

Global Steel Trade Monitor

Steel Exports Report: Brazil

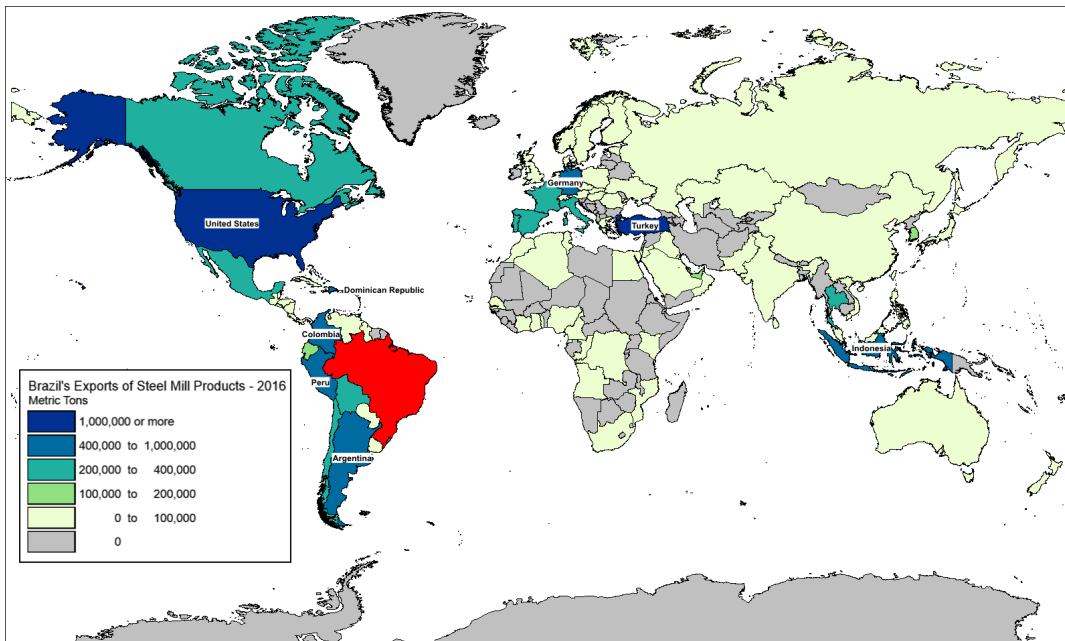
May 2017

Background

Brazil is the eleventh-largest steel exporter in the world. Brazil exported 13.4 million metric tons of steel in 2016, down 2 percent from 2015 levels. Brazil's exports represented about 3 percent of all steel exported globally in 2015, based on available data. The volume of Brazil's 2015 steel exports nearly the same size as the tenth-largest exporter, France, and about 13 percent of the volume of the world's largest exporter, China. Brazil is the only South American country in the top 20 of steel exporters. In value terms, steel represented just 3 percent of the total goods Brazil exported in 2016.

Brazil exports steel to more than 150 countries and territories. The eight countries labeled in the map below represent the top markets for Brazil's exports of steel, receiving more than 400 thousand metric tons each and accounting for about 68 percent of Brazil's steel exports in 2016.

Brazil's Exports of Steel Mill Products - 2016



Data Source: Global Trade Atlas; Copyright © IHS Global Inc. 2017. All rights reserved.

Quick Facts:

