



Southeast Asia Steel Market Study

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SMM bases on primary research, internal database and modelling, successfully help our client deeply understand Southeast Asia steel market study

Project Background

Along with the in-depth adjustment of the international industrial division of labor and global industrial layout, China's manufacturing industry has entered a new stage of transformation and upgrading, and is moving toward high-quality development. Correspondingly, equipment supporting enterprises serving domestic steel industry have gradually begun to expand overseas markets.

The target customer wants to know the future development of the steel market in Southeast Asia.

Key Output

Analysis on global steel industry

- Global steel supply and demand
- Global steel trade flow
- ...

Analysis on steel industry in key countries of Southeast Asia

- Steel supply and demand in ASEAN countries
- Development and future trends
- Driving factors
- ...

SMM Methodology

Based on comprehensive understanding, SMM has scoped the project into four major parts:

1. Global steel supply and demand
2. Southeast Asia steel supply and demand
3. Target market steel supply and demand & forecast
4. SWOT analysis

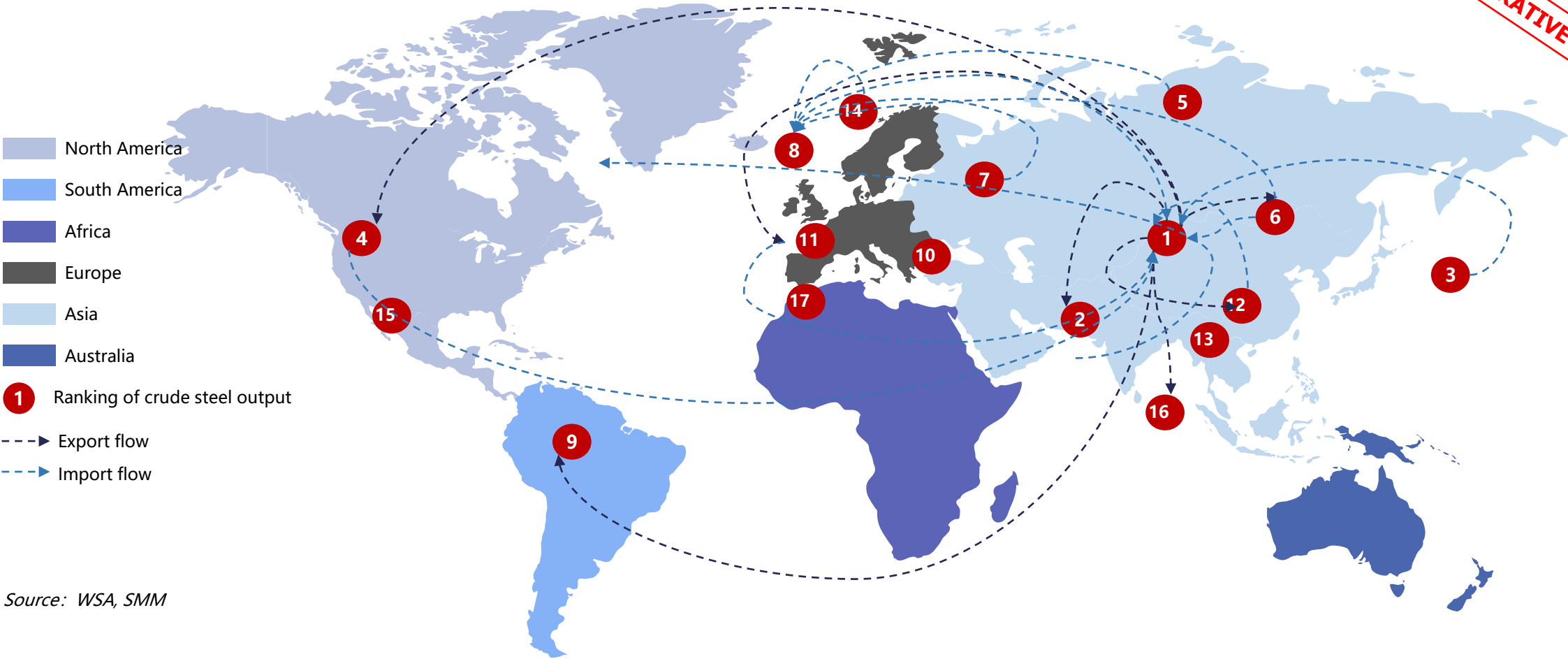
Main Research Methodology:

- **Desktop Research:** SMM databases, industry public reports, etc. to comprehensively understand Southeast Asia steel market
- **Primary Research:**
 - Industry level: conduct in-depth interviews with industry experts from domestic steel market, CISA, key persons from SEAISI, etc.
 - Company level: conduct in-depth interviews with different steel mills located in Southeast Asia countries.

