

Global Steel Trade Monitor

Steel Exports Report: Ukraine

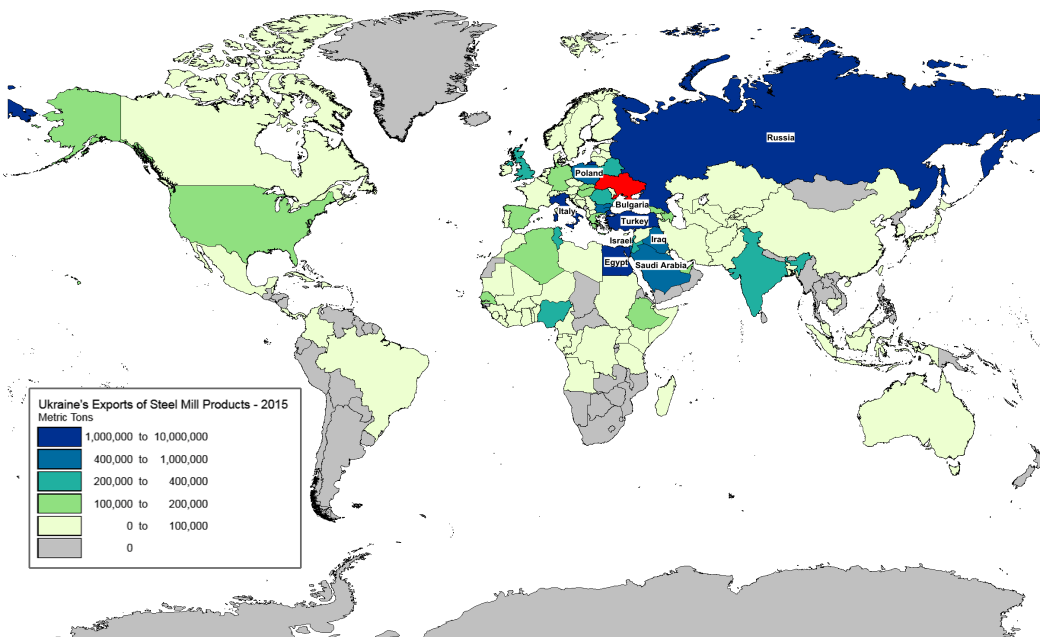
Background

June 2016

Ukraine is the world's sixth-largest steel exporter. In 2015, Ukraine exported 17.8 million metric tons of steel, a 17.3 percent decrease from 21.5 million metric tons in 2014. Ukraine's exports represented about 4 percent of all steel exported globally. The volume of Ukraine's 2015 steel exports was slightly larger than that of Italy and Belgium, and less than one-fifth that of the largest exporter, China. In value terms, steel represented 18 percent of the total amount of goods Ukraine exported in 2015.

Ukraine exports steel to more than 160 countries and territories. The nine countries labeled in the map below represent the top markets for Ukraine's exports of steel, receiving more than 400 thousand metric tons each and accounting for 71 percent of Ukraine's steel exports in 2015.

Ukraine's Exports of Steel Mill Products - 2015



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

Quick Facts:

- World's sixth-largest steel exporter: 17.8 million metric tons (2015)
- 31.4% decline in steel exports since 2011
- Exports as a share of production between 73.2% and 80.1% since 2009
- Year-on-year export volume down 17.3% while export value down 40.7%
- Top three markets: Egypt, Turkey, Italy
- Largest producers: Metinvest, ISD Corporation, JSC Zaporizhstal
- 16 trade remedies in effect in 8 countries involving steel mill imports from Ukraine

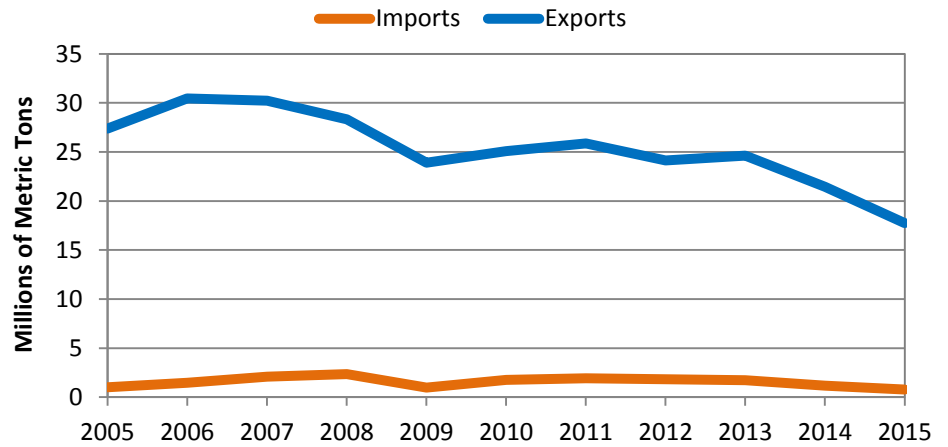
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Steel Trade Balance

