

Global Steel Trade Monitor

Steel Exports Report: Japan

June 2016

Background

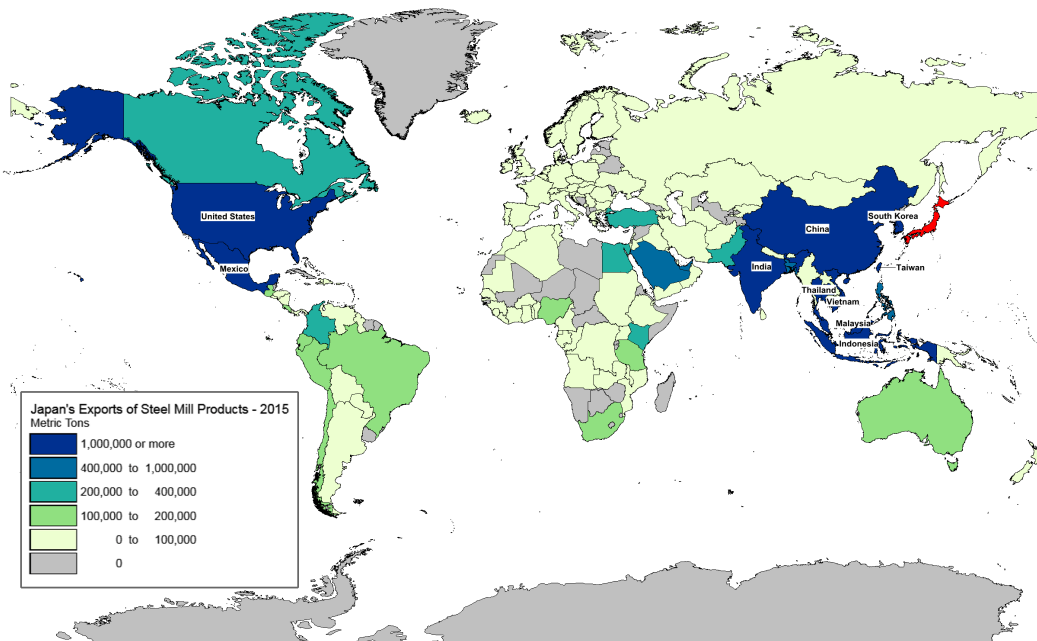
Japan is the second-largest steel exporter in the world. In 2015, Japan exported 40.7 million metric tons of steel, a slight decline from 41.2 million metric tons in 2014. Japan's exports represented about 9 percent of all steel exported globally. The volume of Japan's 2015 steel exports was less than half that of the world's largest exporter, China. In value terms, steel represented just 4.7 percent of the total amount of goods Japan exported in 2015.

Japan exports steel to more than 180 countries and territories. The 10 countries labeled in the map below represent the top markets for Japan's exports of steel, receiving more than 1 million metric tons each and accounting for 78 percent of Japan's steel exports in 2015.

Quick Facts:

- World's second-largest steel exporter: 40.7 million metric tons (2015)
- 23% steel export growth since 2009
- Exports as a share of production at 38.7% in 2015
- Year-on-year export volume down 1% while export value down 19.3%
- Top three markets: South Korea, China, Thailand
- Largest producers: Nippon & Sumitomo and JFE
- 24 trade remedies in effect in 8 countries involving steel mill imports from Japan

Japan's Exports of Steel Mill Products - 2015



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Steel Exports Report: Japan

Steel Trade Balance

Japan has maintained a persistent trade surplus in steel products. Exports dipped in 2009 but have since recovered and increased by 23 percent between 2009 and 2015. Imports followed the same trend, increasing by 97 percent between 2009 and 2015.

In 2015, Japan's steel trade surplus amounted to 35 million metric tons, a 0.8 percent increase from 2014.

