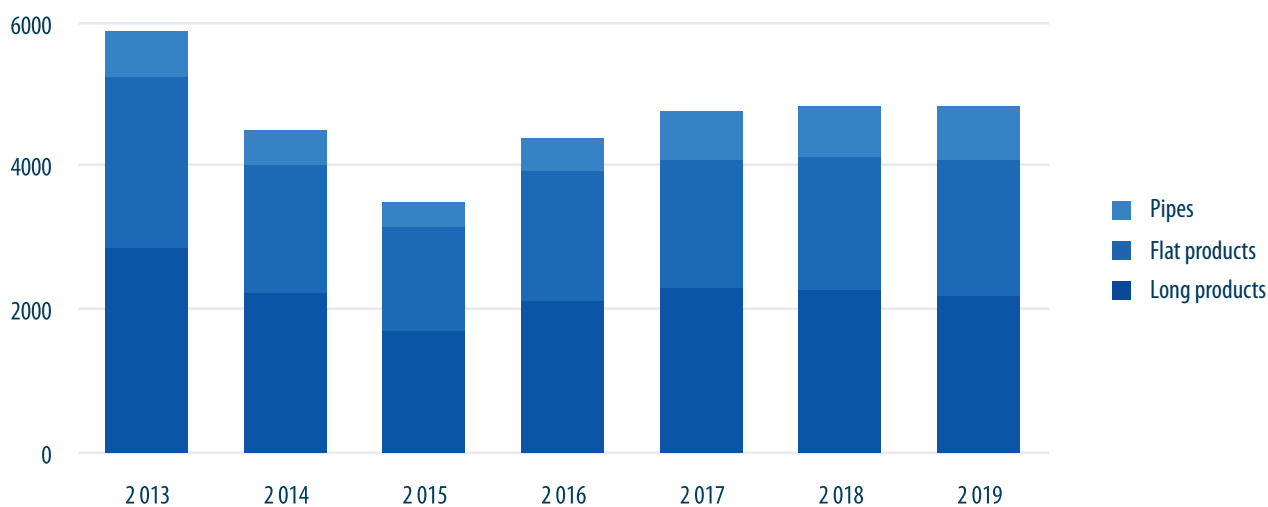


Consumption of seamless pipes decreased by 17.3% in 2019 because of a change in investment policy of the state-owned oil and gas company, Ukrigasvydobuvannya, with a 73% share in gas production in Ukraine. The company announced a cut in investment in new drilling and, as a result, reduced purchases of pipes by 60%.

Consumption of welded pipes significantly increased. Market participants have noted an increase in demand for welded hollow sections in the construction sector. It is also likely that producers have increased stocks, which is not taken into account in estimating apparent consumption. In 2017–2018, the volume of the market for welded pipes was about 500 thousand tons per annum. There are no reasons for a substantial growth although the utilities sector has a considerable potential.

## Total apparent steel consumption

ths tons



Steel consumption in Ukraine in 2018–2019 stagnated. In 2019, the market volume remained at the past year's level.

Firstly, the construction industry is developing due to less metal-intensive sectors, while the growth in construction (+ 23.6%) recorded by statistical authorities was not reflected in the growth in steel consumption.

Secondly, a global trend towards a decline in industrial production affected Ukraine (-0.5%).

Thirdly, 2019 was the year of the presidential and parliamentary elections, which made many companies postpone investment plans for a while.