Over the past decade, Ukraine has exported a significantly larger volume of steel than it has imported. Between 2005 and 2013, Ukraine's steel trade surplus averaged 25 million metric tons per year.

Although it has declined 42 percent since peaking in 2006, Ukraine's steel trade surplus nonetheless stood at 17 million metric tons in 2015. In that year, Ukraine exported more than 22 times as much steel as it imported.

Ukraine's Trade in Steel Mill Products



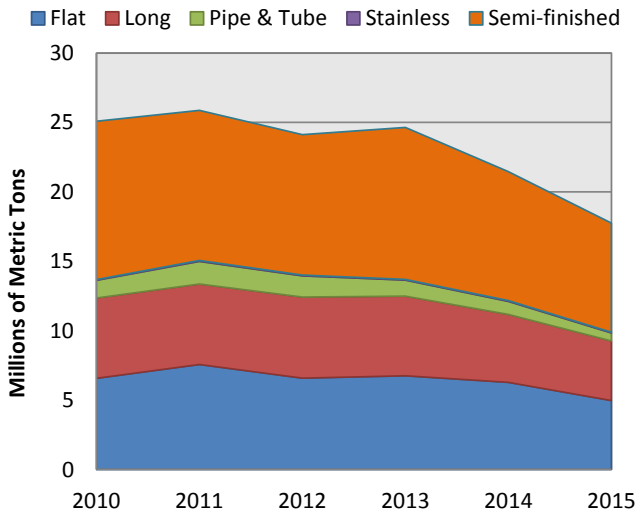
Source: IHS Global Trade Atlas

Export Volume, Value, and Product

Since their most recent peak at 25.9 million metric tons in 2011, Ukraine's steel exports have fallen by 8.1 million metric tons — a decline of 31.4 percent. In value terms, Ukraine's steel exports have declined every year since 2011. In 2015 alone, export value decreased by 40.7 percent to \$7 billion from \$11.8 billion in 2014.

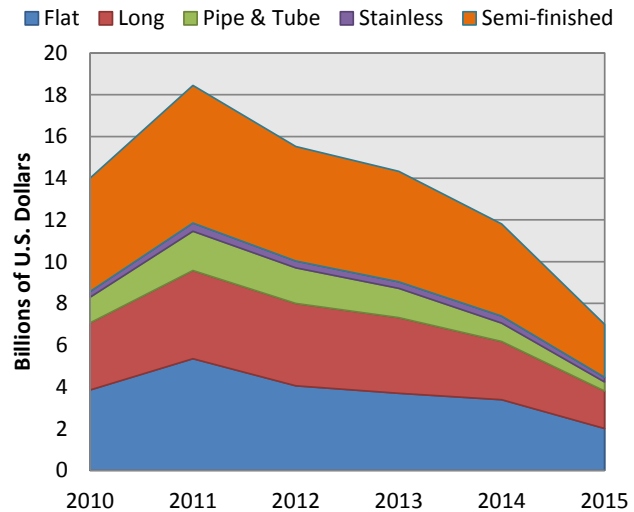
Semi-finished products account for the largest volume share of Ukraine's steel exports. In 2015, 44 percent, or 7.9 million metric tons, of Ukraine's steel exports were of semi-finished products, a share essentially unchanged from 2014. Flat products accounted for 28 percent, or 5 million metric tons, of Ukraine's exports of steel in 2015, followed by long products (24%), pipe and tube products (3%), and stainless steel (0.3%).