The European Union is the largest import region of steel, and Asia is the largest export region of steel

➤ Trade flow of global steel imports and exports

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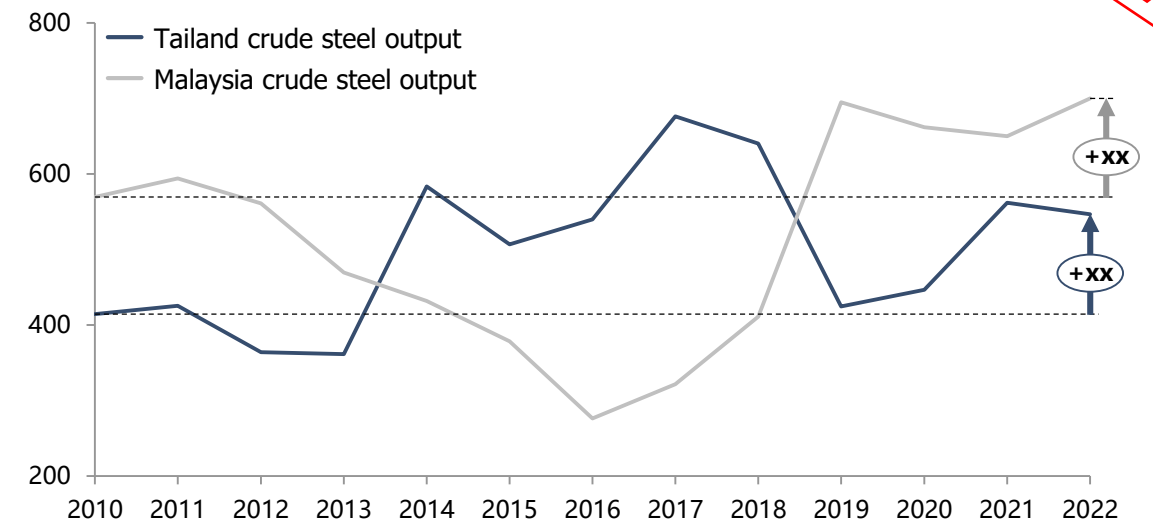
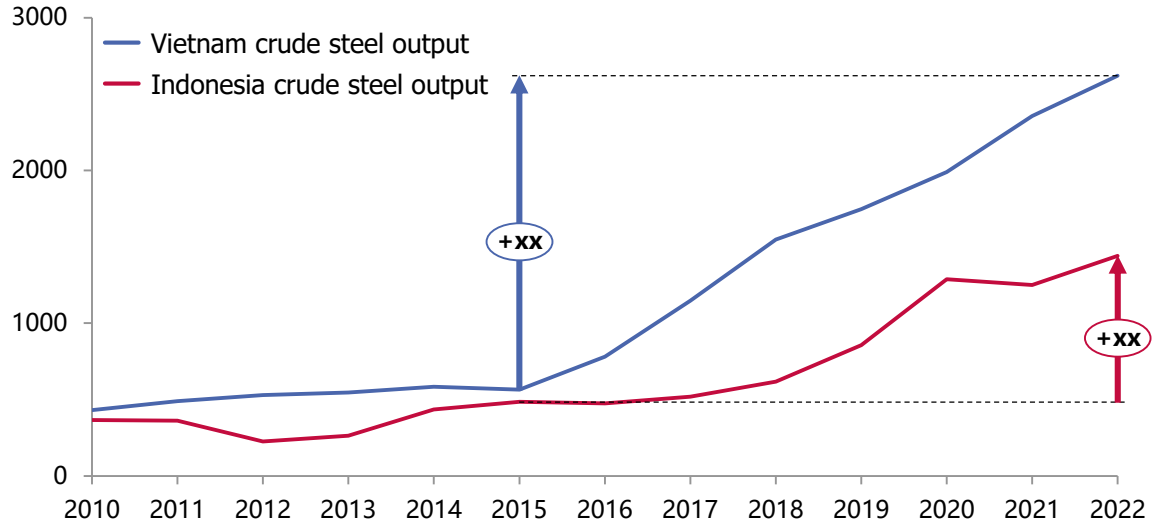