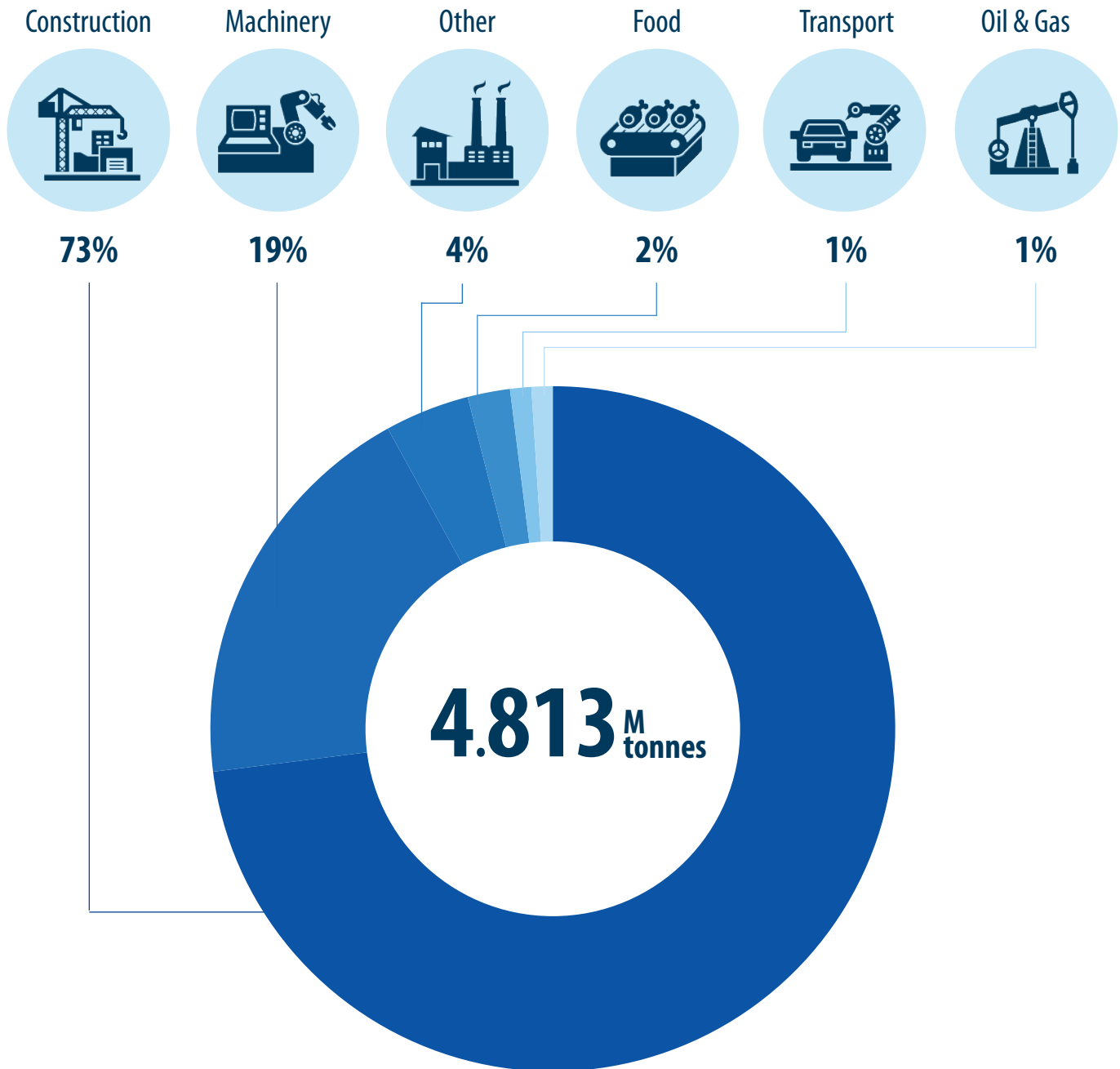
Fourthly, unlike most other countries, Ukraine implements no special programs to stimulate construction, infrastructure investments and mechanical engineering industry and pursues tough monetary policy.

All these curbed the growth of the domestic market for steel products in 2019.

# STEEL CONSUMPTION

ths tons

## Indicative steel use by sector in 2019



Construction holds a dominant share of 73% in steel consumption in Ukraine, which is much higher than the world's average of 51%. This could be explained by insufficient development of Ukraine's mechanical engineering.

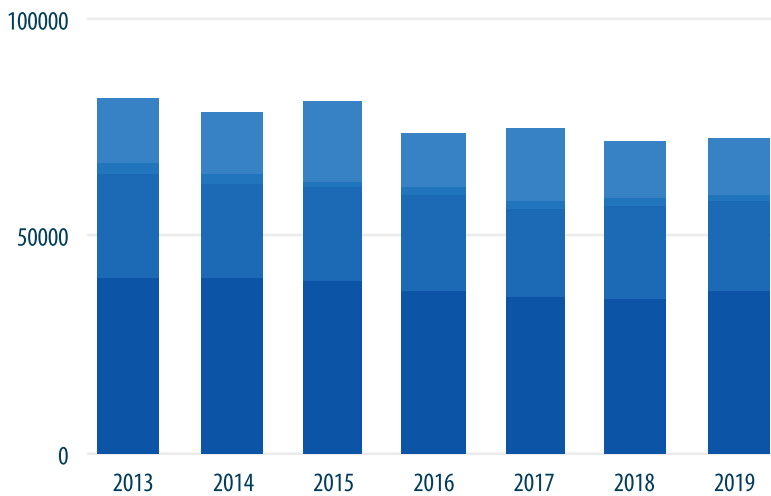
World Steel Association forecasts 10% drop in steel consumption in CIS region, according to Short Range Outlook (June 2020), due to COVID-19 economic impact. A similar rate of decline could be expected in Ukraine too.

