

Global Steel Trade Monitor

Steel Exports Report: Russia

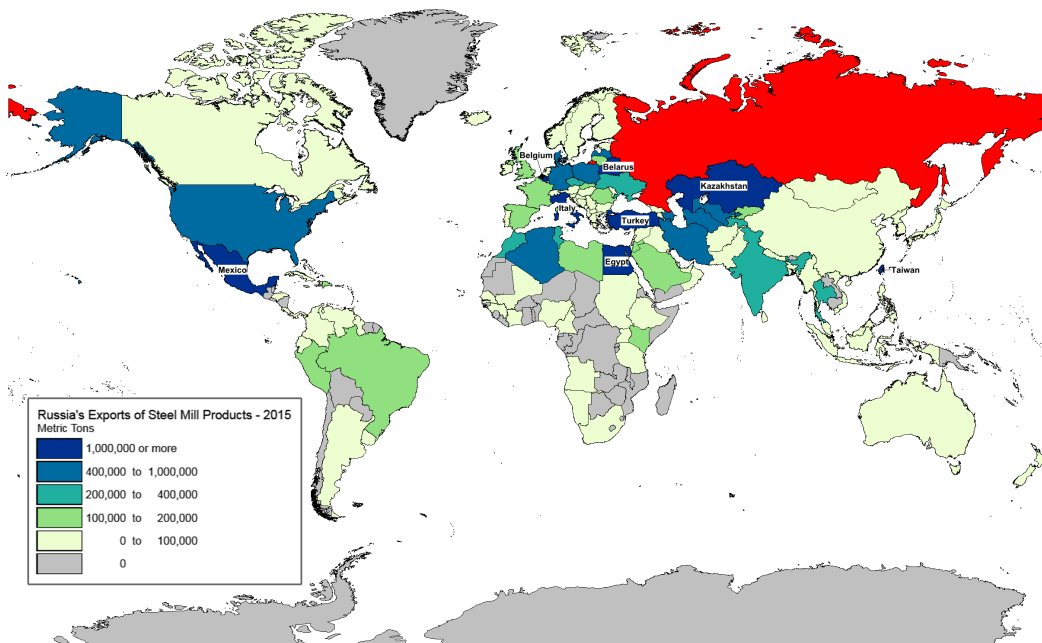
June 2016

Background

Russia is the world's fourth-largest steel exporter. In 2015, Russia exported 29.7 million metric tons of steel, a 6 percent increase from 28 million metric tons in 2014. Russia's exports represented about 6.5 percent of all steel exported globally. The volume of Russia's 2015 steel exports was almost equal to the world's third-largest exporter, South Korea, and less than a third of the volume shipped by the world's largest exporter, China. In value terms, steel represented just 3.5 percent of the total amount of goods Russia exported in 2015.

Russia exports steel to more than 150 countries and territories. The eight countries labeled in the map below represent the top markets for Russia's exports of steel, receiving more than one million metric tons each and accounting for 62 percent of Russia's steel exports in 2015.

Russia's Exports of Steel Mill Products - 2015



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

Quick Facts:

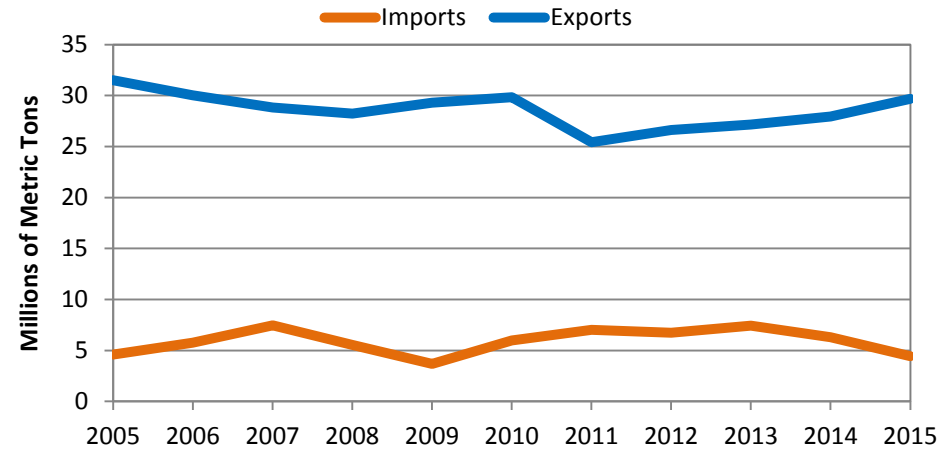
- World's fourth-largest steel exporter: 29.7 million metric tons (2015)
- 16.7% steel export growth since 2011
- Exports as a share of production at 41.9% in 2015, down from 48.8% in 2009
- Year-on-year export volume up 6.1% while export value down 27.1%
- Top three markets: Turkey, Taiwan, Mexico
- Largest producers: Novolipetsk Steel, Evraz Group, Severstal JSC
- 10 trade remedies in effect in 5 countries involving steel mill imports from Russia

