

Global Steel Trade Monitor

Steel Exports Report: China

Background

June 2016

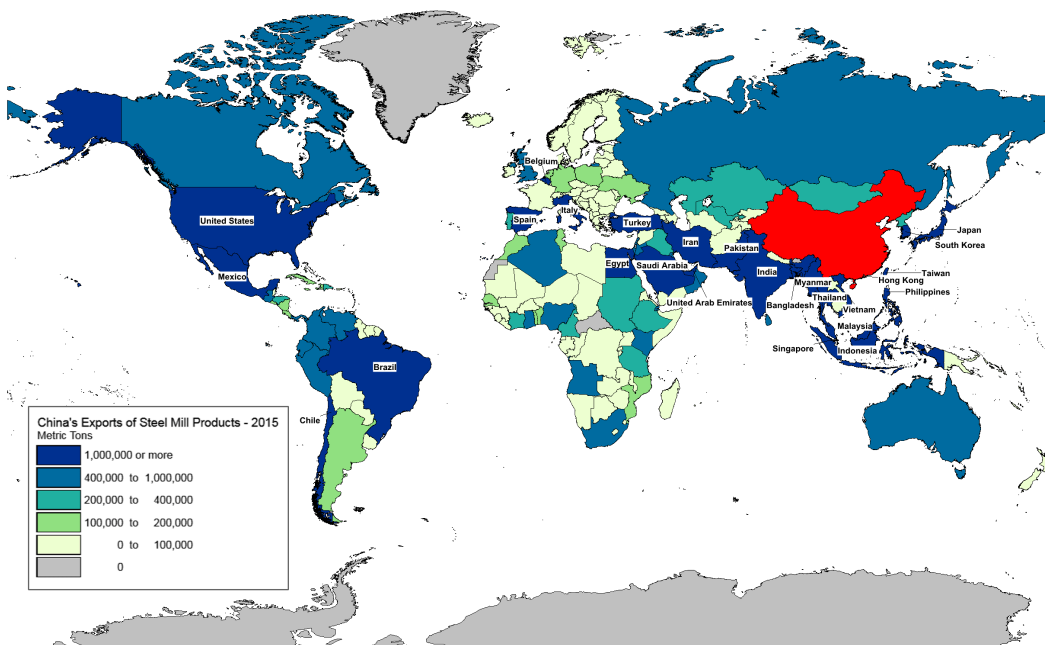
China is the world's largest steel exporter. In 2015, China exported 110 million metric tons of steel, a sharp rise from 91.3 million metric tons in 2014. China's exports represented about 24 percent of all steel exported globally. The volume of China's 2015 steel exports was more than double that of the world's second-largest exporter, Japan, and more than triple that of the third-largest exporter, South Korea. In value terms, steel represented just 2.5 percent of the total amount of goods China exported in 2015.

China exports steel to more than 210 countries and territories. The 26 countries labeled in the map below represent the top markets for China's exports of steel, receiving more than 1 million metric tons each and accounting for 78 percent of China's steel exports in 2015.

Quick Facts:

- World's largest steel exporter: 110 million metric tons (2015)
- 378% steel export growth since 2009
- Exports as a share of production up from 4.0% in 2009 to 13.7% in 2015
- Year-on-year export volume up 20.5% while export value down 11.4%
- Top three markets: South Korea, Vietnam, the Philippines
- Largest producers: Hesteel Group and Baosteel Group
- 85 trade remedies in effect in 17 countries involving steel mill imports from China

China's Exports of Steel Mill Products - 2015



Data Source: Global Trade Atlas; Copyright © IHS Global Inc. 2016. All rights reserved.

Steel Exports Report: China

Steel Trade Balance

In 2005, China's steel exports and imports were virtually in balance. Since then, however, China's exports have increased dramatically, growing 378 percent between 2009 and 2015 alone, while imports decreased by 41 percent over the same period.

China has posted a steel trade surplus every year since 2006. In 2015, this surplus amounted to 97 million metric tons, a 27 percent increase over 2014.