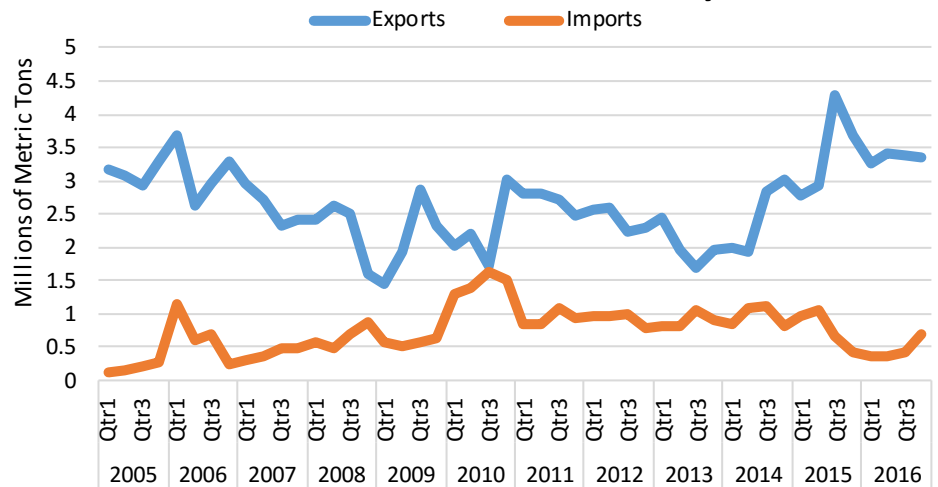
- World's eleventh-largest steel exporter: 13.4 million metric tons (2016)
- 55% growth in steel exports since 2009
- 2016 export volume down 2% and export value down 15%
- Top three markets: United States, Turkey, Germany
- Exports as a share of production up from 41.2% in 2015 to 44.3% in 2016
- Largest producers: Gerdau, ArcelorMittal, USIMINAS, CSN
- 7 trade remedies in effect in 3 countries involving steel mill imports from Brazil

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Steel Trade Balance

Brazil has maintained a consistent trade surplus in steel products. Decreasing exports and increasing imports caused the trade surplus to narrow by half in 2010 to 3.1 million metric tons. The trade surplus has bounced back and has increased 272 percent between 2010 and 2016. Brazil's surplus now sits at 11.6 million metric tons for 2016, a gain of nine percent from the previous year. The increase in the trade surplus can be attributed to a decline in imports, which were lower by 42 percent in 2016.

Brail's Trade in Steel Mill Products by Quarter



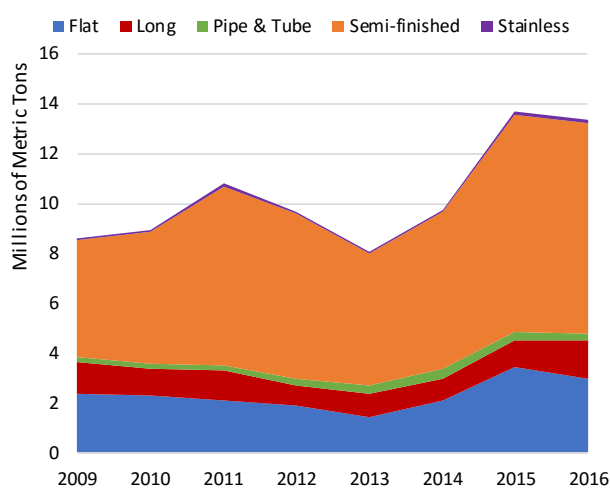
Source: IHS Global Trade Atlas

Export Volume, Value, and Product

The volume of Brazil's steel exports reached a peak in 2015 at 13.7 million metric tons rising 40 percent from 2014. Export volume remained relatively on par in 2016, decreasing by 2 percent to 13.4 million metric tons. After decreasing 3 percent in 2015, the value of Brazil's steel exports declined by 15 percent between 2015 and 2016, from \$6.5 to \$5.5 billion.

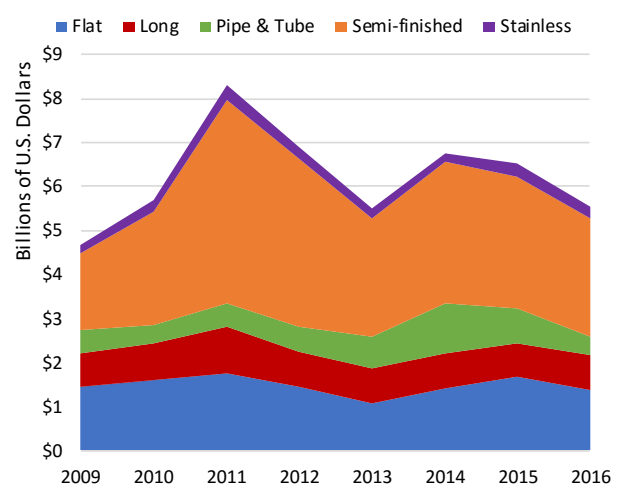
Semi-finished steel accounted for 63 percent of Brazil's steel exports by volume in 2016 at 8.4 million metric tons. Flat products represented the second-largest category at 22 percent (3 million metric tons), followed by long products at 12 percent (1.5 million metric tons), pipe and tube at 2 percent (272 thousand metric tons, down 21 percent from 2015), and stainless steel at 1 percent (142 thousand metric tons).