In 1H 2020 Ukraine produced 10.1 mln tones of crude steel (-7,7% y/y). It's difficult to assess expected production volume for 12M of 2020 because of great uncertainty level. But we assume that monthly crude steel production won't be lower than 1.7 mln tones. In this case, 2020 year production volume results at 20.3 mln tonnes (-2.6% y/y).

# RAW MATERIALS: IRON ORE

## Iron ore production (finished products)

ths tons



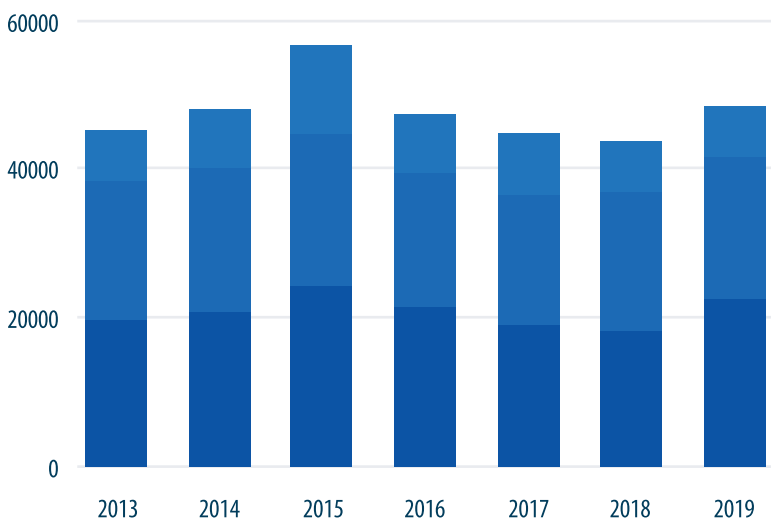
- Sinter ore
- Pellets
- Sinter
- IO Concentrate

Production of iron ore pellets in Ukraine fell by 3% in 2019, while production of iron ore concentrate increased by 6%. These changes in the structure of production are caused by changes at Northern GOK, one of the three pellet producers in Ukraine. The company reduced production of iron ore pellets by 7.2%, but increased production of iron ore concentrate by 15%.

Sinter production decreased last year. This is due to a halt of production at Dnipro Metallurgical Plant, which was the only sinter buyer in Ukraine's free market.

## Iron ore export by product

ths tons



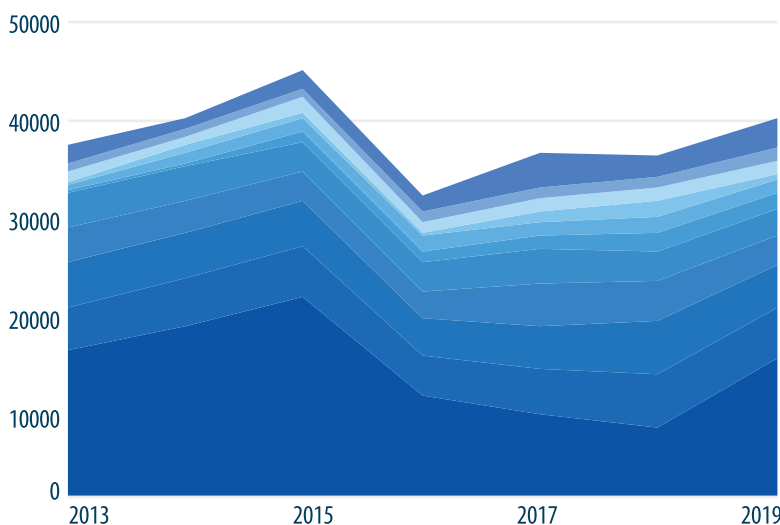
- Sinter ore
- Pellets
- IO Concentrate

Exports of iron ore increased by 10% in 2019 and reached a maximum over the past 4 years. Ukrainian producers took advantage of the favorable market situation. Exports of iron ore concentrate grew by 24%. The main reason for the growth was an increase in exports by Southern GOK.

Over 50% of Ukraine-made iron ore production volumes are exported.

## Iron ore export by country

ths tons



- Other
- Austria
- Japan
- Slovakia
- Romania
- Czech Republic
- Hungary
- Poland
- Germany
- China
- Serbia

China is the main importer of Ukraine-made iron ore products. In 2016–2018, domestic producers reoriented to shipments to European countries. Yet due to a shortage in supplies in China, a favorable situation has been created in this direction following the Vale accident.

## ths tons

The utilization of coke capacities in Ukraine is maximum. Some companies announced projects to modernize and build new coke oven batteries. Coke production in Ukraine dropped by 6.8% in 2019. One of the reasons was a shortage of coking coal. Russia, the largest supplier of coking coal to Ukraine, said that since June 2019, coal exports to Ukraine will be subject to special permits. As a result, coal imports from Russia slumped and recovered only several months later.