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Steel Trade Balance

Over the past decade, Russia has exported between four and six times as much steel as it has imported. After a brief downturn, Russia's steel exports grew 16.7 percent between 2011 and 2015. Over the past 10 years, Russia's steel imports and exports have displayed a roughly inverse relationship, as imports shrank in tandem with export growth. Russia's steel trade surplus amounted to 25.2 million metric tons in 2015.

Russia's Trade in Steel Mill Products



Source: IHS Global Trade Atlas

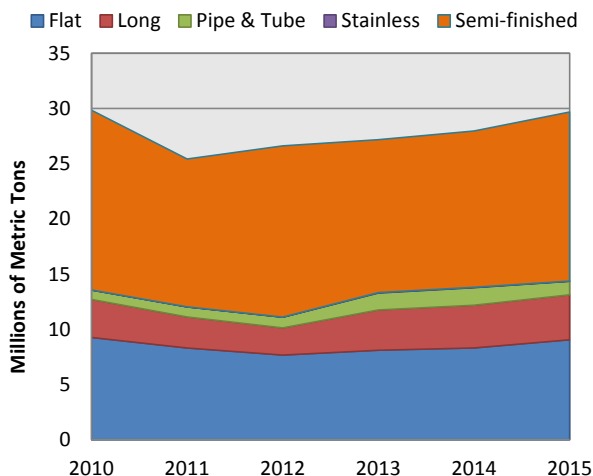
Export Volume, Value, and Product

In 2011, Russia's steel exports dropped by 4.4 million metric tons, a decrease of 14.8 percent from 29.8 million metric tons in 2010. Over the next four years, exports recovered steadily and returned to 29.7 million metric tons by 2015, and increase of 6.1 percent from 2014. By contrast, the value of Russia's steel exports declined between 2014 and 2015, decreasing by 27.1 percent to \$11.9 billion from \$16.4 billion in 2014. The decline can be attributed to a significant drop in global steel prices.

Semi-finished products account for just over half of Russia's steel exports. In 2015, Russia exported 15.3 million metric tons of semi-finished products, comprising 52 percent of the country's steel exports. With 9.1 million metric tons, flat products represented the second-largest share of exports at 31 percent, followed by long products (14%), pipe and tube products (4%), and stainless products (0.1%).