China's Trade in Steel Mill Products



Source: IHS Global Trade Atlas

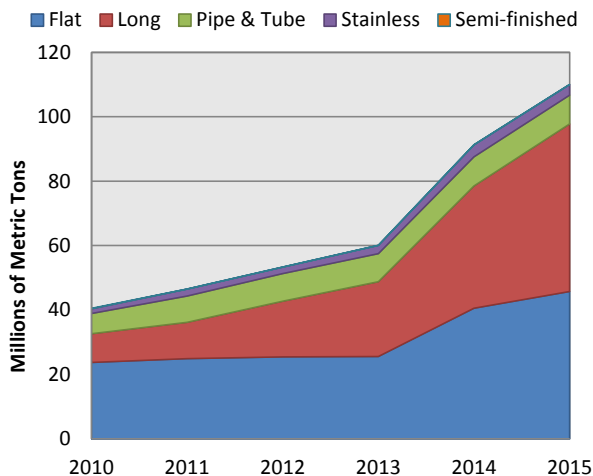
Export Volume, Value, and Product

In 2014, China's steel exports reached a then-record high of 91.3 million metric tons, an increase of 52 percent from 2013. In 2015, China's steel exports further increased by 20.5 percent to 110 million metric tons. By contrast, the value of China's 2015 steel exports declined by 11.4 percent to \$58 billion from \$65.5 billion in 2014, which can be attributed to a significant drop in global steel prices.

Long products have grown to account for the largest share of China's steel exports. In 2015, 47 percent, or 52 million metric tons, of China's steel exports were of long products. Flat products accounted for 42 percent, or 45.8 million metric tons, of China's exports of steel in 2015, followed by pipe and tube products (8% or 8.9 million metric tons), stainless products (3% or 3.3 million metric tons), and semi-finished steel (0.01% or 7.4 thousand metric tons).

China's Exports of Steel Mill Products

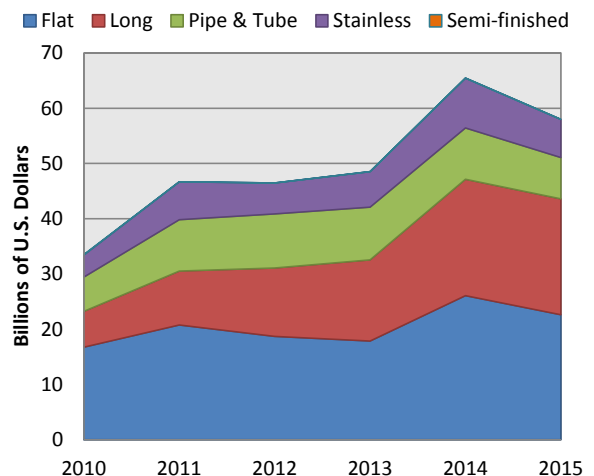
Millions of Metric Tons



Source: IHS Global Trade Atlas

China's Exports of Steel Mill Products

Billions of U.S. Dollars



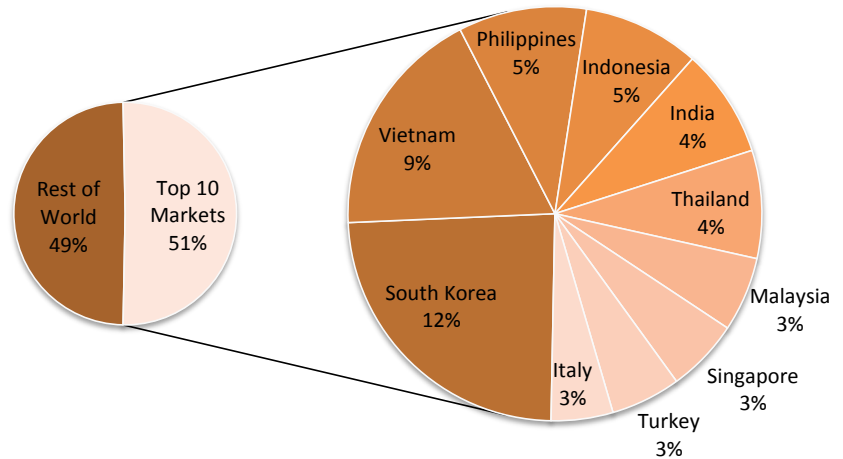
Source: IHS Global Trade Atlas

Steel Exports Report: China

Exports by Top Market

Exports to China's top 10 steel markets represented 51 percent of China's steel export volume in 2015 at 55.7 million metric tons (mmt). South Korea received the largest share of China's exports with 12 percent (13.4 mmt), followed by Vietnam at 9 percent (10.1 mmt), the Philippines at 5 percent (5.6 mmt), Indonesia at 5 percent (5.1 mmt), and India at 4 percent (4.7 mmt).