Japan's Trade in Steel Mill Products



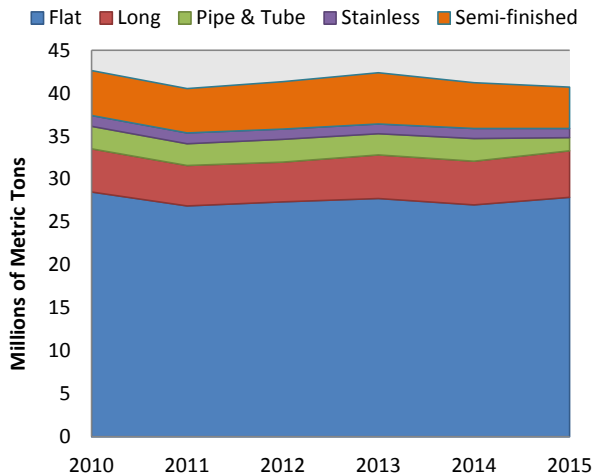
Source: IHS Global Trade Atlas

Export Volume, Value, and Product

In 2013, Japan's steel exports reached a 5-year peak before slowly decreasing. In 2014, Japan's exports decreased by 3 percent to 41.2 million metric tons, and then decreased again in 2015 by 1 percent to 40.7 million metric tons. By contrast, the value of Japan's 2015 steel exports declined by 19.3 percent to \$29.1 billion from \$36.1 billion in 2014, which can be attributed to a significant drop in global steel prices.

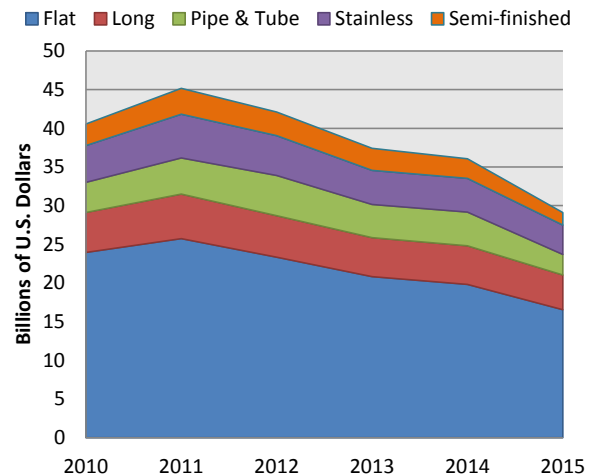
Flat products account for the largest share of Japan's steel exports. In 2015, 68 percent, or 27.9 million metric tons, of Japan's steel exports were of flat products, an increase from 2014's share of 65 percent. Long products accounted for 13 percent, or 5.4 million metric tons, of Japan's exports of steel in 2015, followed by semi-finished steel (12%), pipe and tube products (4%), and stainless products (3%).

Japan's Exports of Steel Mill Products Millions of Metric Tons



Source: IHS Global Trade Atlas

Japan's Exports of Steel Mill Products Billions of U.S. Dollars



Source: IHS Global Trade Atlas

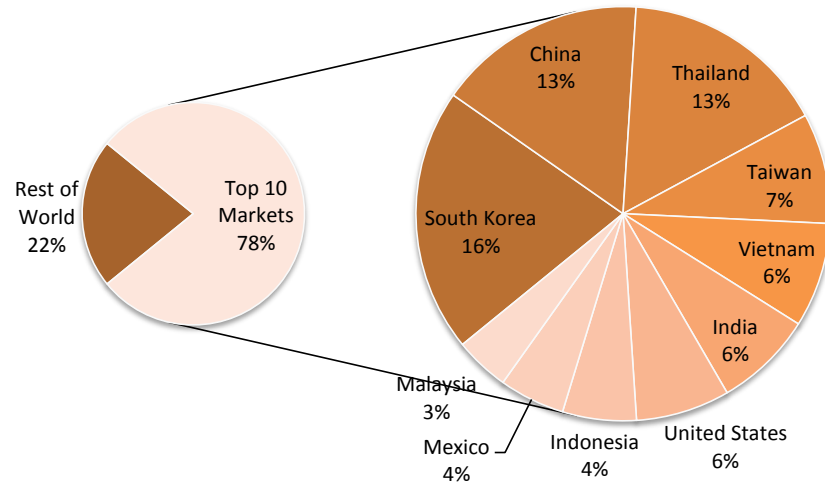
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Exports by Top Market

Exports to Japan's top 10 steel markets represented 78 percent of Japan's steel export volume in 2015 at 31.8 million metric tons (mmt). South Korea received the largest share of Japan's exports with 16 percent (6.6 mmt), followed by China at 13 percent (5.2 mmt), Thailand at 13 percent (5.1 mmt), and Taiwan at 7 percent (2.7 mmt).