Russia's Exports of Steel Mill Products

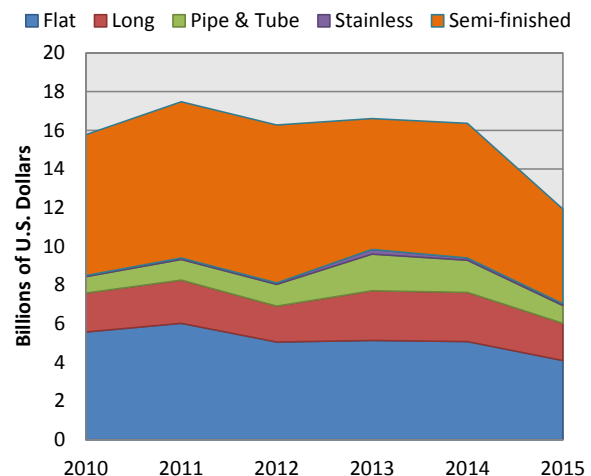
Millions of Metric Tons



Source: IHS Global Trade Atlas

Russia's Exports of Steel Mill Products

Billions of U.S. Dollars



Source: IHS Global Trade Atlas

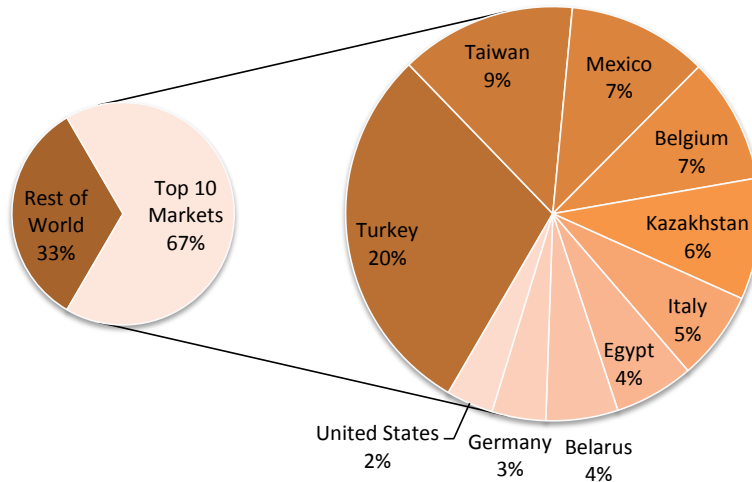
Steel Exports Report: Russia

Exports by Top Market

Exports to Russia's top 10 steel markets represented 67 percent of Russia's steel export volume in 2015 at 19.8 million metric tons (mmt). Turkey received the largest share of Russia's exports at 20 percent (5.8 mmt), followed by Taiwan at 9 percent (2.7 mmt), Mexico at 7 percent (2.2 mmt), and Belgium at 7 percent (1.9 mmt).

The United States ranked 10th as a destination for Russia's steel exports, receiving 2 percent of exports (0.7 mmt) in 2015 — a 62.4 percent decline from 1.9 million metric tons in 2014.

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



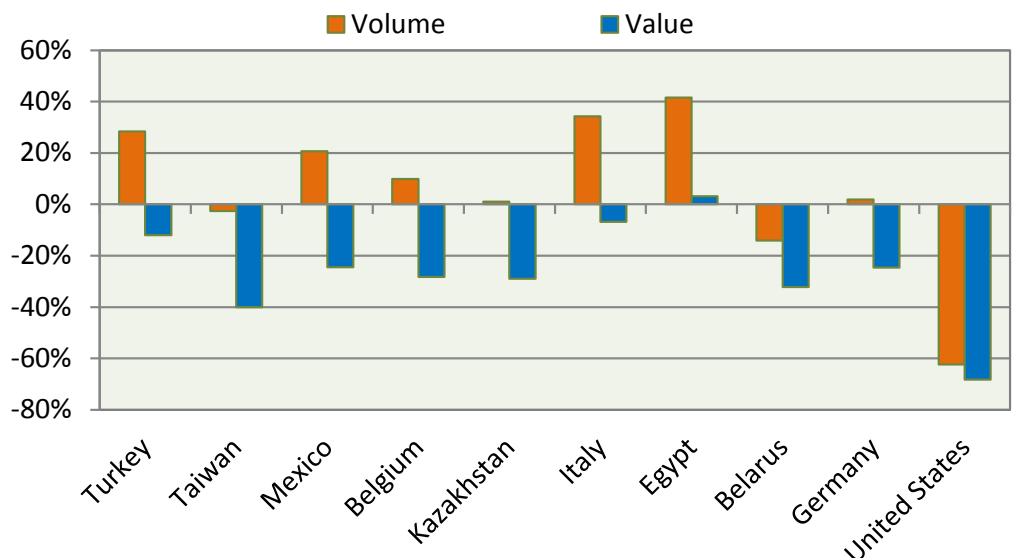
Source: IHS Global Trade Atlas

Trends in Exports to Top Markets

While the volume of Russia's steel exports increased for the majority of its top 10 steel export markets between 2014 and 2015, the overall value of Russia's steel exports decreased in all of the top 10 markets except Egypt, reflecting the decline in global steel prices. The United States experienced the largest decrease in the value of Russia's exports in 2015, down 68.3 percent from 2014, as the volume of exports to the U.S. dropped 62.4 percent. In addition to the United States, significant decreases in value were seen in Taiwan (down 40.1%), Belarus (down 32.3%), Kazakhstan (down 29%), and Belgium (down 28.2%).

Among Russia's top 10 markets, Egypt, Italy, and Turkey each saw large volume increases (up 41.7%, 34.3%, and 28.5% from 2014, respectively). Outside the top 10 markets, other notable volume increases included 13th-ranked Poland (up 51.5%), 18th-ranked Algeria (up 193.9%), 19th-ranked India (up 168.2%), and 23rd-ranked Czech Republic (up 185.4%).