Local players continue equipping blast furnaces with PCI systems. This will reduce coke consumption in the future.

## ths tons

- Other
- Bulgaria
- Belgium
- USA
- Georgia
- Turkey
- Russia
- Iran
- India

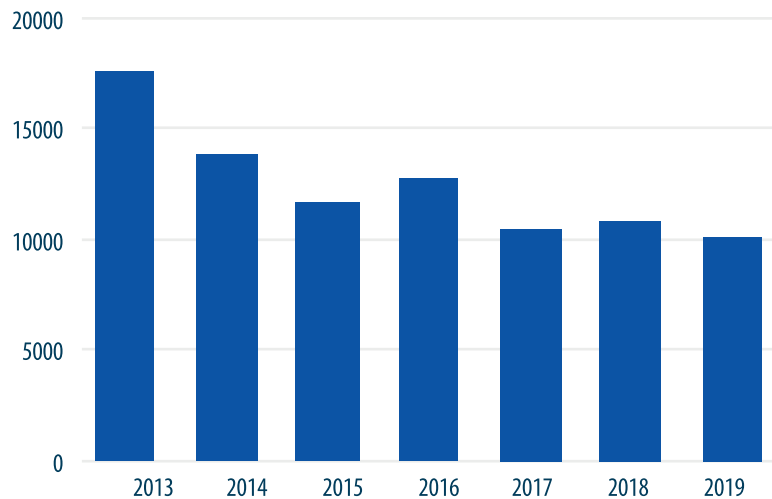
Ukraine virtually stopped exporting coke since 2018 due to lack of capacity and raw materials. Before the conflict in Donbas, Yasynivka Coke Plant and Makiyivkoks were the major exporters. Products were exported to neighboring Russia and countries, such as India and Iran.

## ths tons

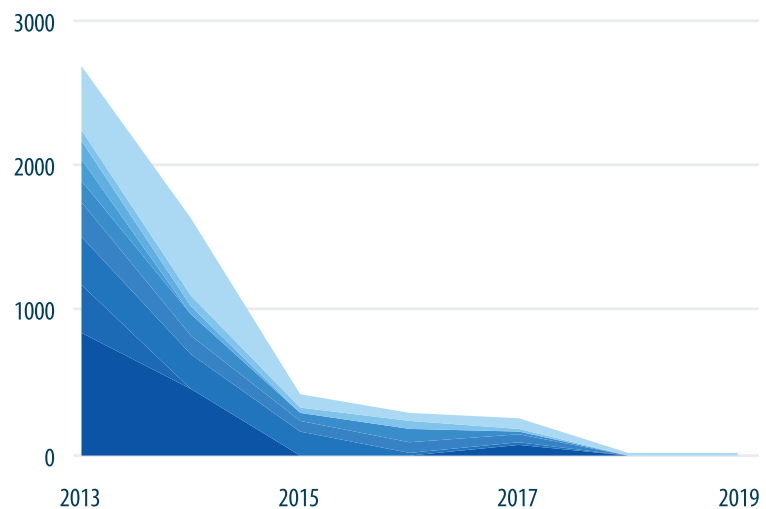
- Other
- Columbia
- Poland
- USA
- Russia

Ukraine increased coke imports in 2019 by 4.5% due to a cut in its production. The main importers of coke in Ukraine are ferroalloy producers. Russia remains the main supplier of coke.