Source: WSA, SMM

Development and current situation of steel industry in major steel-producing countries in ASEAN

➤ Vietnam and Indonesia crude steel output kept rapid growth while the output in Thailand and Malaysia was full of twists and turns

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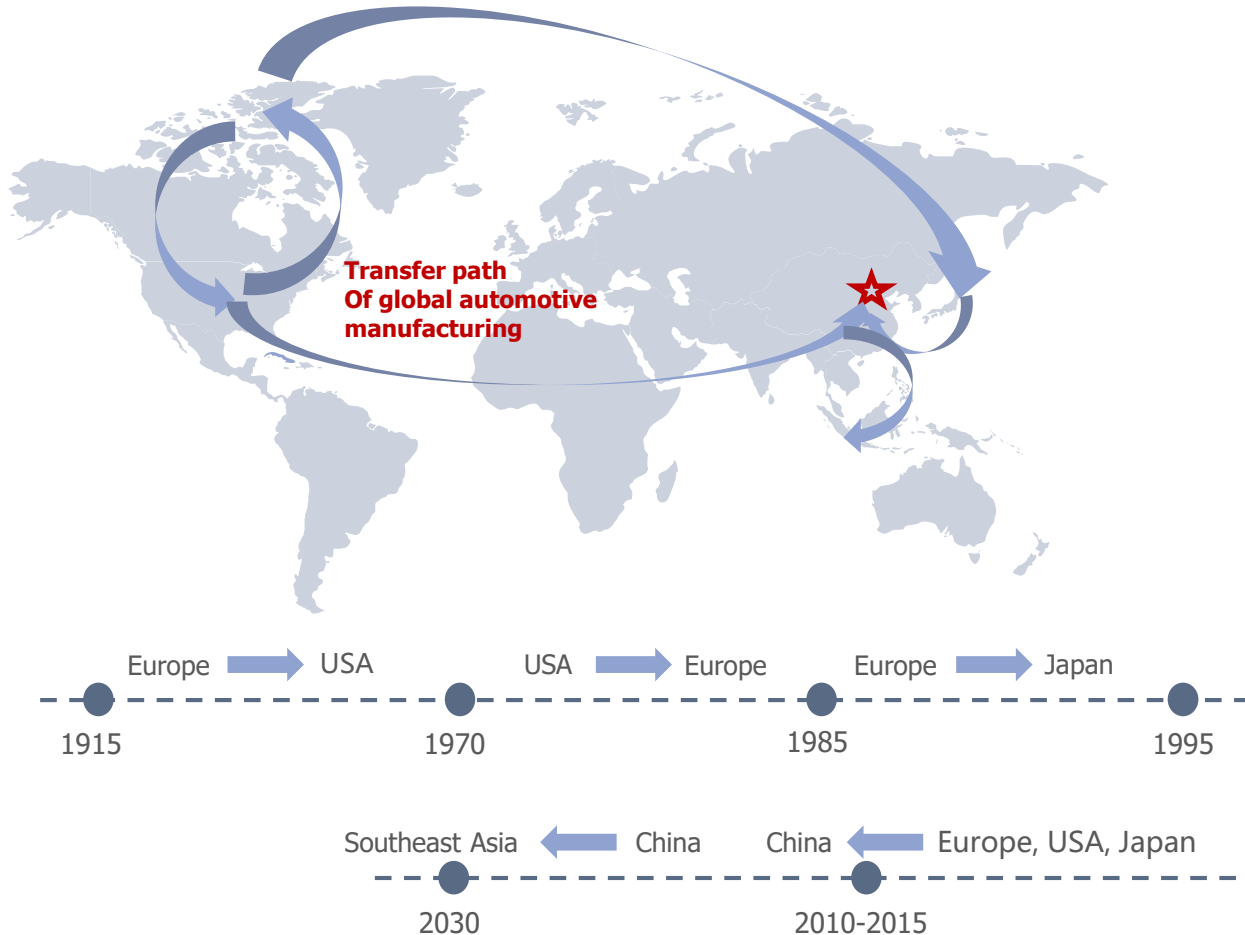