The United States ranked seventh as a destination for Japan's steel exports, receiving 6 percent of exports (2.3 mmt) in 2015 — a 5 percent decrease from 2.5 million metric tons in 2014.

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



Source: IHS Global Trade Atlas

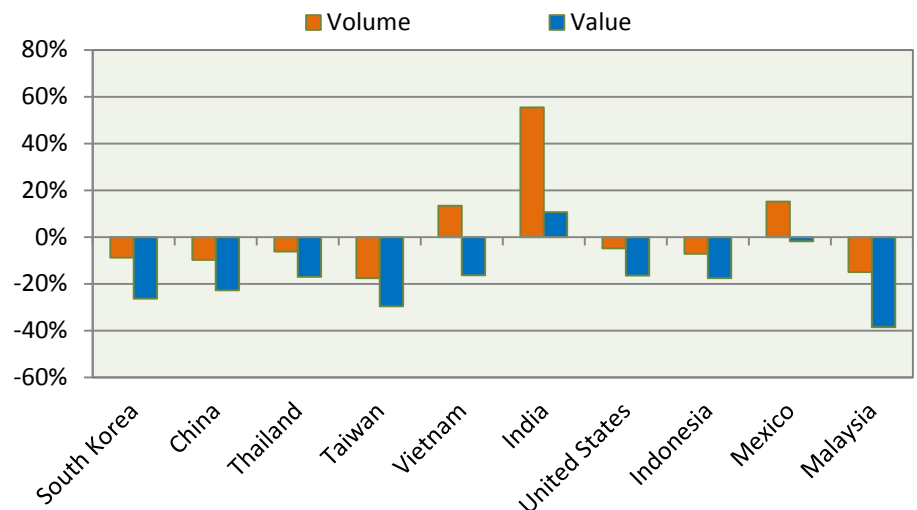
Trends in Exports to Top Markets

While the volume of Japan's steel exports decreased in seven of Japan's top 10 steel export markets between 2014 and 2015, the overall value of Japan's steel exports decreased in nine 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 Malaysia (down 38.5%), Taiwan (down 29.5%), and South Korea (down 26.4%). India was the only export market to see an increase in steel value between 2014 and 2015 (up 10.7%).

Markets that experienced sizeable increases in Japan's steel export volume included India (up 55.4% from 2014), Mexico (up 15.2%), and Vietnam (up 13.3%). Outside of the top 10 markets, other substantial volume increases included Japan's exports to Turkey (up 50.4%), Bangladesh (up 33.5%), and Kenya (up 30.1%).

Sizeable decreases in Japan's steel export volume occurred in Taiwan (down 17.5% from 2014) and Malaysia (down 15%).