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



Source: IHS Global Trade Atlas

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



Source: IHS Global Trade Atlas

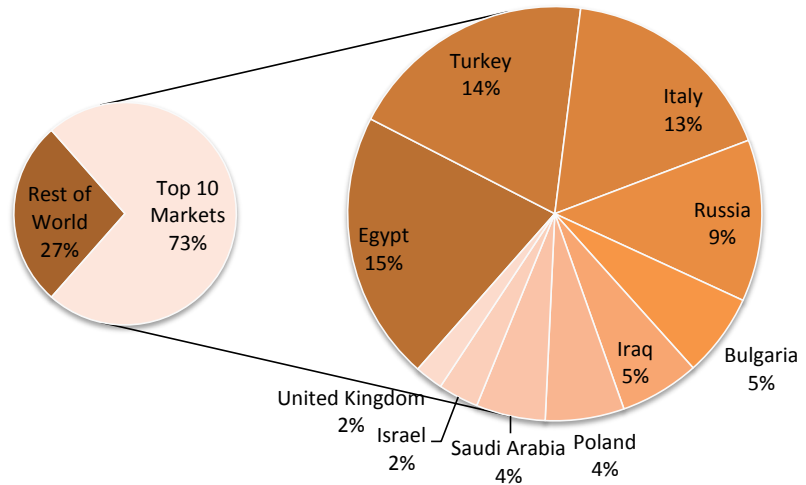
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Exports by Top Market

Exports to Ukraine's top 10 steel markets represented 73 percent of Ukraine's steel export volume in 2015 at 13 million metric tons (mmt). Egypt received the largest share of Ukraine's exports with 15 percent (2.7 mmt), followed by Turkey at 14 percent (2.5 mmt), Italy at 13 percent (2.2 mmt), and Russia at 9 percent (1.6 mmt).

At 151 thousand metric tons, the United States ranked 23rd as a destination for Ukraine's steel exports in 2015.

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



Source: IHS Global Trade Atlas

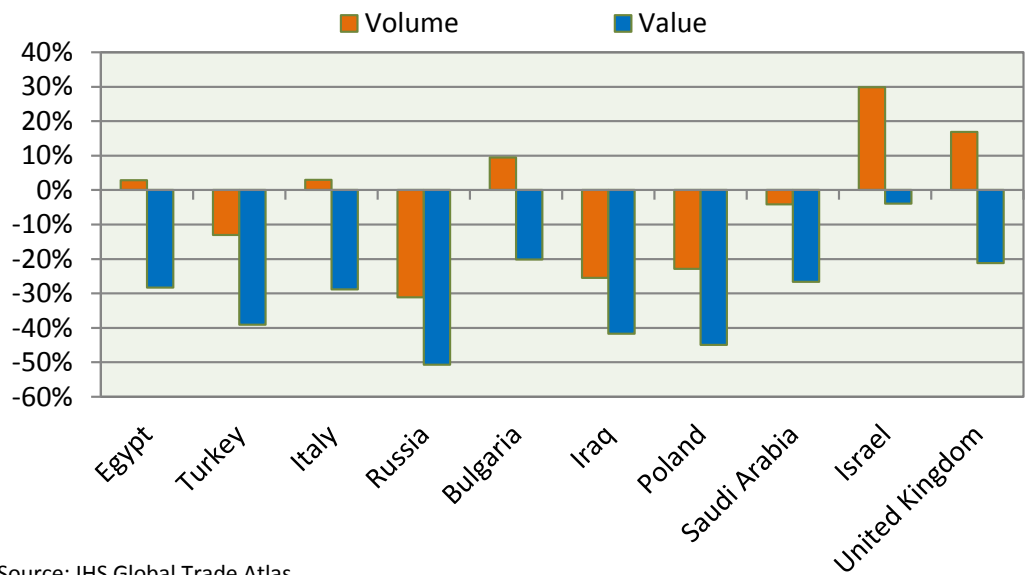
Trends in Exports to Top Markets

While the volume of Ukraine's steel exports increased for half of its top 10 steel export markets between 2014 and 2015, the overall value of Ukraine's steel exports decreased in all of the top 10 markets, reflecting the decline in global steel prices. Russia experienced the largest decrease in the value of Ukraine's exports in 2015, down 50.7 percent from 2014, followed by Poland (down 44.9%), Iraq (down 41.7%), and Turkey (down 39.1%).

Among Ukraine's top 10 markets, Russia, Poland, Iraq, and Turkey also saw the largest decreases in the volume of exports, down 31.2, 22.8, 25.4, and 13.1 percent, respectively.