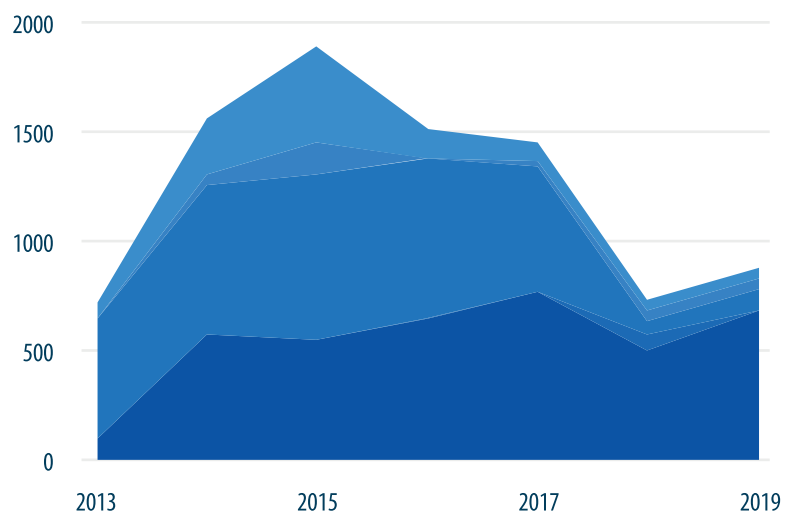
## Coke production



## Coke export by country



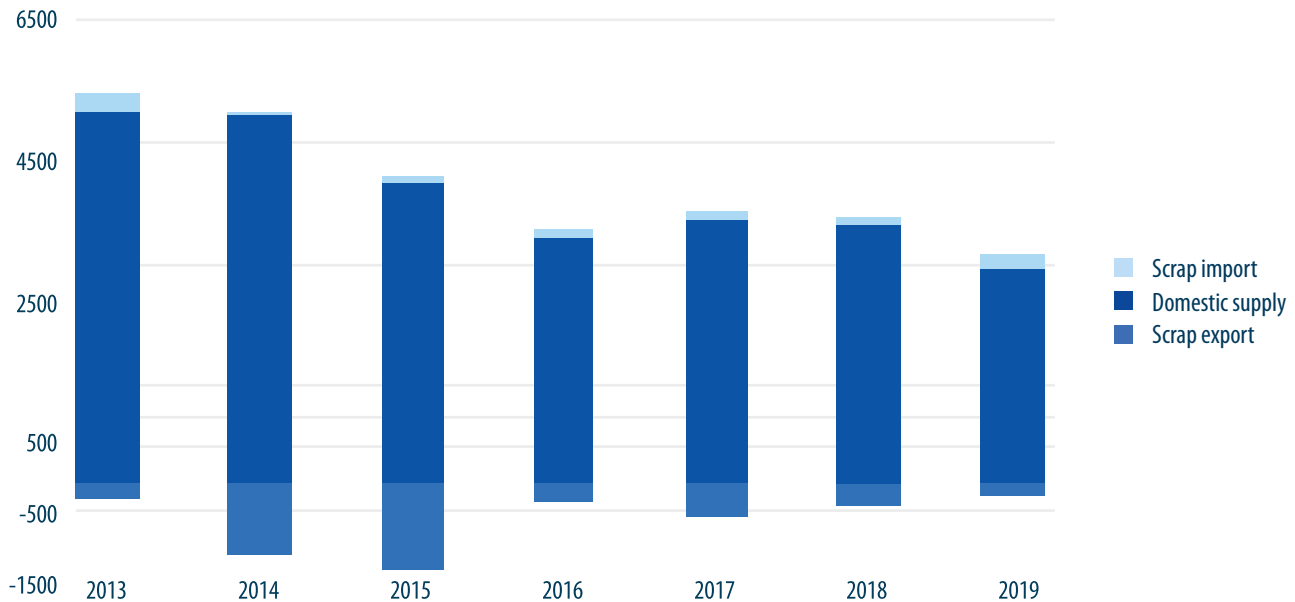
## Coke import by country



# RAW MATERIALS: SCRAP

## Ukrainian scrap market

ths tons

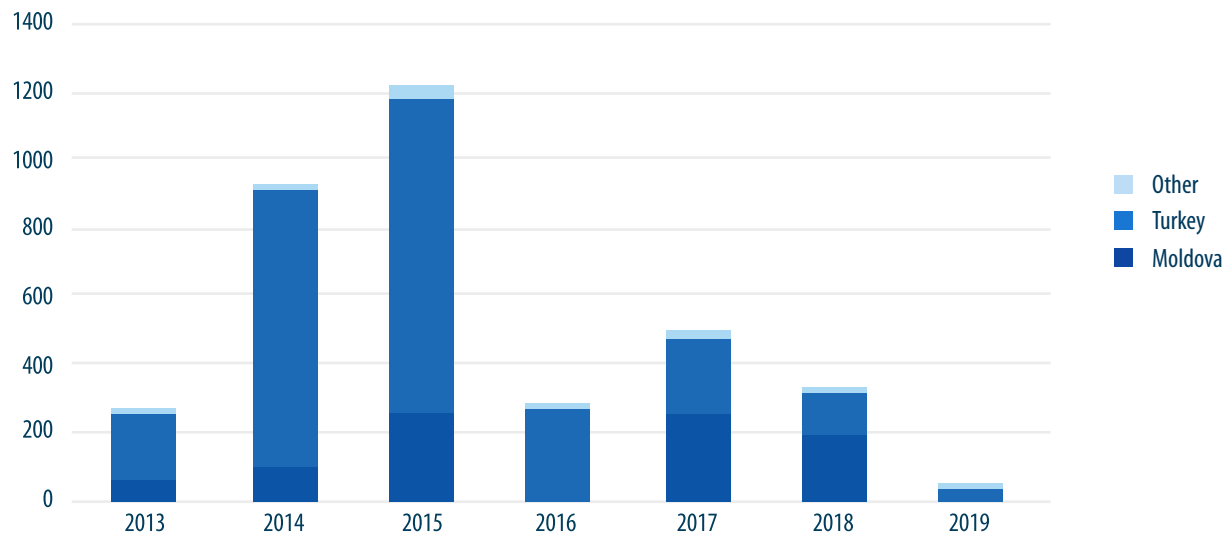


Ukrainian steel producers lack scrap. This caused the imposition of scrap export restrictions through a hike in export duty up to €58 per ton in 2019. According to the Ukrainian Association of Secondary Metals, demand for scrap among local steelmakers amounts to around 7.5–8.0 million tons against the market volume of 3 million tons in 2019. Ukrainian producers solve the problem of scrap shortage by increasing the use of pig iron, which increases production costs.

At the same time, imports of scrap to Ukraine are insignificant, 50 thousand tons per annum.