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



Source: IHS Global Trade Atlas

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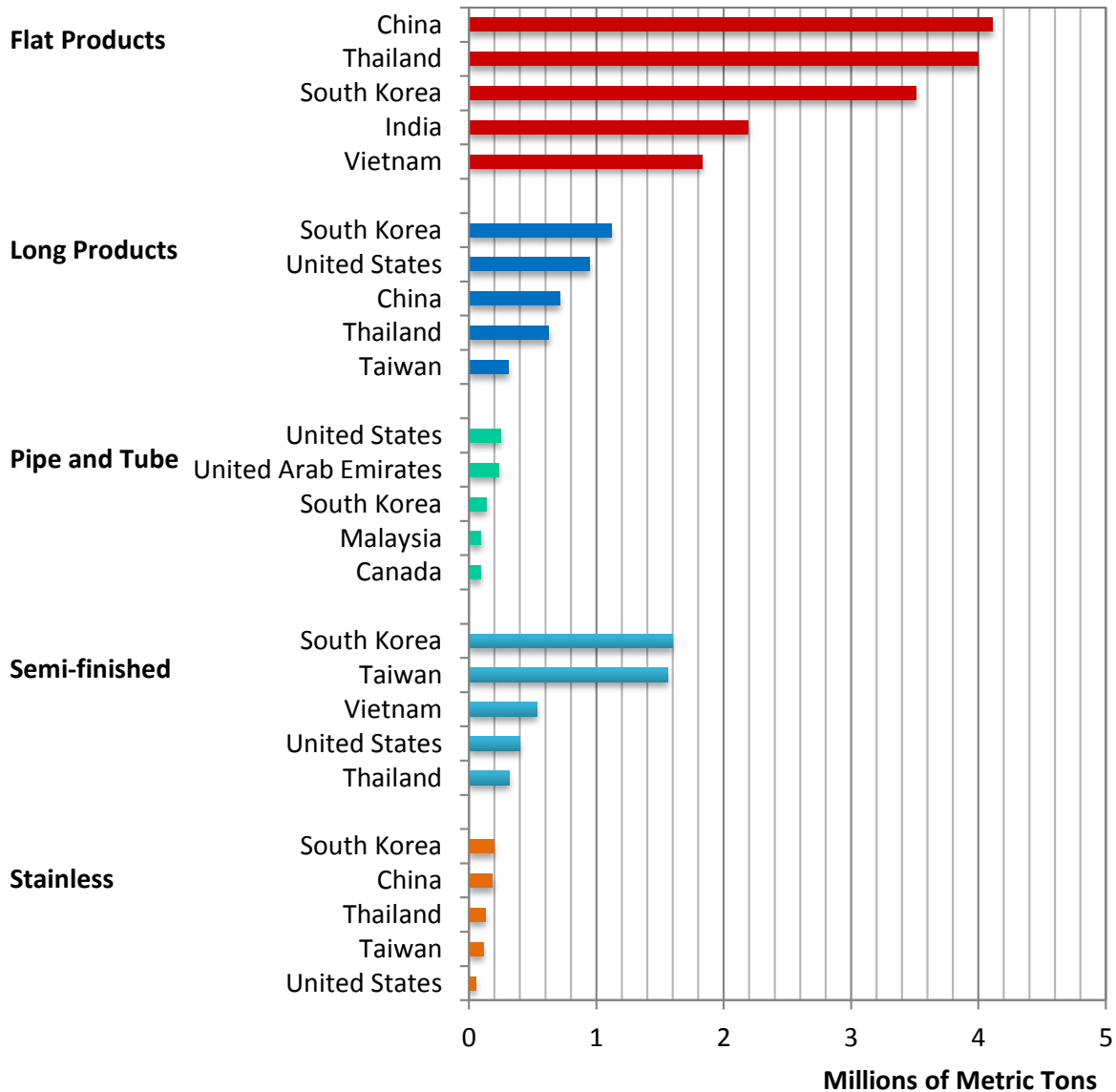
Top Markets by Steel Product Category

Japan's top export markets by volume vary across types of steel products. China accounted for the largest share of Japan's exports of flat products in 2015 at 15 percent (4.1 million metric tons), followed closely by Thailand at 14 percent (4 million metric tons).

In 2015, South Korea received the largest share of Japan's exports of long products (21% or 1.1 million metric tons), semi-finished products (33% or 1.6 million metric tons), and stainless products (18% or 196 thousand metric tons).

The United States received the largest share of Japan's exports of pipe and tube products in 2015 at 16 percent (249 thousand metric tons).

Japan's Top 5 Export Markets by Product - 2015



Source: IHS Global Trade Atlas

Steel Exports Report: Japan

Japan's Import Market Share in Top Destinations

In 2015, the import market share for Japan's steel products increased in five of Japan's top 10 export destinations and decreased in four of the top ten. The share of Malaysia's steel imports from Japan decreased the most (down 4.9 percentage points from 2014), followed by Thailand (down 2.6 percentage points).

