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EFFECT OF THE CURRENT FOREIGN POLICY SITUATION ON THE UKRAINIAN AND GLOBAL METALLURGY

The situation in Ukraine affects not only the Ukrainian and Russian mining and metallurgical industries, but also metallurgy in Europe, Turkey and the People's Republic of China. The uncertainty in these markets could turn into a protracted crisis. Today, we face the disruption of established supply chains of metallurgical production and raw materials in the world. The focus of our scientific study is the global and Ukrainian metallurgical industry. This publication discusses the state of metallurgy in 2023 and provides the forecast for 2024.

Active hostilities are taking place on the territory of Ukraine, so the lack of exports does not seem surprising. Why does Russian production disappear from the market? Due to military operations, navigation in the Black Sea is completely closed. Shipments of iron ore raw materials and metal products from the seaports of Ukraine and Russia have de facto stopped. This has caused difficulties not only for consumers, traders and metallurgists in Europe and the Middle East.

Another point that is already an obstacle to trade between the EU and Russia is the loss of reputation. Large distributors and consumers refuse to buy rolled metal, even if it is produced on the European equipment of Russian metallurgists. Also, deliveries of products made of certain steel brands to Russia are stopped because they can be used "in the production of tanks".

Already in the medium term, a domino effect can occur in the world metallurgy. The result will be a significant increase in the cost of rolled metal (which is literally getting more expensive by the day) or even a shortage of steel production on a planetary scale.

The Ukrainian metallurgical industry is largely export-oriented. In previous years, 75-80% of manufactured products were delivered to foreign consumers, the rest went to the domestic market. The year 2023 was no exception, when the share of rolled steel exports was 77.9%. Meanwhile, semi-finished steel products and raw materials for steel production traditionally dominated the export supplies of metallurgists. According to the results of 2023, the total share of the "raw" component in the export of metal products increased to 62.7%, and the share of finished rolled steel decreased to 37.3%. In total, 4.76 million tons of ferrous metals were exported from Ukraine in

2023, which is 22% less than in 2022. The export of semi-finished products decreased by 36.7%, rolled steel - by 28%, export of metallurgical raw materials increased by 2.7%.

In 2023 the import of metal products to Ukraine increased significantly compared to 2022, at the same time the total volume of imports of ferrous metals did not reach the pre-war level, and the commodity and geographical structure changed radically. The total volume of imports of metal products amounted to 1.1 million tons and 1.3 billion dollars compared to 636.3 thousand tons and 0.95 billion dollars in 2022. In the commodity structure of ferrous metal imports, the share of finished rolled steel increased to 98.5%.

The Ukrainian market was faced with a shortage of some types of rolled steel produced by these enterprises: flat steel of medium and high thickness, galvanized flat steel, multi-rolled construction assortment of large dimensions, rails. Accordingly, market participants began to replace the lack of these product items with imported counterparts.

The export of Ukrainian ferrous metals will continue to depend on the logistic capabilities and conditions of foreign markets. At the same time, the share of exports of raw materials - cast iron, ferroalloys and scrap - will grow. The geographical structure of exports is not expected to change significantly.

In 2024, the export of ferrous metals may amount to 5-5.5 million tons with the expected foreign exchange earnings of 3.2-3.5 billion dollars. The absence from the market of the rolled products produced by the Mariupol mills against the background of the consumption growth will further contribute to the increase of the import offer. In 2024, the volume of imports may reach 1.3-1.6 million tons with an increase in foreign exchange costs to 1.5-1.8 billion dollars.

What will happen to the global steel market in 2024? Demand is expected to increase by 2% to 40 million tons of metal. Iron ore and steel are always in demand. Iron is a key metal for the global economy because it is irreplaceable in creating the infrastructure for life. Therefore, steel will always be at the forefront of the market. Thus, this year we can note the negative trend - the overall level of demand for steel products on the world market seems insufficient. Many metallurgical companies in different countries of the world are not good at foreign sales.

There is another dangerous trend. As you know, raw materials have a significant impact on the cost of steel products on the world market. Iron ore and coking coal are rising in price, and a rapid decline in these sectors is unlikely. This factor will largely determine the level of rental prices in the near future.