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CURRENT STATE AND DEVELOPMENT OF METALLURGY IN UKRAINE

In modern conditions, the main emphasis in the production of non-ferrous metals in Ukraine is aluminum, copper, zinc and lead, ferrous metals – cast iron and steel. New fields and methods of extraction and processing of raw materials are being actively developed for further export of finished products to European countries. One of the leading industries in Ukraine is the metallurgical industry. As a result of 2019, Ukraine was able to retain 10th place in the smelting of cast iron among 40 producing countries and 13th in the casting of steel among 62 producing countries [3]. Indicators of Ukraine's development for 2019 show that, compared to last year, Ukraine has not reached the same production volumes, but retains its position as a leader in the world market among the most developed countries. For the further prosperity of the industry and development at the global level, the following factors should be taken:

- replacement of outdated equipment, equipment modernization, introduction of modern production and production technologies;
- creation and introduction of new standards of production for competitiveness in the world metallurgy market;
- attracting funds and investors to accelerate the industry's exit from the crisis.

One of the main industries of Ukraine is metallurgy. In 2019, 1/3 of Ukraine's foreign exchange earnings came from the metallurgical sector. According to the World Steel Association, since 2019, Ukraine is ranked 13th in the world ranking of steel producers. The largest producers of steel ahead of Ukraine include: China, India, Japan, USA, South Korea, Russia, Germany, Turkey, Brazil, Iran, Italy, Vietnam.

Over the last 11 years, Ukraine's steel production performance has decreased significantly, the main reason being the lack of competitiveness of the industry in the world market. In the same period, China and India increased their steel production by

2 times, indicating a high threshold for entry into the market and high competition for metallurgical products. China produces the largest share of steel, accounting for 53% of world production. 90% of world steel production is produced by the 20 largest countries in the world. At the same time, China, the European Union, the United States and Japan became the largest consumers of steel in 2019 [1].

At the moment, the metallurgical industry of Ukraine, as in many developed countries of the world, is in a state of stagnation of production and trade, despite the fact that its market remains highly competitive. The world market is able to meet any increase in demand, so because of the large number of industries, metallurgical products remain in warehouses, which is a negative consequence. Because of this, many businesses in the world are rapidly accumulating products and exhausting their assets, which leads to closure. In January-November 2019, world steel production amounted to 1.68 billion tones, which is 2.7% more than in the same period of 2018. The indicator has been increasing for the last several years, which illustrates the growth of production and the gradual exit from stagnation. Therefore, there is a significant reserve of metallurgical products and steelmaking capacity in the unused world. Thus, competition in the global steelmaking market is intensifying and it is possible to quickly meet the growing demand for steel in the world. In any case, the industry will cope with increasing demand for metallurgical products, without raising the price. For Ukraine, increasing demand is only possible through an increase in overseas orders, so short- and medium-term strategies and tactics should be considered. It should also be borne in mind that a significant influx of demand is only possible abroad, so political and economic relations with exporting countries should be established [2].

Ukraine has been awarded the status of a metallurgical net exporter. In 2018, exports of manufactured metal products accounted for 43% of the total volume, but these are mainly semi-finished products. In 2019, the share of manufactured goods exported was 62.8%. That is, the stability of the metallurgical industry in Ukraine is improving, but remains dependent on the quality and competitiveness of products. The main markets are EU-34%, Africa – 17.7%, Middle East countries – 11.1% [1].

Steel production increased by 1.07%, and iron and steel decreased by 0.25% and 1.09%, respectively. Such changes were due to an increase in steel orders from EU countries and a decrease in demand for cast iron and rolled metal. While the introduction of import duties by the US, EU and Turkey in 2018 has significantly influenced the decline in metal exports, in 2019 the CIS market share for Ukraine continues to decline. Thus, exports of domestic metal products declined, which led to a reduction in the share of foreign exchange earnings to the country [3].

The problem is caused by poor quality, outdated equipment, non-compliance with foreign standards, which has led to low competitiveness of domestic products in the world market. Most Ukrainian companies, faced with such problems as the morally and physically obsolete fixed assets, cannot overcome the barrier of entry into the world metallurgy market. Therefore, in most cases our industry is an exporter of raw materials and semi-finished products, which does not allow the development of industry and the economy as a whole. In 2019, there are only a few companies in Ukraine capable of competing in the world market, namely: Interpipe Steel LLC, PJSC Zaporizhstal, and Metinvest [2]

The solution to these problems is to develop a set of measures to stabilize and develop the metallurgical industry in Ukraine. The main recommendation of the complex is the creation of a state regulatory body that will control the activities of domestic enterprises, create state demand, ensure the development and implementation of new energy-saving and environmental technologies, attract foreign investors. The purpose of the complex is to produce high quality competitive products and strengthen market positions.

References:

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