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



Source: IHS Global Trade Atlas

Steel Exports Report: **Russia**

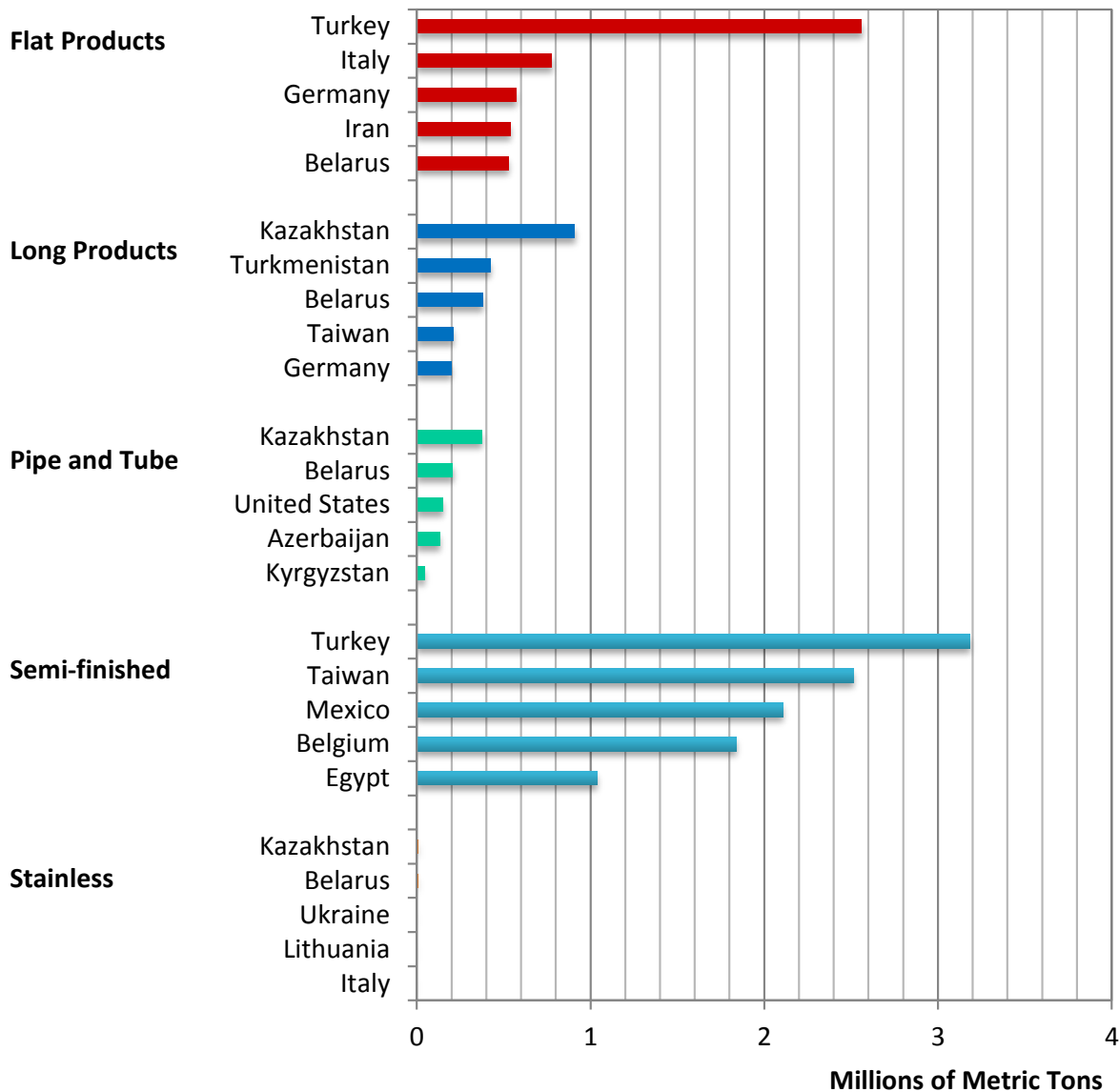
Top Markets by Steel Product Category

Russia's top export markets by volume vary across types of steel products. Turkey accounted for the largest share of Russia's exports of flat and semi-finished products in 2015, receiving 28 percent (2.6 million metric tons) and 21 percent (3.2 million metric tons), respectively.

Kazakhstan received the largest share of Russia's exports of long products at 22 percent (910 thousand metric tons), pipe and tube products at 30 percent (373 thousand metric tons), and stainless products at 39 percent (6.7 thousand metric tons).

Pipe and tube was the only product category for which the United States was a top-five export destination, coming in third with 12 percent (151 thousand metric tons) of Russia's total 2015 exports in this category.