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



Source: IHS Global Trade Atlas

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



Source: IHS Global Trade Atlas

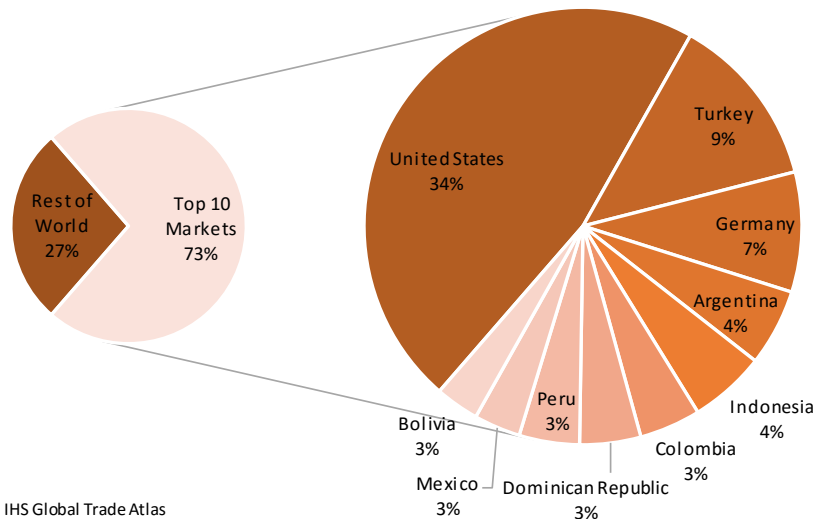
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Exports by Top Market

Exports to Brazil's top 10 steel markets represented 73 percent of Brazil's steel export volume in 2016 at 9.7 million metric tons (mmt). The United States received the largest share of Brazil's exports with 34 percent (4.6 mmt), followed by Turkey at 9 percent (1.3 mmt), Germany at 7 percent (0.9 mmt), and Argentina at 4 percent (0.5 mmt).

The United States has ranked first as a destination for Brazil's steel exports for most of the last decade. Despite this, exports to the United States fell the most of Brazil's to 10 export markets in 2016.