## Scrap export by country

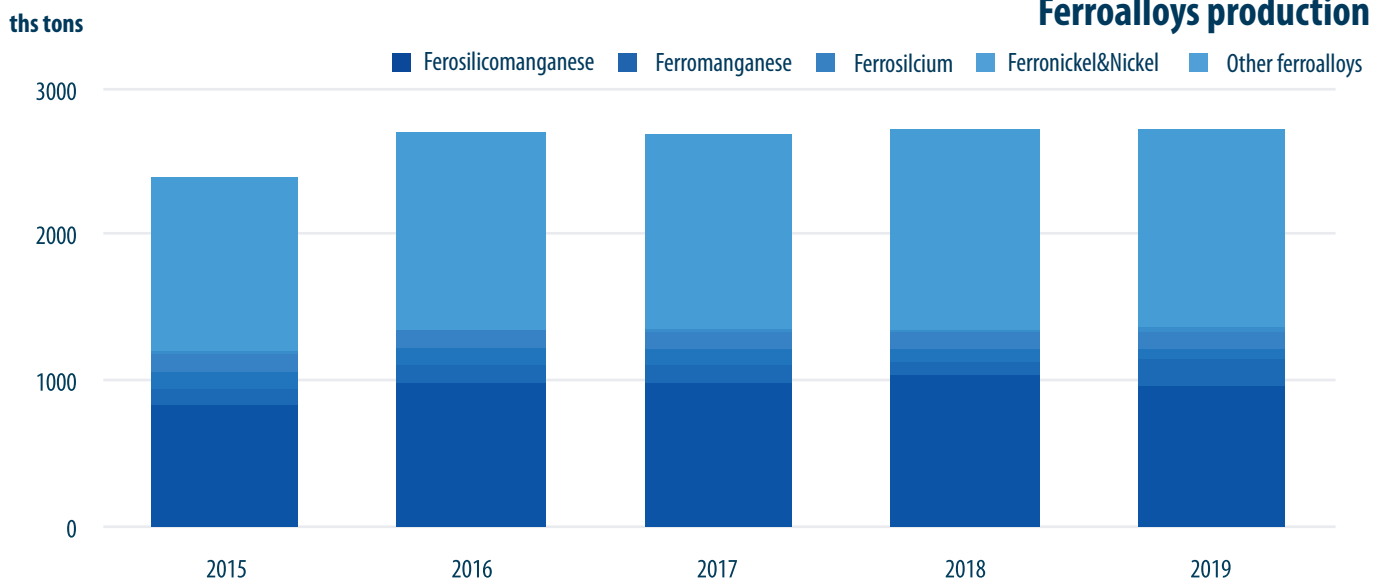
ths tons



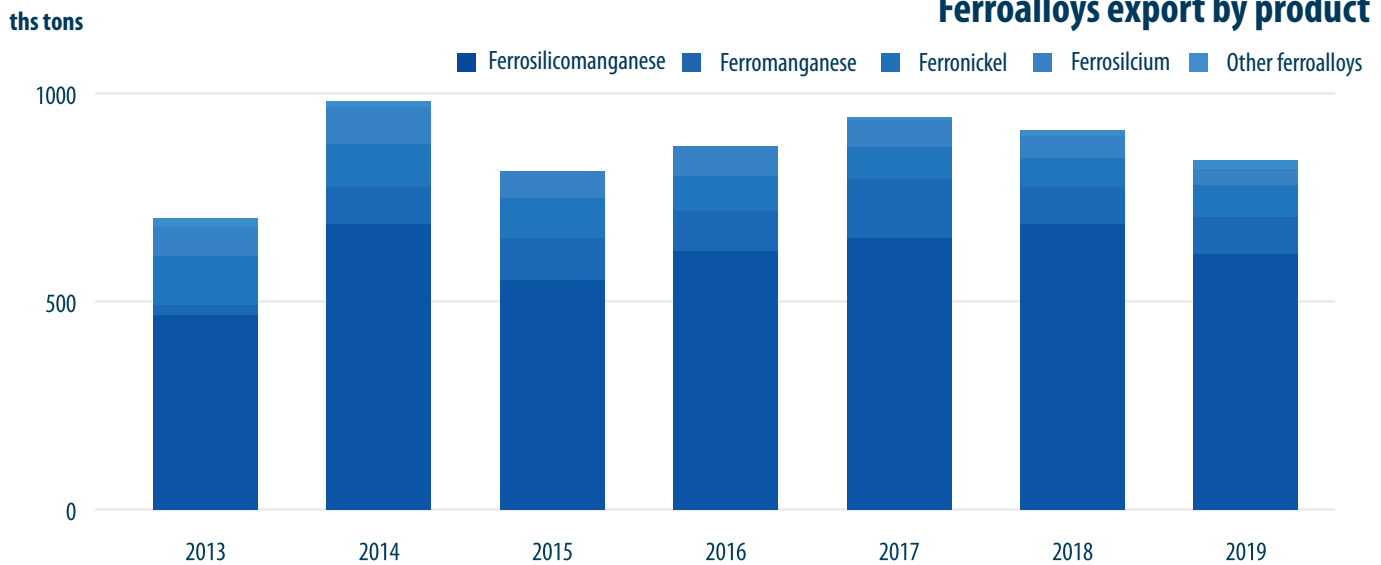
As a result of a series of increases in scrap export duty, shipments of scrap abroad considerably declined. Only a minor share of exports to Turkey was retained in 2019.