- Since Vietnam's accession to the WTO in 2006, a large number of overseas enterprises have come to Vietnam to build factories, and have been put into production since 2015, and crude steel production began to grow explosively in 2015. Vietnam's accession to the CPTPP in 2018 and the policy of vigorously attracting overseas investment and eliminating tariffs have promoted the rapid development of the steel industry.
- Driven by economic development, Indonesia's steel industry has developed rapidly, with output increasing from 4.854 million tons in 2015 to xxx million tons in 2021, an increase of xxx%.
- Thailand's local steel mills lack iron making technology and capacity, mainly to scrap steel as raw materials of the electric furnace short process steelmaking system, there is no corresponding long process smelting equipment, the current Thai steel production is limited to the middle and downstream production of semi-finished products, so many semi-finished steel more dependent on imports
- Malaysia's iron and steel industry is dominated by small and medium-sized enterprises, coal resources are relatively poor, iron making mainly uses reduction method to directly produce "sponge iron", steel is made of scrap steel and "sponge iron" as raw materials, the use of electric arc furnace steelmaking method, mainly to produce low-end steel products, high-end steel depends on imports.

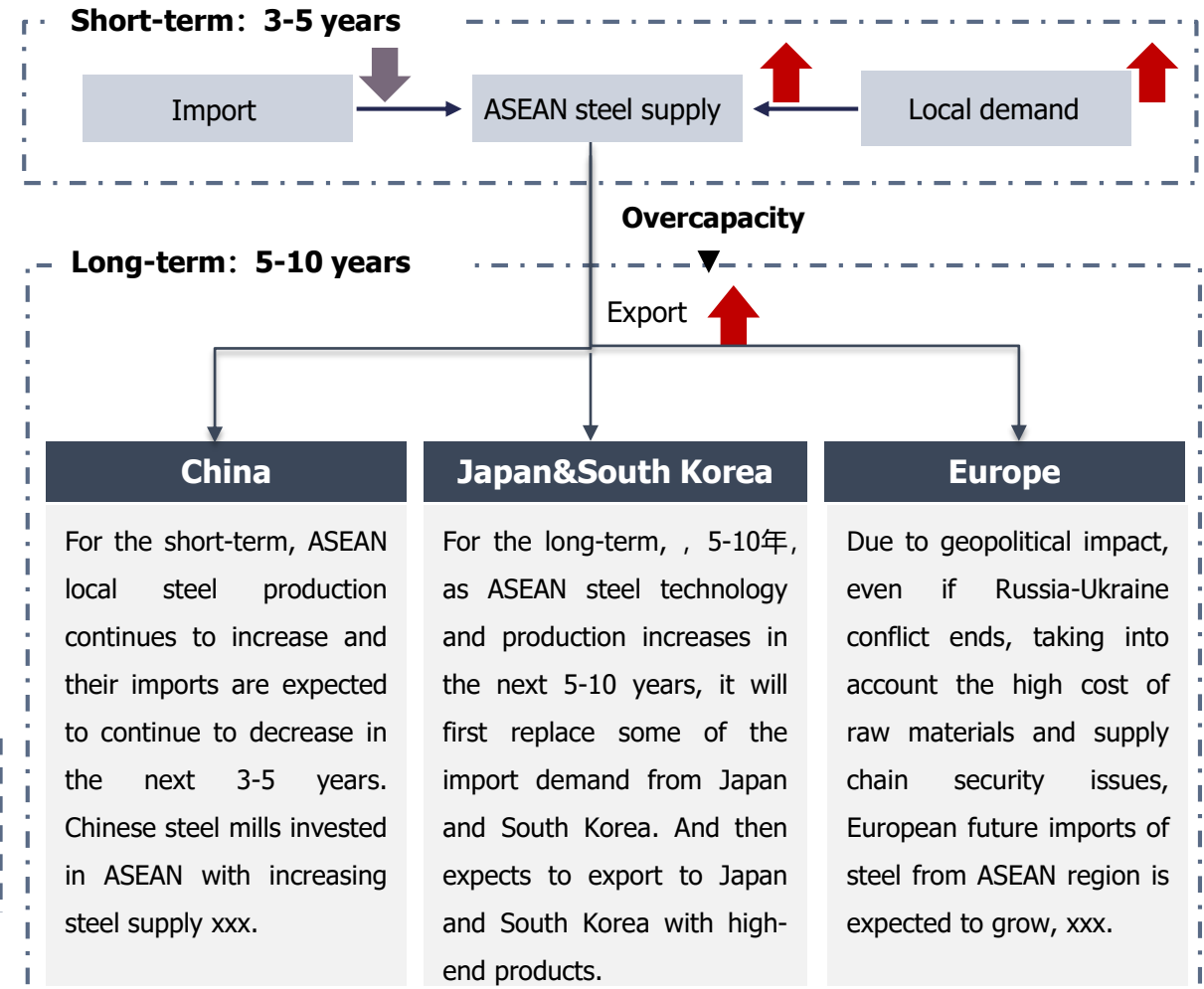
ASEAN local manufacturing industry and the expansion of export markets will boost ASEAN's future steel supply and demand