Russia's Top 5 Export Markets by Product - 2015



Source: IHS Global Trade Atlas

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Russia's Import Market Share in Top Destinations

In 2015, the import market share for Russia's steel products increased in the majority of Russia's top export destinations. Countries with notable increases in their share of steel imports from Russia included Turkey (up 5.8 percentage points), Belarus (up 4.6 percentage points), and Taiwan (up 4.2 percentage points).

In 2015, Egypt saw the largest decrease in share of its steel imports from Russia, a drop of 13.9 percentage points, while the U.S. share decreased by nearly half, from 10.5 percent to 5.5 percent. Belgium's and Germany's imports from Russia each decreased by less than one percentage point.

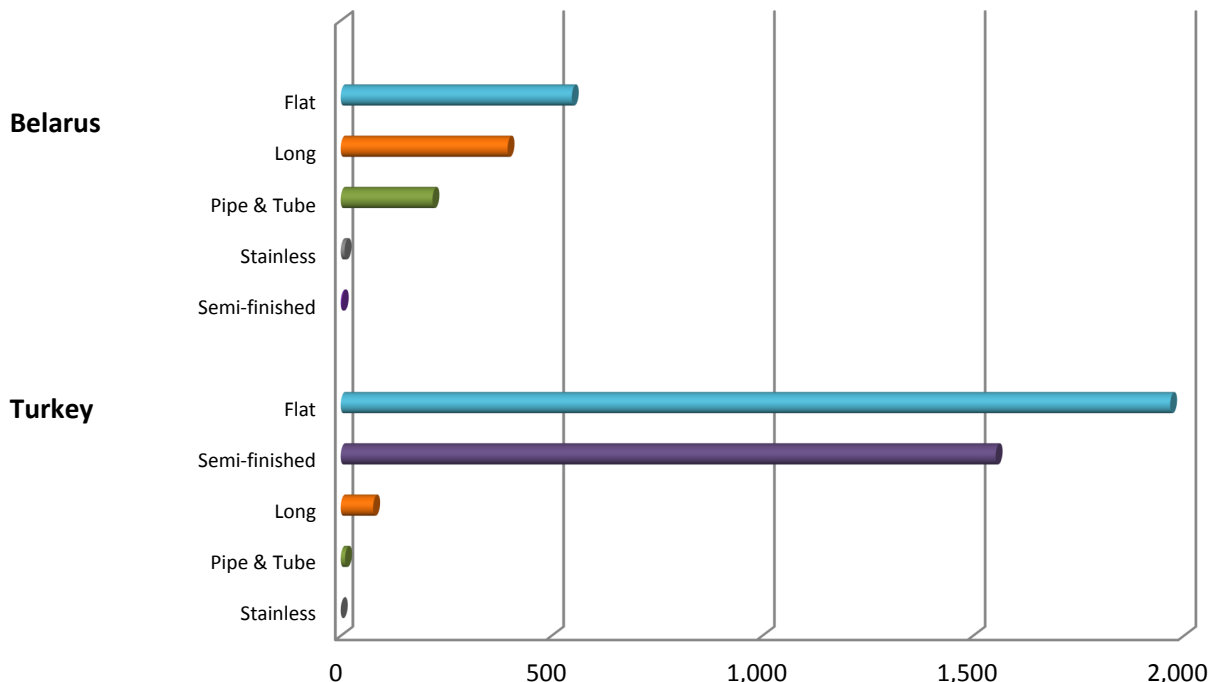
Among Russia's top export markets, Belarus received the largest share of its steel imports from Russia at 80.6 percent, followed by Turkey at 23.1 percent. In 2015, flat products accounted for the largest share of steel imports from Russia in both Belarus (47% or 548 thousand metric tons) and Turkey (55% or 2 million metric tons).