# RAW MATERIALS: FERROALLOYS

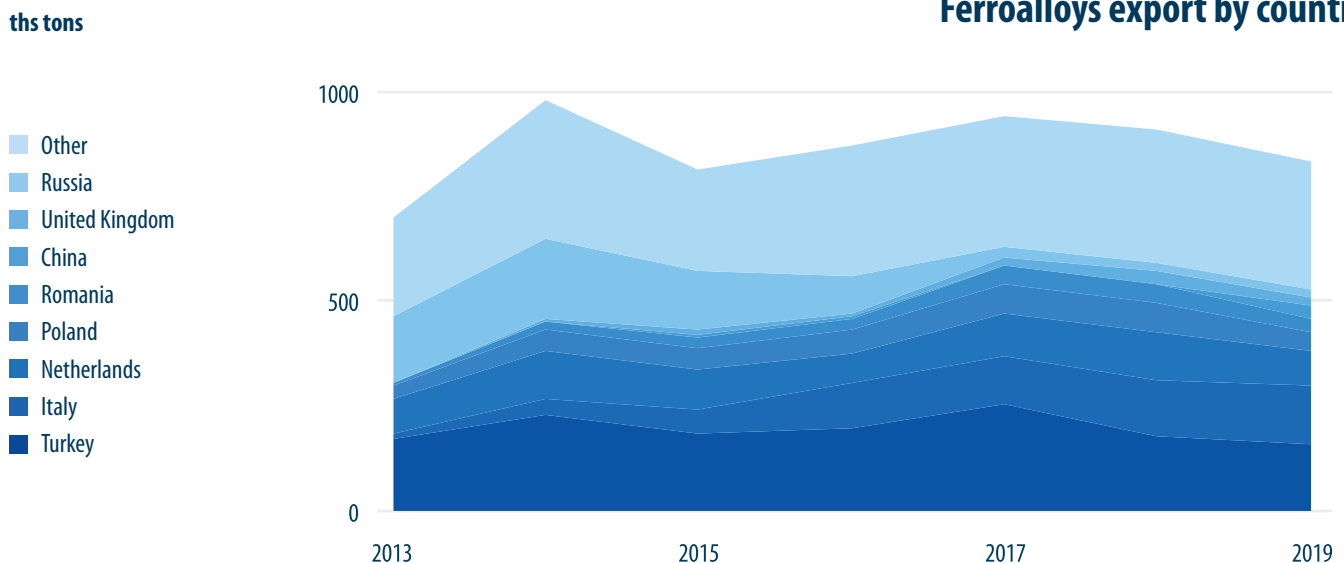
## Ferroalloys production



## Ferroalloys export by product



## Ferroalloys export by country



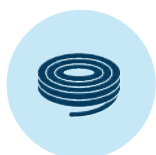
# TOP-10 FATCS ABOUT IRON&STEEL INDUSTRY OF UKRAINE