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- Manufacturing shift supports steel demand in ASEAN region

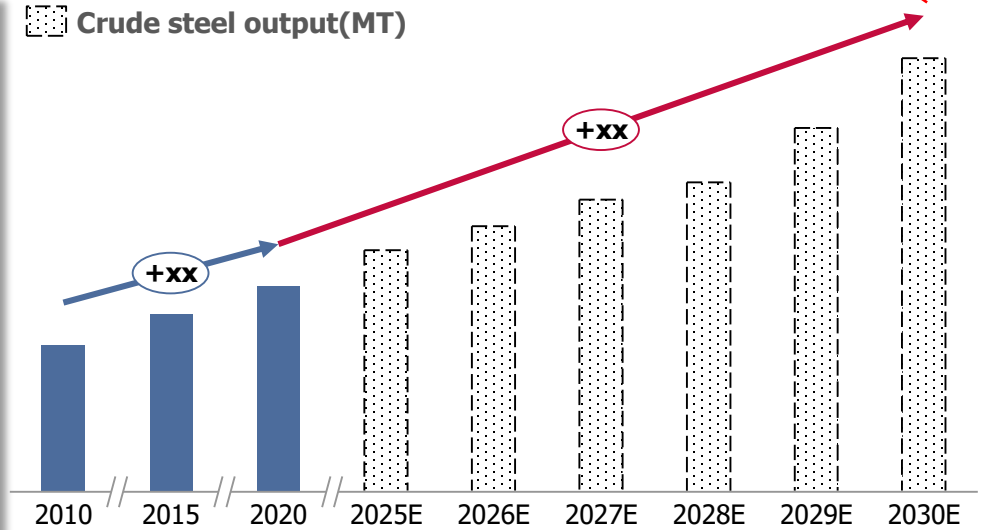
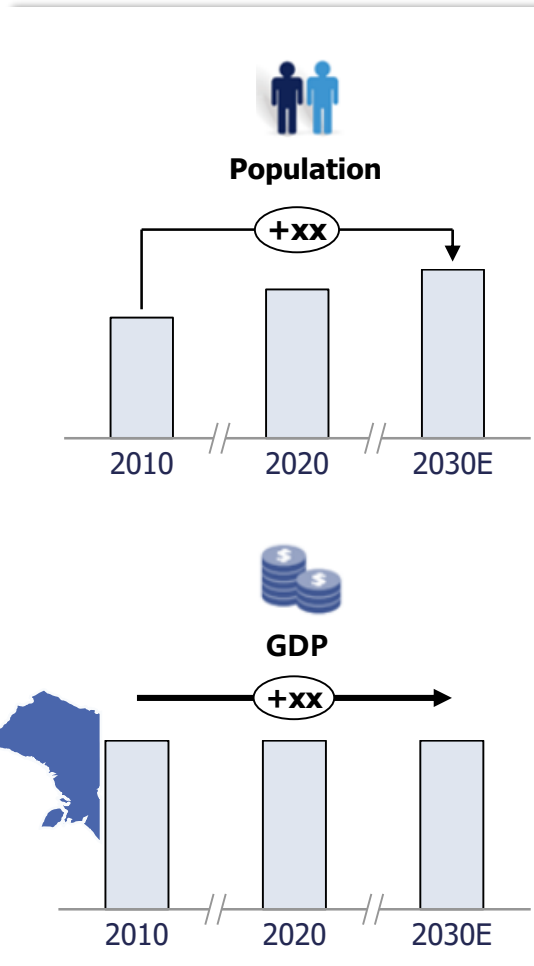


- ASEAN's globalization is deepening, steel export market to expand



CAGR of crude steel output from major four steel-producing countries in ASEAN to be xx% from 2010 to 2030