Brazil's Steel Exports - Top 10 Markets
2016 - Millions of Metric Tons



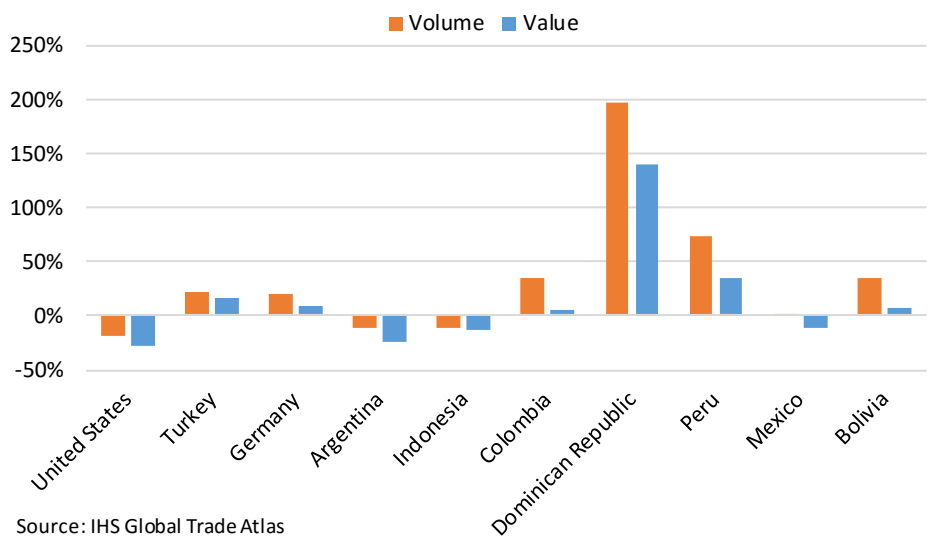
Source: IHS Global Trade Atlas

Trends in Exports to Top Markets

The volume of Brazil's steel exports increased to seven of the country's top 10 steel export markets in 2016. Exports increased the most to the Dominican Republic (up 198.2% by volume in 2016), followed by Peru (up 73.5%), Bolivia (up 35.6%), Colombia (up 34.8%), Turkey (up 22.1%), and Germany (up 19.9%). Brazil's exports decreased to United States (down 18.1%), Argentina (down 11.5%), and Indonesia (down 10.6%).

The value of steel exports increased to six of Brazil's top 10 markets in 2016. The Dominican Republic saw the largest increase in value, up 139.9 percent in 2016, followed by Peru (up 35.2%), Turkey (up 15.8%), Germany (up 9.2%), Bolivia (up 7.3%), and Colombia (up 5.4%). The United States had the greatest decline in value in 2016, lower by 28.3 percent. Argentina was also lower (down 23.3%), followed by Indonesia (down 12.6%), and Mexico (down 12%).

Percent Change in Exports to Top 10 Markets (2015 to 2016)



Source: IHS Global Trade Atlas

Other notable increases of steel exports by volume were to Spain, up 152.7 percent in 2016.

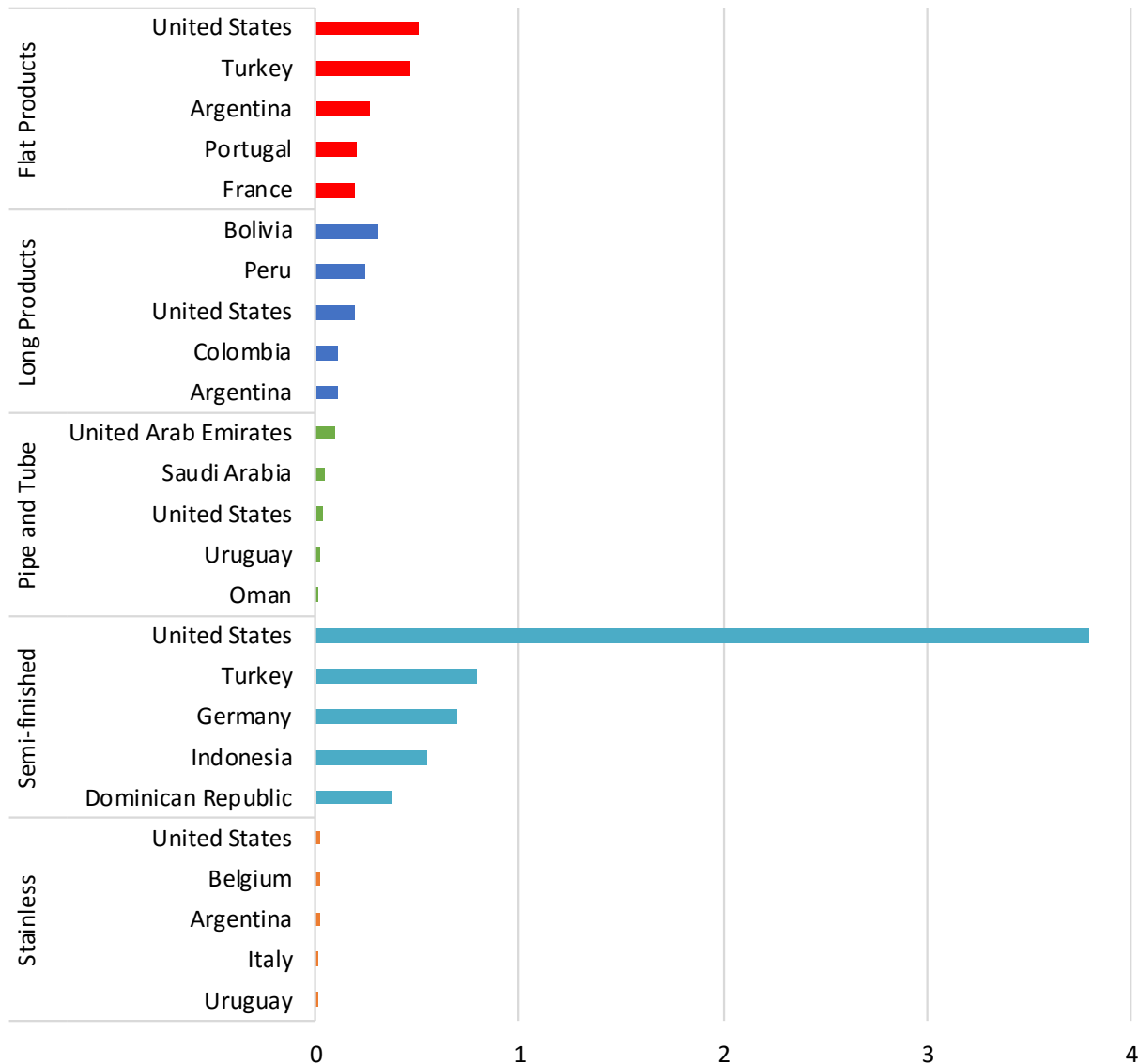
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Top Markets by Steel Product Category