Ukraine's export volumes to Israel, the United Kingdom, and Bulgaria increased the most in 2015, up 29.8 percent, 16.9 percent, and 9.5 percent, respectively. Outside the top 10 markets, other notable volume increases included 19th-ranked

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



Source: IHS Global Trade Atlas

Algeria (up 168.7% from 2014) and 21st-ranked Germany (up 51.4%)

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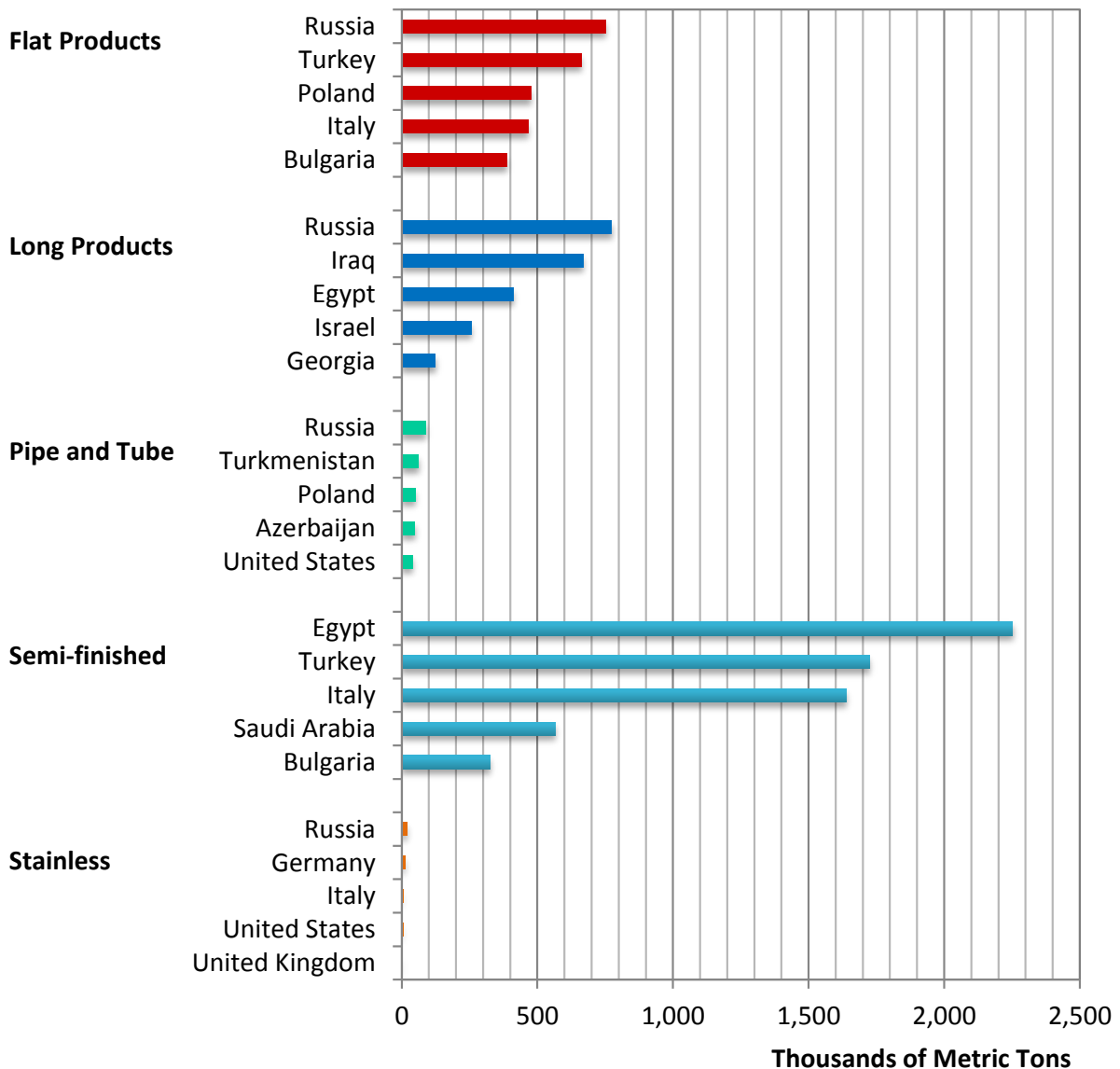
Top Markets by Steel Product Category

Ukraine's top export market by volume in 2015 was Russia for every product category except semi-finished steel. Russia received 15 percent of Ukraine's exports of flat products (752 thousand metric tons), 18 percent of long product exports (775 thousand metric tons), 16 percent of pipe and tube product exports (90 thousand metric tons), and 41 percent of stainless steel exports (21 thousand metric tons).