Countries with notable increases in their share of steel imports from Japan included India (up 3.2 percentage points) and China (up 1.1 percentage points).

Among Japan's top export markets, China, Thailand, and Taiwan received more than a third of their total steel imports from Japan. In 2015, flat products accounted for the largest share of steel imports from Japan in both China (80%

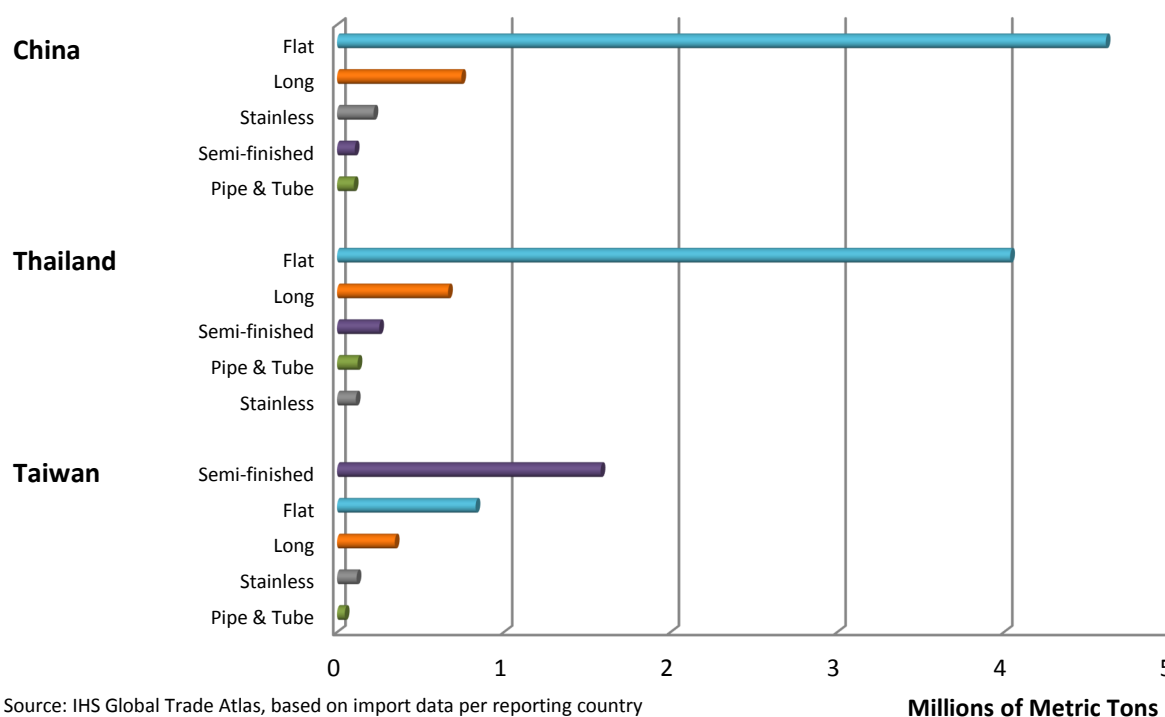
or 4.6 million metric tons) and Thailand (78% or 4 million metric tons), while semi-finished products accounted for the largest share Taiwan's imports from Japan (54% or 1.6 million metric tons).

Japan's Steel Import Market Share				
Top 10 Export Destinations	Share of Imports from Japan - 2014	Japan's Rank in 2014	Share of Imports from Japan - 2015	Japan's Rank in 2015
South Korea	32.6%	2	30.3%	2
China	41.7%	1	42.7%	1
Thailand	37.4%	1	34.8%	1
Taiwan	37.4%	1	37.5%	1
Vietnam	19.3%	2	N/A	N/A
India	15.3%	3	18.5%	3
United States	6.0%	7	6.8%	6
Indonesia	18.7%	2	16.7%	2
Mexico	14.1%	2	14.3%	2
Malaysia	22.7%	2	17.7%	2