Brazil's top export markets by volume vary across types of steel products, though the United States held the top spot in three of the five product categories in 2016. The United States received the largest share of Brazil's exports of flat products at 17 percent (511 thousand metric tons), semi-finished steel at 45 percent (3.8 million metric tons), and stainless steel at 19 percent (27 thousand metric tons). The U.S. also ranked third as a destination for Brazil's long product exports (12% or 192 thousand metric tons) and third for pipe and tube exports (10% or 27 thousand metric tons).

Bolivia received the largest share of Brazil's long product exports in at 20 percent (305 thousand metric tons), while the United Arab Emirates received the largest share of pipe and tube exports at 37 percent (100 thousand metric tons).

Brazil's Top 5 Export Markets by Product - 2016



Source: IHS Global Trade Atlas

Millions of Metric Tons

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Brazil's Import Market Share in Top Destinations

In 2015, the import market share for Brazil's steel products increased in eight of Brazil's top 10 export destinations. Countries with notable increases in their share of steel imports from Brazil included Belgium (up 3.5 percentage points from 2014), Indonesia (up 3.4 percentage points), and the United States (up 2.5 percentage points). Argentina and Turkey were the only top 10 destinations to show decreases in their share of imports from Brazil, down 1.7 and 0.3 percentage points, respectively.