China's Steel Exports - Top 10 Markets
2015 - Millions of Metric Tons



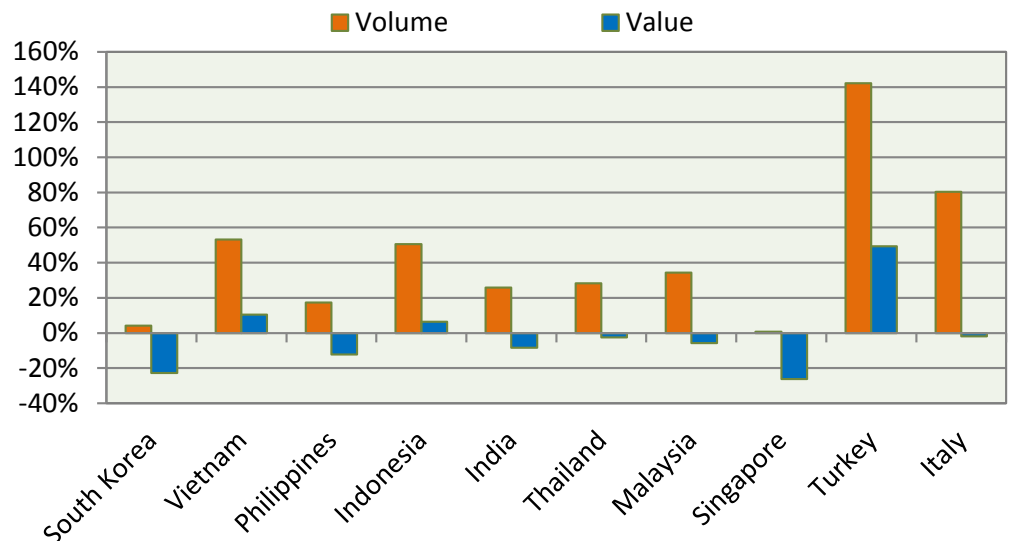
The United States ranked 19th as a destination for China's steel exports, receiving 1.9 percent of exports (2.1 mmt) in 2015 — a 30.5 percent decline from 3 million metric tons in 2014. Source: IHS Global Trade Atlas

Trends in Exports to Top Markets

While the volume of China's steel exports increased in all of China's top 10 steel export markets between 2014 and 2015, the overall value of China's steel exports decreased in the majority of the top 10 markets, reflecting the decline in global steel prices. Markets that experienced considerable decreases in steel value between 2014 and 2015 included Singapore (down 26.3%), South Korea (down 22.8%), and the Philippines (down 12.4%). Turkey was a notable exception to this trend, receiving a 49.3 percent increase in value of China's exports and a 142.1 percent increase in volume.

Sizeable increases in China's steel export volume occurred not only in Turkey but also in Italy (up 80.3% from 2014), Vietnam (up 53.2%), Indonesia (up 50.5%), and Malaysia (up 34.3%). Outside of the top 10 markets, other substantial volume increases included China's exports to Bangladesh (up 378%), Algeria (up 158.6%), and Pakistan (up 75.4%).

Percent Change in Exports to Top 10 Markets (2014 to 2015)



