

**T. Ponomarenko**

*Candidate of Economic Sciences,  
Doctoral Candidate at the Department of Accounting,  
Analysis, Auditing and Administration of Companies  
of Mining and Metallurgical Complex,  
Kryvyi Rih National University*

## **BACKGROUND FOR STABILITY OF DOMESTIC STEEL INDUSTRY**

Relevance of the subject-matter of the study is determined by: 1) the priority value of industry in the economy of Ukraine; 2) the accumulation of a large number of problems of its functioning. The decline in steel production is associated with a decrease in demand for domestic metal both domestically and abroad. Overall, the metallurgical enterprises of Ukraine export about 80% of its products and only twenty percent are sold domestically. Reducing domestic steel consumption is the way of increasing imports. Increase of the quality and volume of production of steel competitors will not increase production of domestic plants.

Commodity structure of domestic products is inefficient in terms of the degree of processing of raw materials. Gradual increase in the proportion of semi-manufactured articles obtained by continuous casting is positive. The level of production costs is high. They are associated with rising commodity prices and its overspending in real terms. Exhaustion of reserves of coking coal in Ukraine and its poor quality result in the need to import it. The

cost of fuel and energy resources in the cost structure of metal makes up 50%, while in industrialized countries – 20%. Rising cost of gas per ton of steel is determined by continuous increase of its prices by the Russian Federation. Coke consumption per 1 ton of steel by domestic steel plants exceeds Russian by 22,1%, Japanese – by 77,1%, the United States' – by 94,4%. Costs of iron materials for the production of 1 ton of mill products exceed this figure of companies in Russia by 11%, USA – 62%, Japan – 53%. Current overspending of domestic energy plants is 26% more than of producers in the EU. The high level of expenditure is determined by the low technological level of domestic steel mills. Attention is focused on specific progress made in this regard. However, it was found that they are not systematic. The structure of steel production in Ukraine is the most backward in the world. The introduction of electrometallurgy production method in recent years is progressive, but its share in total production is critically low (5.9%). Current ratio of wear and tear of metallurgical units in the domestic industry averages more

than 60%, and in some groups of equipment – open-hearth furnaces, rolling mills – up to 80%. It was found that the maintenance and upgrading is durable. Therefore, priority today becomes harmonization of interests and constructive interaction of metallurgical industry.