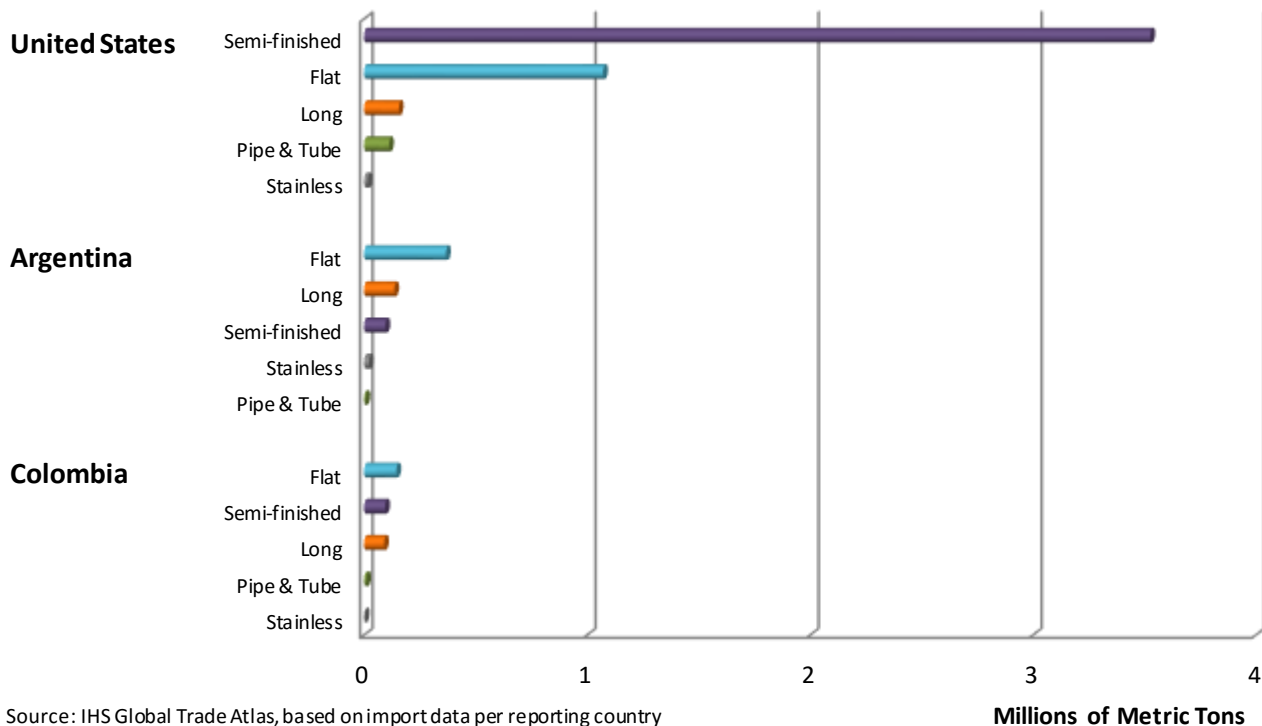
Brazil's Steel Import Market Share				
Top 10 Export Destinations (2015)	Share of Imports from Brazil - 2014	Brazil's Rank in 2014	Share of Imports from Brazil - 2015	Brazil's Rank in 2015
United States	11.3%	3	13.8%	2
Turkey	2.1%	12	1.9%	12
Germany	0.2%	28	0.7%	18
Argentina	55.2%	1	53.5%	1
Indonesia	1.7%	11	5.1%	5
Belgium	0.4%	19	4.0%	7
Mexico	0.8%	15	2.0%	9
Colombia	11.3%	4	11.9%	4
Mexico	1.2%	12	1.9%	7
France	0.0%	35	1.3%	10

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

Among Brazil's top export markets, the United States, Argentina, and Colombia received the highest shares of their total steel imports from Brazil at 13.8 percent,

53.5 percent, and 11.9 percent, respectively. In 2015, flat products accounted for the largest share of steel imports from Brazil in Argentina at 60 percent (367 thousand metric tons) and Colombia at 42 percent (144 thousand metric tons), while semi-finished steel account for 72 percent (3.5 million metric tons) of U.S. imports from Brazil.