Source: IHS Global Trade Atlas

Steel Exports Report: China

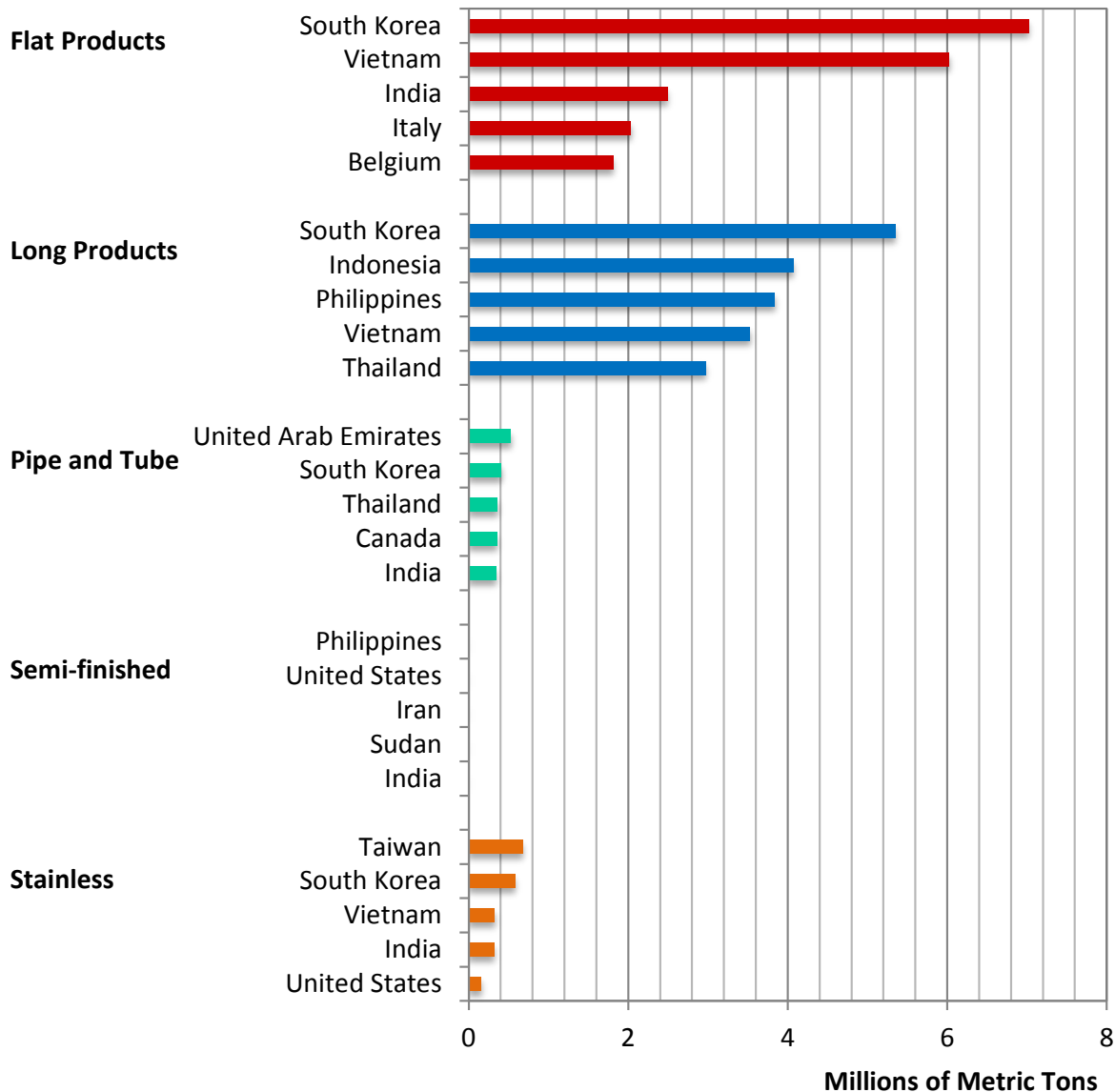
Top Markets by Steel Product Category

China's top export markets by volume vary across types of steel products. South Korea accounted for the largest share of China's exports of flat and long products in 2015, receiving 15 percent (7 million metric tons) and 10 percent (5.4 million metric tons), respectively.

The United Arab Emirates received the largest share of China's pipe and tube exports in 2015 at 6 percent (530 thousand metric tons), and Taiwan received the largest share of stainless exports at 21 percent (681 thousand metric tons).

China exported a negligible amount of semi-finished steel products — only 0.01 percent of steel exports in 2015. Semi-finished and stainless were the only two product categories for which the United States was a top-five export destination in 2015.

China's Top 5 Export Markets by Product - 2015



Source: IHS Global Trade Atlas

Steel Exports Report: China

China's Import Market Share in Top Destinations

In 2015, the import market share for China's steel products increased in all of China's top export destinations except India. In 2015, the share of India's steel imports from China decreased by 2.7 percentage points from 2014.