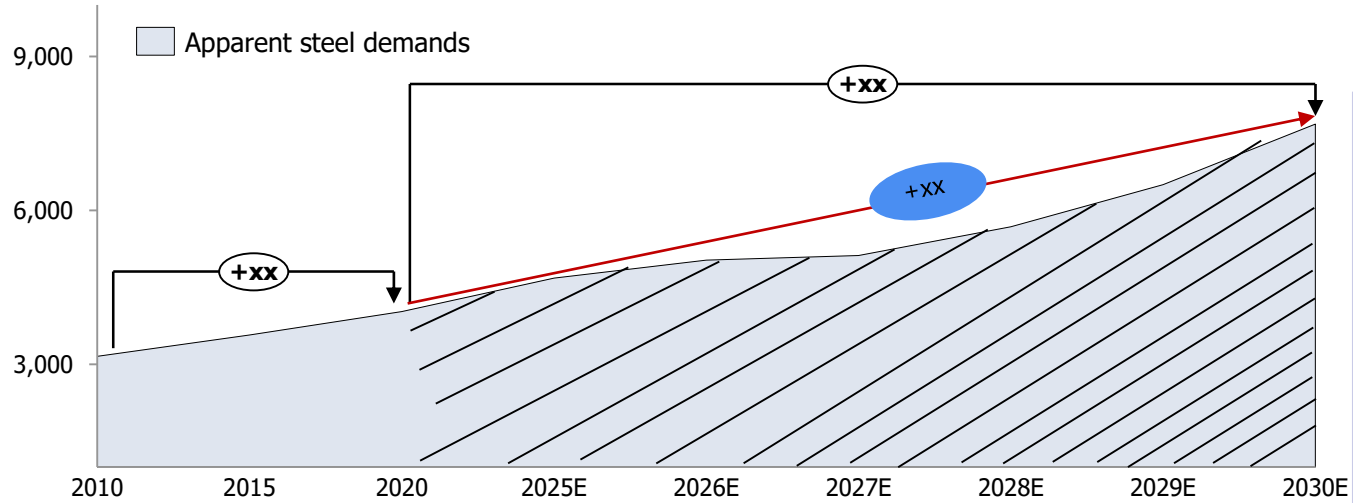
- ASEAN steel output to keep rapid growth in the future given the expectation on increasing population and GDP



- As the current crude steel production of the four ASEAN countries is still in rapid growth and transformation, based on the future project investment plan of the four ASEAN countries and the population and GDP forecast in the ASEAN region.
- SMM expects, the crude steel production of the four ASEAN countries by 2060 is expected to increase by xxx million tons to xxx million tons, an increase of xxx% from 2010. The compound annual growth rate of crude steel production in the four ASEAN countries is expected to be xx%.

Source: United Nations, IMF

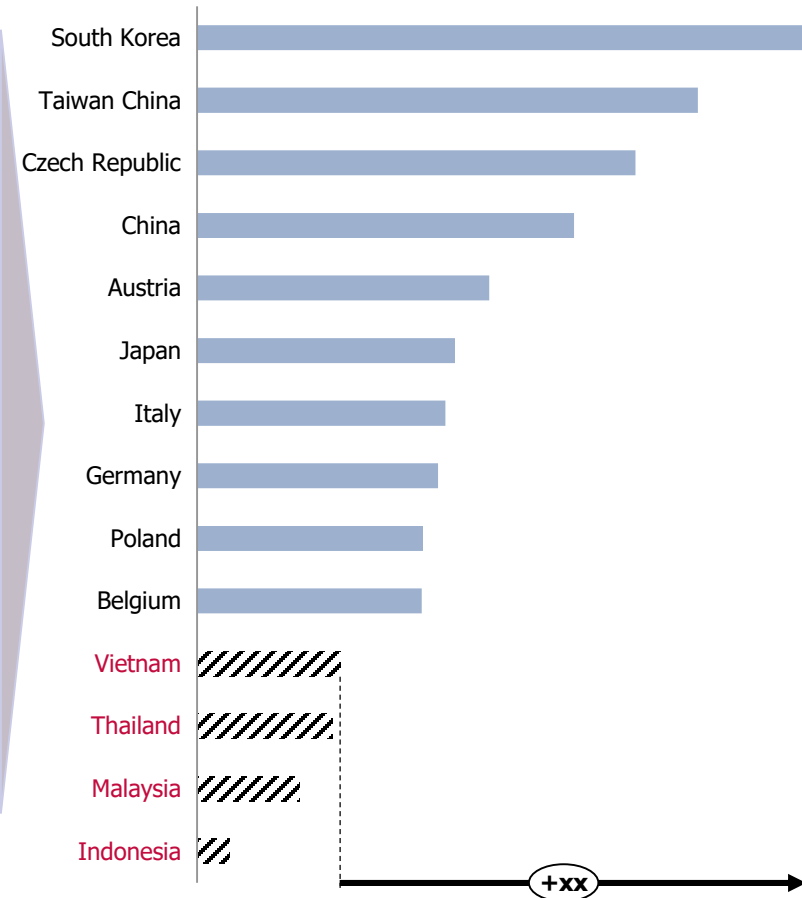
CAGR of apparent steel demand from major four steel-producing countries in ASEAN to be xx% from 2010 to 2030