Steel Import Composition of Top Market-Share Countries - 2015



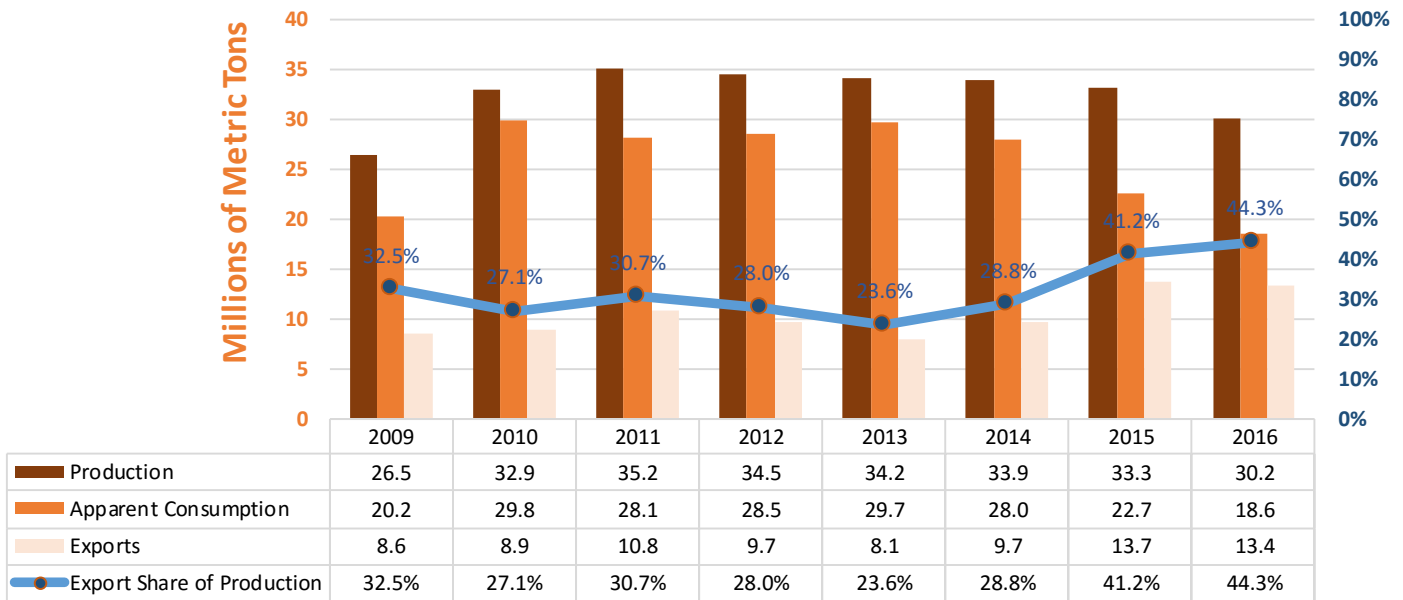
Source: IHS Global Trade Atlas, based on import data per reporting country

Millions of Metric Tons

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Overall Production and Export Share of Production

Brazil's Export Share of Steel Production



Sources: World Steel Association; IHS Global Trade Atlas

Brazil's crude steel production increased by 33 percent between 2009 and 2011 but has decreased every year since then. Production showed the largest decrease between 2015 and 2016, down 9 percent from 33.3 million metric tons in 2015 to 30.2 million metric tons in 2016. Apparent consumption (a measure of steel demand) has also been declining, down 33 percent from 2014 and 18 percent from 2015. Production has consistently outpaced demand, and the gap between the two has increased 159 percent since 2013 to a total of 11.6 million metric tons in 2016. Brazil's steel exports as a share of production grew by 3 percentage points between 2015 and 2016 to 44.3 percent. This is the highest share since 2009, up nearly 12 percentage points.

Top Producers

Steel production in Brazil is concentrated among four large companies — the majority of which are domestically-owned. Despite large reserves of iron ore in the country, Brazilian steel production uses a mix of iron ore-based blast furnaces and scrap metal-based electric arc furnaces.

Brazil's Top Steel Producers			
Rank	Company	Capacity (mmt)	Main Products
1	Gerdau SA	25 (worldwide)	Long products, semi-finished
2	ArcelorMittal Brasil	11	Long products, flat products
3	Usinas Siderurgicas de Minas Gerais SA (USIMINAS)	9.5	Cold-rolled, strip, heavy plates, galvanized
4	Companhia Siderurgica Nacional (CSN)	5.8	Hot-rolled, cold-rolled, galvanized, coated sheets

Sources: Brazil Steel Institute; Company websites

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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 tables below provide statistics on the current number of trade remedies various countries have against steel mill products from Brazil.

Steel Mill Trade Remedies in Effect Against Brazil				
Country	AD	CVD	Suspension Agreements and Undertakings	Total
Canada	2			2
Mexico	1			1
United States	3	1		4
TOTAL	6	1	0	7

Source: World Trade Organization, through December 1, 2016

Global Steel Mill Safeguards in Effect	
Country	Product(s)
Egypt	Steel rebar
India	1) Hot-rolled steel in coils; 2) Hot-rolled steel flat sheets and plates
Indonesia	1) Articles of finished casing and tubing; 2) Flat-rolled products of iron or non-alloy steel; 3) I and H sections of other alloy steel; 4) Bars and rods, hot-rolled, in irregularly wound coils
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; 3) Structural hot-rolled H-beams with alloy
Vietnam	Semi-finished and certain finished products of alloy and non-alloy steel

Source: World Trade Organization, through February 24, 2017

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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