Egypt received the largest share of Ukraine's semi-finished steel in 2015 (29% or 2.3 million metric tons), followed by Turkey (22% or 1.7 million metric tons), and Italy (21% or 1.6 million metric tons).

Pipe and tube and stainless were the only product categories for which the United States was a top-five export destination.

Ukraine's Top 5 Export Markets by Product - 2015



Source: IHS Global Trade Atlas

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Ukraine's Import Market Share in Top Destinations

Among Ukraine's top export destinations for which 2015 data are available, the import market share for Ukraine's steel products decreased notably in both Egypt (down 31 percentage points) and Turkey (down 7.8 percentage points). Italy, Poland, and the United Kingdom all experienced small decreases in their share of imports from Ukraine. In contrast, the share of Bulgaria's imports from Ukraine rose significantly (up 12.9 percentage points).

Among Ukraine's top export markets, Russia and Bulgaria received more than 30 percent of their steel imports from Ukraine. In 2015, long products accounted for the largest share of steel imports from Ukraine in Russia (47% or 795 thousand metric tons), while flat products accounted for the largest share in Bulgaria (42% or 375 thousand metric tons).

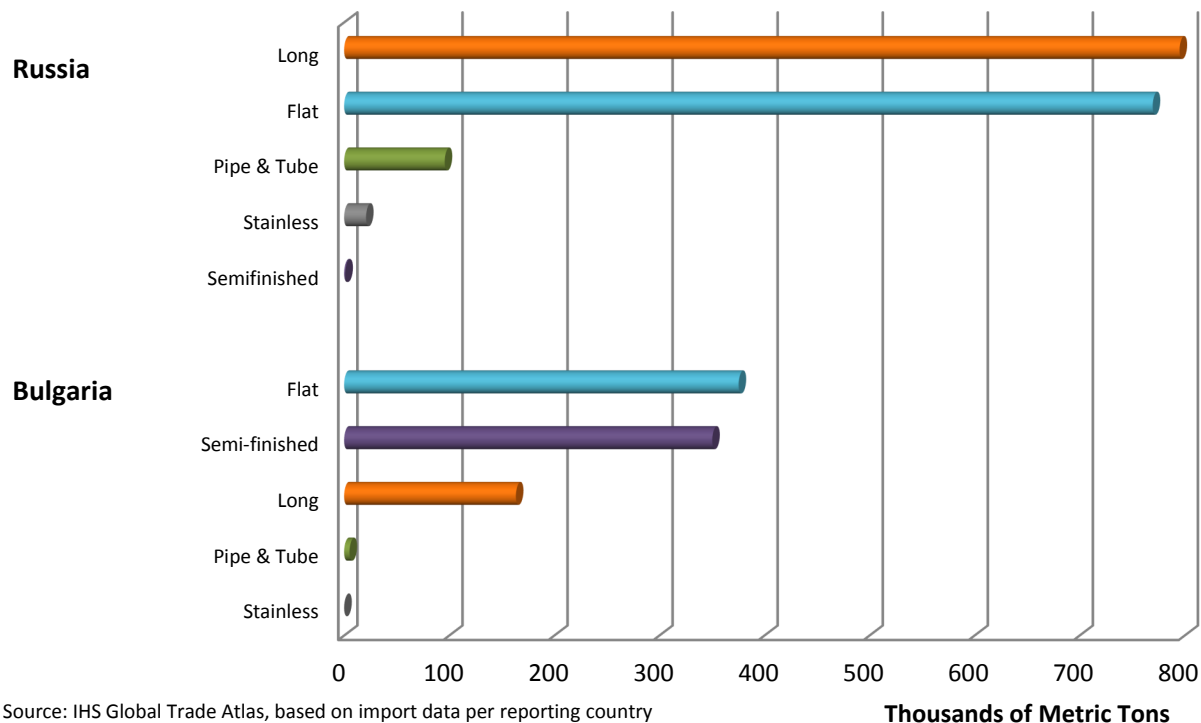
Ukraine's Steel Import Market Share				
Top 10 Export Destinations	Share of Imports from Ukraine - 2014	Ukraine's Rank in 2014	Share of Imports from Ukraine - 2015	Ukraine's Rank in 2015
Egypt	36.0%	1	5.0%	2
Turkey	22.1%	1	14.3%	3
Italy	13.2%	2	11.6%	3
Russia	37.7%	1	37.9%	1
Bulgaria	39.4%	1	52.3%	1
Iraq	N/A	N/A	N/A	N/A
Poland	11.1%	2	8.9%	2
Saudi Arabia	N/A	N/A	N/A	N/A
Israel*	11.4%	3	11.7%	3
United Kingdom	3.3%	10	3.0%	11