Countries with notable increases in their share of steel imports from China included Indonesia (up 13.8 percentage points from 2014), the Philippines (up 13.6 percentage points), Turkey (up 11.8 percentage points), and Singapore (up 10.9 percentage points).

Among China's top export markets, South Korea, the Philippines, and Singapore received more than 60 percent of their total steel imports from China. In 2015, long products

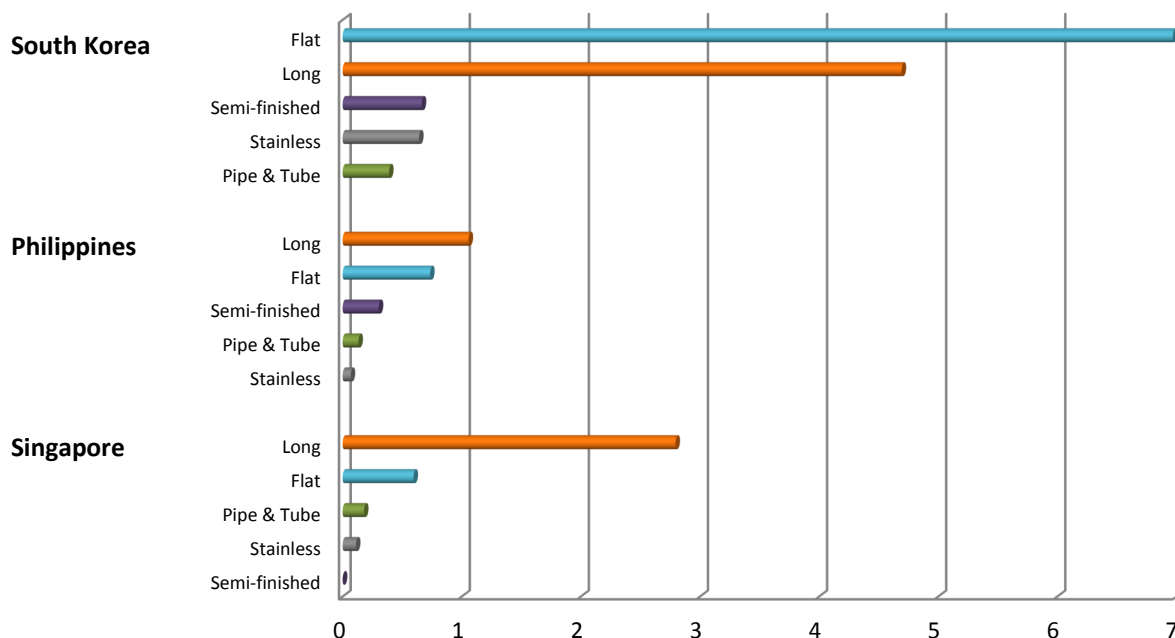
accounted for the largest share of steel imports from China in both the Philippines (46% or 1.1 million metric tons) and Singapore (76% or 2.8 million metric tons), while flat products accounted for the largest share of South Korea's imports from China (52% or 7 million metric tons).

China's Steel Import Market Share				
Top 10 Export Destinations	Share of Imports from China - 2014	China's Rank in 2014	Share of Imports from China - 2015	China's Rank in 2015
South Korea	58.9%	1	62.3%	1
Vietnam	52.5%	1	N/A	N/A
Philippines	56.1%	1	69.7%	1
Indonesia	30.4%	1	44.2%	1
India	36.1%	1	33.4%	1
Thailand	24.7%	2	31.2%	2
Malaysia	35.1%	1	44.5%	1
Singapore	59.0%	1	69.9%	1
Turkey	6.4%	5	18.2%	2
Italy	7.2%	5	13.2%	1

