

Global Steel Trade Monitor

Steel Exports Report: China

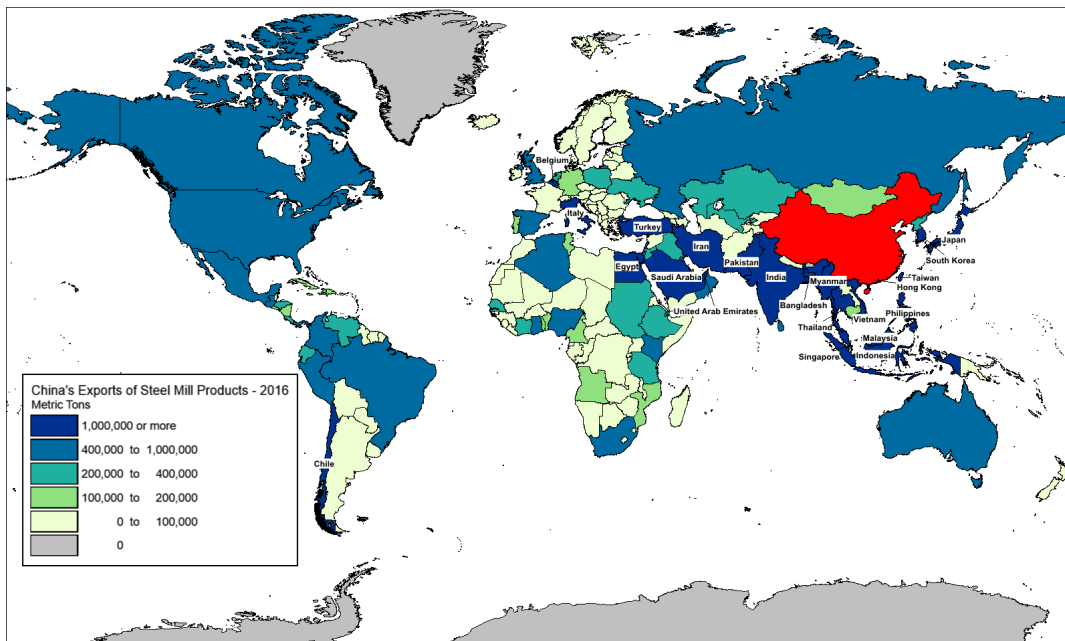
Background

March 2017

China is the world's largest steel exporter. In 2016, China exported 106.6 million metric tons of steel, a 3.1 percent decrease from 110 million metric tons in 2015. China's exports represented about 24 percent of all steel exported globally in 2015, based on available data. The volume of China's 2016 steel exports was more than double that of the world's second-largest exporter, Japan, and more than triple that of the third- and fourth-largest exporters, Russia and South Korea. In value terms, steel represented just 2.4 percent of the total amount of goods China exported in 2016.

China exports steel to more than 220 countries and territories. The 22 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 76 percent of China's steel exports in 2016.

China's Exports of Steel Mill Products - 2016



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

Quick Facts:

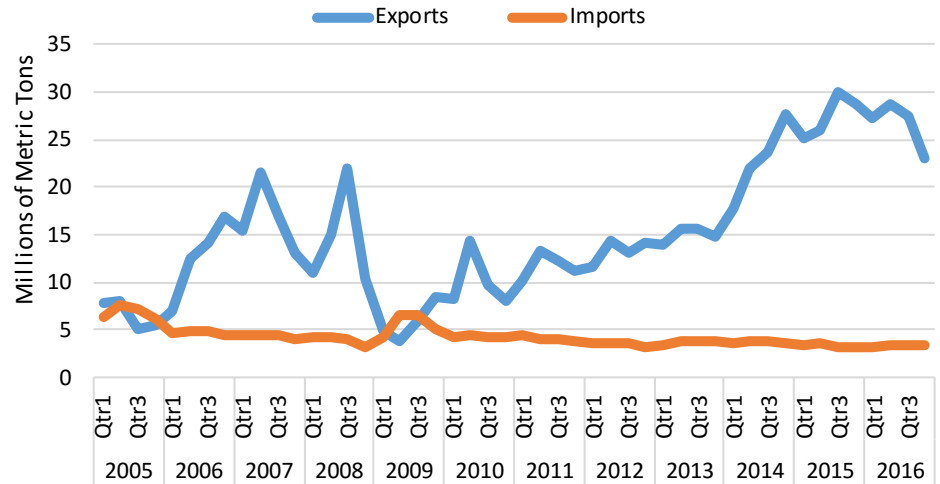
- World's largest steel exporter: 106.6 million metric tons (2016)
- 364% steel export growth since 2009
- Exports as a share of production down from 13.8% in 2015 to 13.2% in 2016
- Year-on-year export volume down 3.1% while export value down 11.4%
- Top three markets: South Korea, Vietnam, Philippines
- Largest producers: Hesteel Group and Baosteel Group
- 102 trade remedies in effect in 18 countries involving steel mill imports from China