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

*Israel data based on value, not quantity (quantity data not reported)

Note: Import data for Iraq and 2014/2015 data for Saudi Arabia not available

Steel Import Composition of Top Market-Share Countries - 2015



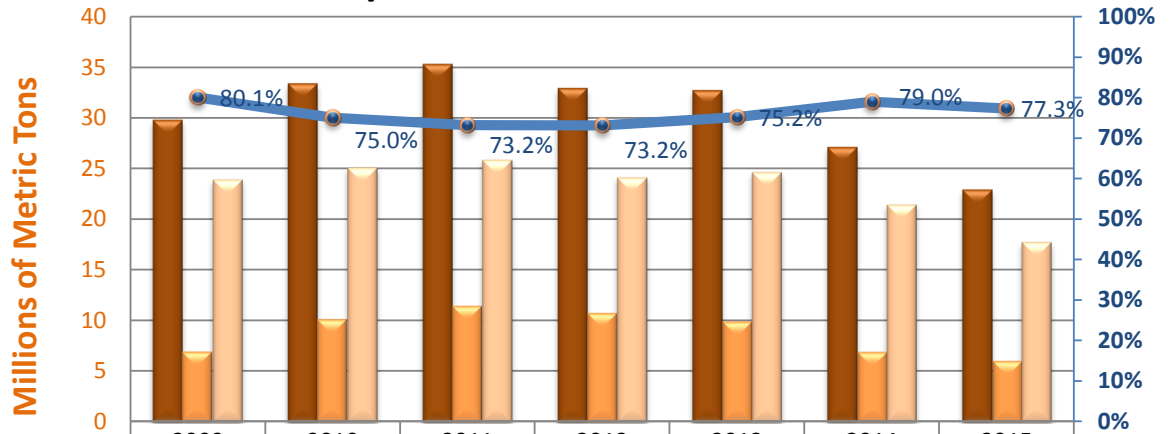
Source: IHS Global Trade Atlas, based on import data per reporting country

Thousands of Metric Tons

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Overall Production and Export Share of Production

Ukraine's Export Share of Steel Production



Production	29.9	33.4	35.3	33.0	32.8	27.2	23.0
Apparent Consumption	6.9	10.1	11.4	10.7	9.9	6.9	6.0
Exports	23.9	25.1	25.9	24.1	24.6	21.5	17.8
Export Share of Production	80.1%	75.0%	73.2%	73.2%	75.2%	79.0%	77.3%

Source: World Steel Association; IHS Global Trade Atlas

Ukraine's crude steel production increased by 18 percent between 2009 and 2011 but has fallen by 35 percent since then. Apparent consumption (a measure of steel demand) has shrunk in tandem with overall production since 2011 but has been significantly outpaced by production over the same time period. In 2015, the gap between production and apparent consumption stood at 17 million metric tons.

While Ukraine's steel exports as a share of production shrank by 6.9 percentage points between 2009 and 2011, that figure had rebounded 4.1 percentage points to 77.3 percent by 2015. Exports as a share of production have stayed within a range of roughly 73 to 80 percent of total production since 2009.

Top Producers

Ukraine's steel production is heavily concentrated in three major companies: Metinvest Holding, Industrial Union of Donbas (ISD), and JSC Zaporizhstal Iron and Steelworks (49.9% owned by Metinvest). The three companies together accounted for 18.5 million metric tons of production, or 80.5 percent of the country's 2015 total production of 23 million metric tons, based on available data.

Ukraine's Top Steel Producers in 2015			
Rank	Company	Production (mmt)	Main Products
1	Metinvest Holding	9.7	Hot-rolled, plate, billet, bars, rails, pipe
2	ISD	4.8	Hot-rolled, cold-rolled, plate, pipe
3	JSC Zaporizhstal	4.0 (2014)	Hot-rolled, cold-rolled, plate, tinplate, formed products

Source: World Steel Association; Bloomberg

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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 Ukraine.

Steel Mill Trade Remedies in Effect Against Ukraine				
Country	AD	CVD	Suspension Agreements and Undertakings	Total
Brazil	2			2
Canada	3			3
European Union	1			1
Indonesia	1			1
Mexico	3			3
Russia	1			1
Thailand	1			1
United States	2		2	4
TOTAL	14	0	2	16

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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