Source: IHS Global Trade Atlas, based on import data per reporting country

Note: 2015 import data for Vietnam not available

Steel Import Composition of Top Market-Share Countries - 2015



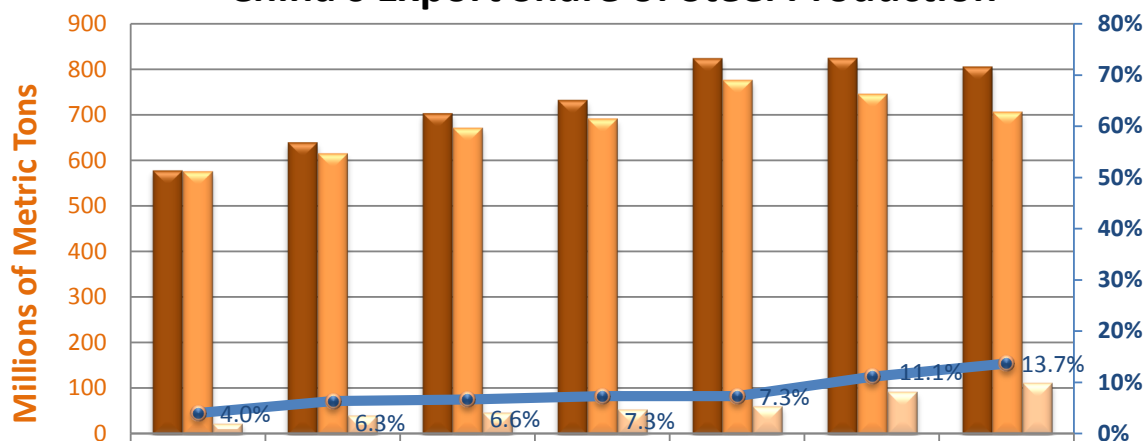
Source: IHS Global Trade Atlas, based on import data per reporting country

Millions of Metric Tons

Steel Exports Report: China

Overall Production and Export Share of Production

China's Export Share of Steel Production



	2009	2010	2011	2012	2013	2014	2015
Production	577.1	638.7	702.0	731.0	822.0	822.8	803.8
Apparent Consumption	576.3	615.2	671.6	691.7	776.5	746.2	706.8
Exports	23.0	40.5	46.5	53.3	60.1	91.3	110.0
Export Share of Production	4.0%	6.3%	6.6%	7.3%	7.3%	11.1%	13.7%

Source: World Steel Association; IHS Global Trade Atlas

China's crude steel production increased by 42 percent between 2009 and 2013 but has decreased slightly since then, down 2 percent to 803.8 million metric tons in 2015. The gap between production and apparent consumption (a measure of steel demand), which was nearly non-existent in 2009, has grown steadily larger. By 2015, China's production outpaced the country's demand by 97 million metric tons. Between 2009 and 2015, China's steel exports as a share of production have more than tripled, increasing by more than 6 percentage points between 2013 and 2015 alone.

Top Producers

China's steel production is spread out across many companies, with the country's top 10 producers accounting for only 275.6 million metric tons, or 34.3 percent of total 2015 production, based on available data.

China's Top Steel Producers in 2015

Rank	Company	Production (mmt)	Main Products
1	Hesteel Group	47.7	Hot-rolled, cold-rolled, galvanized
2	Baosteel Group	34.9	Strip, plates, hot-rolled, cold-rolled
3	Shagang Group	34.2	Springs, bearings, tube
4	Ansteel Group	32.5	Cold-rolled, galvanized, color coated
5	Shougang Group	28.6	Screws, reinforcing bars, round bars
6	Wuhan Steel Group	25.8	Hot-rolled, cold-rolled, galvanized
7	Shandong Steel Group	21.7	Plates, pipes, profiles, strips, wires
8	Maanshan Steel	18.8	Wire rods, sections, plates, wheels
9	Tianjin Bohai Steel	16.3	Plates, coils, billets, pipes
10	Jianlong Group	15.1	Hot-rolled, wire, pipes

Source: World Steel Association; Bloomberg

Steel Exports Report: China

Trade Remedies in the Steel Sector

Antidumping duties (AD), countervailing duties (CVD), associated suspension agreements, and safeguards are often referred to collectively as trade remedies. These are internationally agreed upon mechanisms to address the market-distorting effects of unfair trade, or serious injury or threat of serious injury caused by a surge in imports. Unlike anti-dumping and countervailing measures, safeguards do not require a finding of an “unfair” practice. Before applying these duties or measures, countries investigate allegations and can remedy or provide relief for the injury caused to a domestic industry. The table below provides statistics on the current number of trade remedies various countries have against steel mill products from China.