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

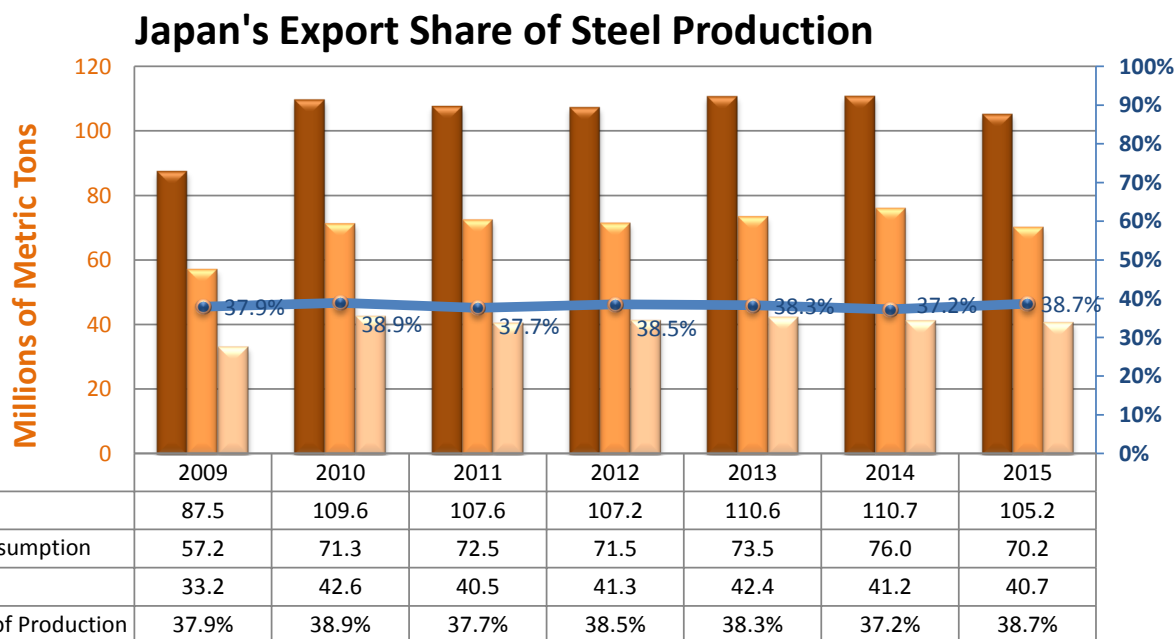


Source: IHS Global Trade Atlas, based on import data per reporting country

Millions of Metric Tons

Steel Exports Report: Japan

Overall Production and Export Share of Production



Source: World Steel Association; IHS Global Trade Atlas

Japan's crude steel production increased by 25 percent between 2009 and 2010 but has maintained a steady average of 108 million metric tons since then. Apparent consumption (a measure of steel demand) followed a similar growth trend, though it has been consistently outpaced by production. In 2015, Japan's production was 35 million metric tons more than its apparent consumption. Between 2009 and 2015, Japan's steel exports as a share of production have remained relatively flat, increasing by just under 1 percentage point to 38.7 percent over the period.

Top Producers

Japan's steel production is concentrated among a small number of steel producing companies, with the country's top 4 producers accounting for 87.5 million metric tons, or 83.2 percent of total 2015 production, based on available data.

Japan's Top Steel Producers in 2015			
Rank	Company	Production (mmt)	Main Products
1	Nippon Steel and Sumitomo Metal Corporation	46.4	Bars, plates, sheets, pipes, and tubes
2	JFE Steel Corporation	29.8	Sheets, plates, pipes, electrical, stainless, bars, wire rods
3	Kobe Steel, Ltd.	7.5	Wire, rods
4	Nisshin Steel Co., Ltd.	3.8	Coated, cold-rolled, hot-rolled, stainless

Source: World Steel Association; Hoovers; MarketLine

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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 Japan.

Steel Mill Trade Remedies in Effect Against Japan				
Country	AD	CVD	Suspension Agreements and Undertakings	Total
Australia	4			4
Canada	1			1
China	2			2
Indonesia	1			1
Mexico	1			1
South Korea	2		1	3
Thailand	2			2
United States	10			10
TOTAL	23	0	1	24

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/>.



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