Steel Exports Report: China

Steel Trade Balance

For most of the last decade, China has maintained a trade surplus in steel products. After a brief trade deficit in 2009 as exports fell in the wake of the global recession, China's exports have increased dramatically, growing 364 percent between 2009 and 2016. Imports decreased by 39 percent over the same period. A dip in exports in 2016 caused China's trade surplus to narrow by 4 percent to 93.1 million metric tons from 97 million metric tons in 2015.

China's Trade in Steel Mill Products by Quarter



Source: IHS Global Trade Atlas

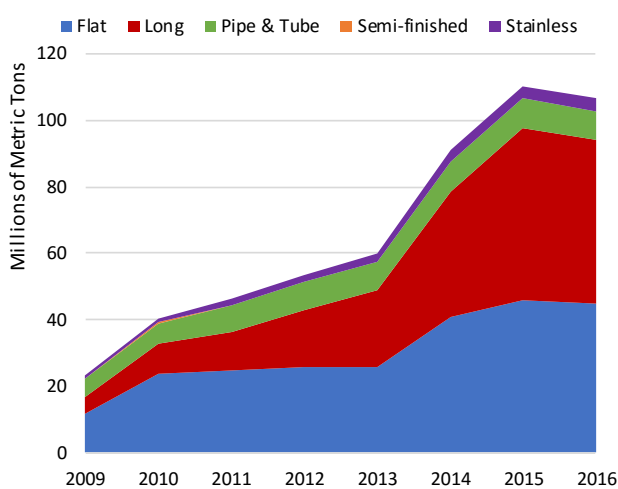
Export Volume, Value, and Product

In 2015, China's steel exports reached a record high of 110 million metric tons — an increase of 20.5 percent from 2014. In 2016, exports decreased 3.1 percent from 2015 for a total export volume of 106.6 million metric tons. By contrast, the value of China's steel exports declined by 11.4 percent between 2014 and 2015 and by 12.1 percent between 2015 and 2016. Exports valued \$50.9 billion in 2016.

Long products have surpassed flat products to account for the largest share of China's steel exports. In 2016, 46 percent of China's steel exports were of long products (49.1 million metric tons). Flat products accounted for 42 percent (44.9 million metric tons) of exports, followed by pipe and tube products at 8 percent (8.7 million metric tons), stainless steel at 4 percent (3.8 million metric tons), and semi-finished steel at 0.01 percent (12.8 thousand metric tons).