Russia's Steel Import Market Share				
Top 10 Export Markets	Share of Imports from Russia - 2014	Russia's Rank in 2014	Share of Imports from Russia - 2015	Russia's Rank in 2015
Turkey	17.3%	2	23.1%	1
Taiwan	9.0%	3	13.3%	3
Mexico	1.0%	14	2.1%	8
Belgium	17.8%	2	17.3%	2
Kazakhstan*	N/A	N/A	N/A	N/A
Italy	8.4%	4	8.6%	5
Egypt	15.8%	3	1.9%	4
Belarus	76.0%	1	80.6%	1
Germany	1.9%	15	1.9%	15
United States	10.5%	4	5.5%	8

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

*Kazakhstan not reporting imports from Russia

Steel Import Composition of Top Market-Share Countries - 2015



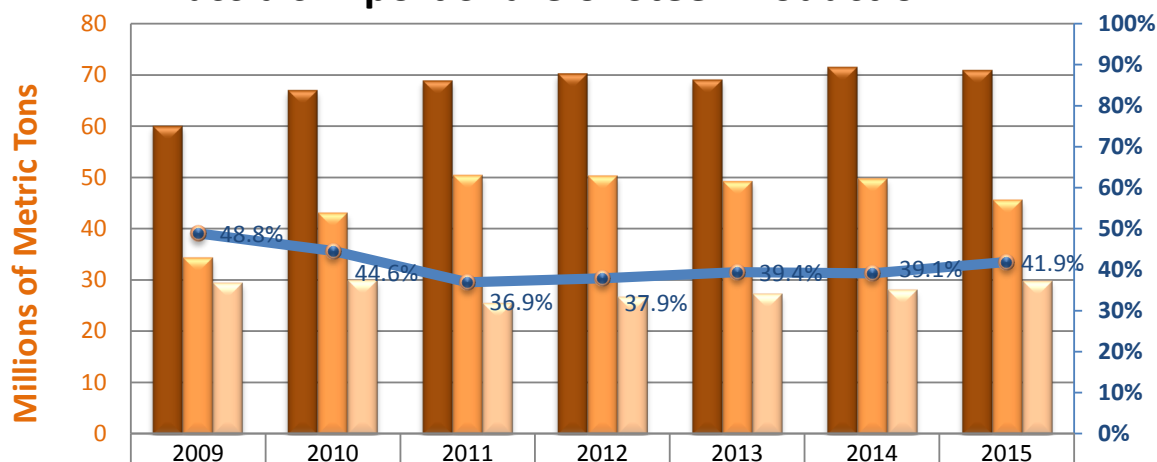
Source: IHS Global Trade Atlas, based on import data per reporting country

Thousands of Metric Tons

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Overall Production and Export Share of Production

Russia's Export Share of Steel Production



	2009	2010	2011	2012	2013	2014	2015
Production	60.0	66.9	68.9	70.2	69.0	71.5	70.9
Apparent Consumption	34.4	43.1	50.5	50.3	49.3	49.8	45.6
Exports	29.3	29.8	25.4	26.6	27.2	28.0	29.7
Export Share of Production	48.8%	44.6%	36.9%	37.9%	39.4%	39.1%	41.9%

Source: World Steel Association; IHS Global Trade Atlas

Russia’s crude steel production increased by 18 percent from 60 million metric tons in 2009 to 70.9 million metric tons in 2015. Despite a 33 percent increase since 2009 in apparent consumption (a measure of steel demand), production has consistently outpaced the country’s demand by roughly 20 to 25 million metric tons per year over the same period. In 2015, the gap stood at 25.2 million metric tons. After a decline of 11.9 percentage points from 2009 to 2011, exports as a share of production has displayed modest growth for every year but 2014 and stood at 41.9 percent in 2015.

Top Producers

Russia’s steel production is concentrated among a handful of companies, with the country’s top six producers accounting for 62.9 million metric tons, or 88.7 percent of total 2015 production, based on available data. Just the top four producers — Novolipetsk, Evraz, Severstal, and Magnitogorsk — are responsible for 76.3 percent of Russia’s total production.

Russia’s Top Steel Producers in 2015

Rank	Company	Production (mmt)	Main Products
1	Novolipetsk Steel (NLMK)	16	Hot-rolled, cold-rolled, semi-finished, electrical, coated
2	Evraz Group	14.4	Beams, structural shapes, reinforcing bars, rails
3	Magnitogorsk Iron & Steel Works	12.2	Semi-finished, hot-rolled, coated, sections, pipes
4	Severstal	11.5	Flat products, hot-rolled, cold-rolled, galvanized, pipe
5	Metalloinvest Management Company	4.5	Heavy plate, strips, semi-finished
6	Mechel	4.3	Semi-finished, stainless, sheet, wire

Source: World Steel Association; 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 Russia.

Steel Mill Trade Remedies in Effect Against Russia				
Country	AD	CVD	Suspension Agreements and Undertakings	Total
European Union	2			2
Indonesia	1			1
Mexico	4			4
Thailand	1			1
United States	1		1	2
TOTAL	9	0	1	10

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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