Ukraine is the **TOP 10 member** of the largest pig iron producers



Ukraine is the **3rd** largest semiproducts exporter in the world



Ukraine is among the **TOP 10 exporters** of long products globally



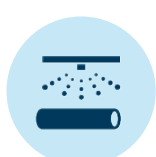
Metinvest Holding is on the **8th** position among the largest pellet producers in the world



Europe`s **largest blast furnace** (**4 M t** capacity p.a.) operates in Ukraine in ArcelorMittal Kryvyi Rih



Ukraine is the **5th** largest producer of ferroalloys in the world with ferrosilicomanganese market share of about **8%**



Centravis is among the **TOP 10 largest** stainless steel seamless pipes manufacturers with globally market share - **3,5%**



Ferrexpo is the **3rd largest** pellet exporter in the world holding **8%** of global market



Interpipe is the **3rd largest** manufacturer of solid-rolled railway wheels in the world



Interpipe corporation is a member of the **TOP-10** world`s largest seamless pipe exporters



# WHY EAF STEEL PRODUCTION IS POORLY DEVELOPED IN UKRAINE

## All production chains should be environmental friendly, according to last trends.

And this fact is put the pressure on the steel industry to cut CO<sub>2</sub> emissions volume. Focus on scrap- electric-arc steelmaking (EAF) is seen as more competitive in case of high costs of CO<sub>2</sub> emission permissions.

In the world practice, EAF steelmaking is considered the most advanced and promising sector. In 2019, 27.7% of the global steel output was manufactured in electric arc furnaces. But in Ukraine 4.5% only. So, it raises a logical question: why does Ukraine lags behind the world leaders?

It cannot be said that there were no attempts to develop EAF steelmaking in Ukraine. There were several projects with total CAPEX of about \$2 bln:

- 1999 — Donetsk Electrometallurgical Plant (DEMP), with the annual capacity of 1 million tons of steel and CAPEX \$150 million;
- 2008 — Elektrostal (Kurakhovo), with the annual capacity of 0.3 million tons of steel and \$80 million CAPEX;
- 2010 — TSA Steel Group (Pavlograd), with the annual capacity of 0.2 million tons of steel, CAPEX — \$11 million;
- 2012 — Interpipe Steel (Dnipro), with the annual capacity of 1.3 million tons of steel and CAPEX \$700 million.
- also Euro Finance LTD (Bila Tserkva,) with the annual capacity of 1 million tons of steel and expected CAPEX of \$500 million, and the electric arc steelmaking complex of Donestsksteel, with the annual capacity of 1.5 million tons of steel were remained unrealized.

But the situation at the EAF plants in Ukraine is rather difficult as well. Since late 2012, DEMP worked intermittently, and was completely shut down in January 2014. Kurakhovo-based Elektrostal works from time to time, and periodically stands idle. TSA Steel Group was shut down in October 2011. Interpipe Steel is the only successful plant in Ukraine. The plant produces round billets for other plants of Interpipe that specialize in production of seamless pipes and railway wheels.

### What are the reasons of difficult conditions for Ukrainian EAF steelmaking:

1. There is scrap shortage in Ukraine as the result of years of huge export volumes in 90th and early 2000th and insufficient CAPEX at that time. So, sources of readily available scrap are depleted. Development of EAF steelmaking will require an increase in scrap demand in several times.

2. Usage of imported scrap makes Ukrainian steelmakers uncompetitive on export markets. Ukraine holds the position of supplier of cheap semi-finished products and hot-rolled products in global steel value chain. So, usage of imported scrap takes away a competitive advantage of domestic companies, because they'll buy main raw material in higher prices than European or Turkish companies, due to logistic costs. The best example of this is the performance of Interpipe and Elektrostal. Elektrostal produces and exports semi-products (square billets) and has low utilization rate. But, Interpipe plants produce HVA products (OCTG, railway wheels) and that is the secret of their high utilization level.

3. Steel consumption in Ukraine is too small to absorb new steel production volumes. So, any steelmaking business in Ukraine aimed on export. But export of EAF-produced steel on imported scrap is economically inevitable, as we previously discussed.

All these reasons impede the development of EAF steelmaking in Ukraine. Therefore, transition from BOF to EAF with more scrap usage is not a recipe for decarbonization of the Ukrainian steel industry. Ukrainian steel industry has to find its own unique way of decarbonization.



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# ABOUT REPORT



GMK Center is informational and analytical service aimed at the professional covering and in-depth analysis of Ukrainian and global iron & steel industry.

Our journalists cover key developments and trends in Ukrainian and global steel industry.

Our analysts forecast the situation inside the country and abroad.

Our team arrange open debates and meetings for market participants.

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