- In 2020, apparent steel demand in ASEAN decreased by 12% compared with 2019; Malaysia and the Philippines have been hardest hit, while Vietnam and Indonesia have seen only modest declines in steel demand, xxx.
- SMM expects the apparent demand for steel in the four ASEAN countries to reach a compound annual growth rate of xxx% from 2010 to 2030. With the deepening of economic globalization and the continuous adjustment of the global industrial chain division of labor, factors such as cheap human resources in Southeast Asia have attracted a large number of investments, accelerating the process of industrialization in the region, and the rapid development of the construction industry to meet domestic demand and the manufacturing and processing industry to meet external demand will drive the growing demand for steel,xxxx.

➤ Global per capita apparent steel consumption by major countries/regions

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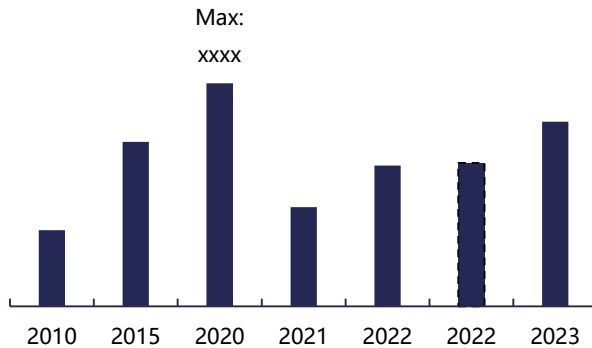
Source : WSA

PESTEL analysis on the target market-Economic factor

➤ PESTEL-Economic factor

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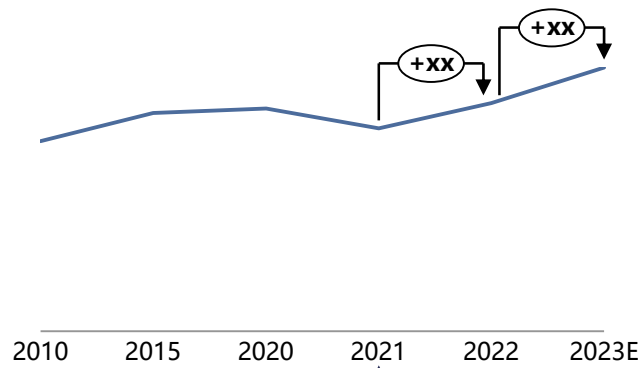
Average wage of target market



- ❑ The average wage in xxx is xxxx yuan/month (RMB), ranking xxst in the world, lower than that in China, which is with a certain wage cost advantage.
- ❑ Local xx employees are relatively concerned about wages, and if there is an error in wages, the company will be reported to the Labor Department.

- ❑ Foreign investors can raise funds in xxx's domestic capital markets, but more than 60% of their financing in xxx must come from domestic banks.
- ❑ According to SMM research, as long as the project is conducive to local employment and economic development in xxx, the government will basically support its financing.

GDP of target market



- ❑ With a GDP of \$XXX billion, xxx ranks the highest in economic growth among the six countries in the ASEAN region.
- ❑ Thanks to growing global demand for manufactured goods, soaring commodity prices, and the impact of recovering domestic demand, xxx's economy will regain momentum.

- ❑ xxx's foreign exchange system is relatively open and foreign investors are free to withdraw their investments or repatriate profits in any foreign currency through designated foreign exchange agencies.
- ❑ Xxx still has a policy of prohibiting forex traders from borrowing the xxx currency to trade.