Steel Mill Trade Remedies in Effect Against China

Country	AD	CVD	Suspension Agreements and Undertakings	Total
Australia	4	4		8
Brazil	7			7
Canada	7	5		12
Colombia	3			3
European Union	4	1		5
India	2			2
Indonesia	5			5
Malaysia	3			3
Mexico	4			4
Peru	1			1
Russia	2			2
Taiwan	1		1	2
Thailand	8			8
Turkey	1			1
Ukraine			1	1
United States	12	8		20
Vietnam	1			1
TOTAL	65	18	2	85

Source: World Trade Organization, through June 30, 2015

Global Steel Mill Safeguards in Effect

Country	Product(s)
India	Seamless pipes, tubes and hollow profiles of iron or non-alloy steel (other than cast iron and stainless steel)
Indonesia	1) Articles of finished casing and tubing; 2) Articles of iron or steel wire; 3) Bars and rods, hot-rolled, in irregularity wound coils; 4) Flat-rolled products of iron or non-alloy steel; 5) I and H sections of other alloy steel
Malaysia	Hot-rolled steel plate
Morocco	1) Cold-rolled sheets and plated or coated sheets; 2) Reinforcing bars and wire rods
Philippines	Steel angle bars
Thailand	1) Hot-rolled steel flat products with certain amounts of alloying elements; 2) Unalloyed hot-rolled steel flat products in coils and not in coils
Ukraine	Casing and pump compressor seamless steel pipes

Source: World Trade Organization, through March 1, 2016

Steel Exports Report: Glossary

Apparent Consumption: Domestic crude steel production plus steel imports minus steel exports. Shipment data are not available for all countries, therefore crude steel production is used as a proxy.

Export Market: Destination of a country's exports.

Flat Products: Produced by rolling semi-finished steel through varying sets of rolls. Includes sheets, strips, and plates. Used most often in the automotive, tubing, appliance, and machinery manufacturing sectors.

Import Penetration: Ratio of imports to apparent consumption.

Import Source: Source of a country's imports.

Long Products: Steel products that fall outside the flat products category. Includes bars, rails, rods, and beams. Used in many sectors but most commonly in construction.

Pipe and Tube Products: Either seamless or welded pipe and tube products. Used in many sectors but most commonly in construction and energy sectors.

Semi-finished Products: The initial, intermediate solid forms of molten steel, to be re-heated and further forged, rolled, shaped, or otherwise worked into finished steel products. Includes blooms, billets, slabs, ingots, and steel for castings.

Stainless Products: Steel products containing at minimum 10.5% chromium (Cr) offering better corrosion resistance than regular steel.

Steel Mill Products: Carbon, alloy, or stainless steel produced by either a basic oxygen furnace or an electric arc furnace. Includes semi-finished steel products and finished steel products. For trade data purposes, steel mill products are defined at the Harmonized System (HS) 6-digit level as: 720610 through 721650, 721699 through 730110, 730210, 730240 through 730290, and 730410 through 730690. The following discontinued HS codes have been included for purposes of reporting historical data (prior to 2007): 722520, 722693, 722694, 722910, 730410, 730421, 730610, 730620, and 730660.

Global Steel Trade Monitor: The monitor provides global import and export trends for the top countries trading in steel products. The current reports expand upon the early release information already provided by the Steel Import Monitoring and Analysis (SIMA) system that collects and publishes data on U.S. imports of steel mill products. Complementing the SIMA data, these reports provide objective and current global steel industry information about the top countries that play an essential role in the global steel trade. Information in these reports includes global exports and import trends, production and consumption data and, where available, information regarding trade remedy actions taken on steel products. The reports will be updated quarterly.

Steel Import Monitoring and Analysis (SIMA) System: The Department of Commerce uses a steel import licensing program to collect and publish aggregate data on near real-time steel mill imports into the United States. SIMA incorporates information collected from steel license applications with publicly released data from the U.S. Census Bureau. By design, this information provides stakeholders with valuable information on the steel trade with the United States. For more information about SIMA, please go to <http://enforcement.trade.gov/steel/license/>.



INTERNATIONAL
TRADE
ADMINISTRATION

Steel Import Monitoring and Analysis
1401 Constitution Ave., NW, Room 21006
Washington, D.C. 20230

T 202.482.2105

F 202.501.1377

Email ECCGlobalSteelStats@trade.gov

trade.gov/steel