China's Exports of Steel Mill Products

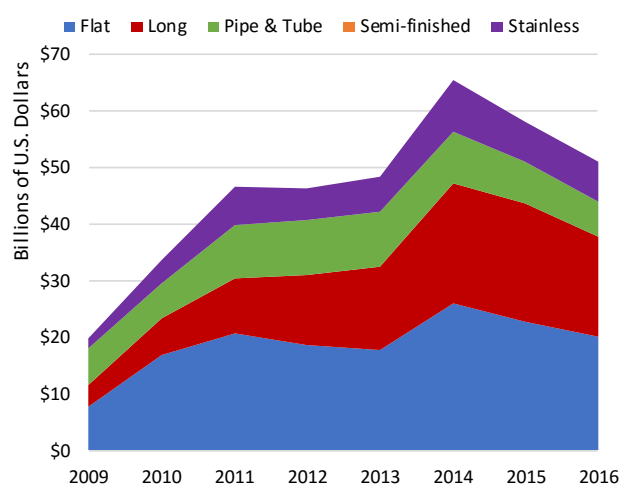
Millions of Metric Tons



Source: IHS Global Trade Atlas

China's Exports of Steel Mill Products

Billions of U.S. Dollars



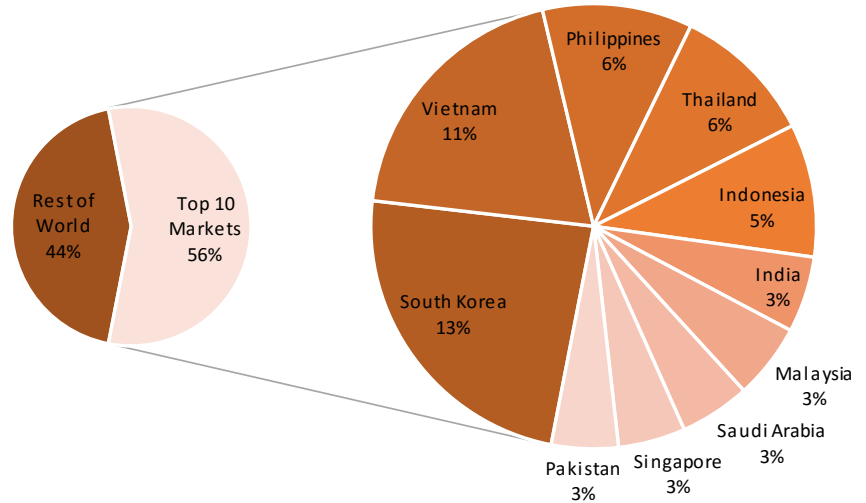
Source: IHS Global Trade Atlas

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Exports by Top Market

Exports to China's top 10 steel markets represented 56 percent of China's steel export volume in 2016 at 59.8 million metric tons (mmt). South Korea received the largest share of China's exports with 13 percent (14.2 mmt), followed by Vietnam at 11 percent (11.6 mmt) and the Philippines at 6 percent (6.5 mmt). Thailand surpassed India and Indonesia in 2016 to account for the fourth largest share of exports at 6 percent (6.2 mmt), and Saudi Arabia and Pakistan moved up into the top ten with 3 percent each.

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



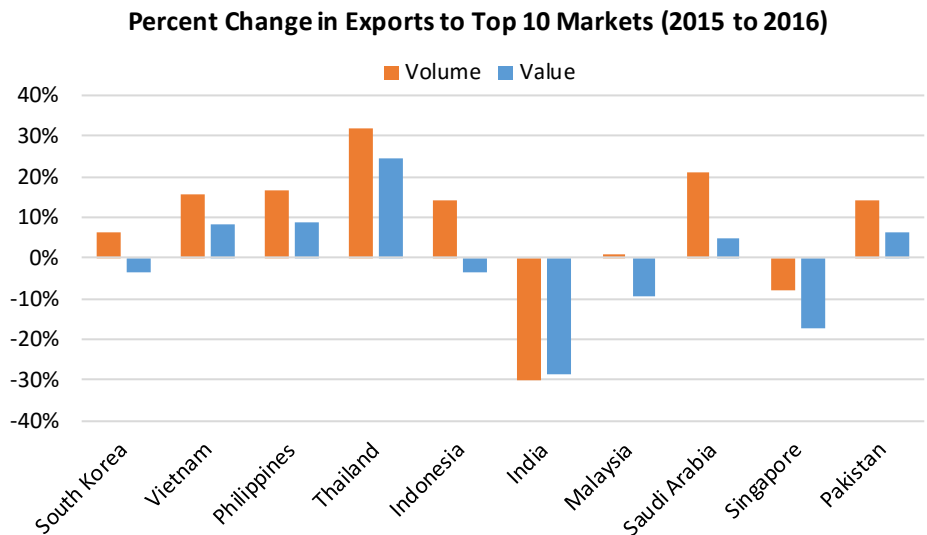
Source: IHS Global Trade Atlas

The United States ranked 25th as a destination for China's steel exports, receiving just 0.8 percent of exports (0.8 mmt) in 2016 – compared to ranking 19th in 2015 with 1.9 percent of exports (2.1 mmt).

Trends in Exports to Top Markets

Between 2015 and 2016, China's exports to its top 10 markets increased in volume to eight of the top 10. Export volumes to Thailand showed the largest increase, up 31.9 percent from 2015, followed by exports to Saudi Arabia (up 21.2%), the Philippines (up 16.7%), and Vietnam (up 15.5%). Only exports to India and Singapore decreased in volume from 2015, down 30.1 percent and 8.1 percent, respectively.

In value terms, however, changes were mixed between 2015 and 2016 as export values decreased in half of China's top 10 export markets. India experienced the largest decrease in export value from China, down 28.5 percent, followed by Singapore (down 17.6%) and Malaysia (down 9.6%).



Source: IHS Global Trade Atlas

Exports to Thailand showed the largest increase in value in 2016, up 24.5 percent, followed by exports to the Philippines (up 8.6%) and Vietnam (up 8.1%).

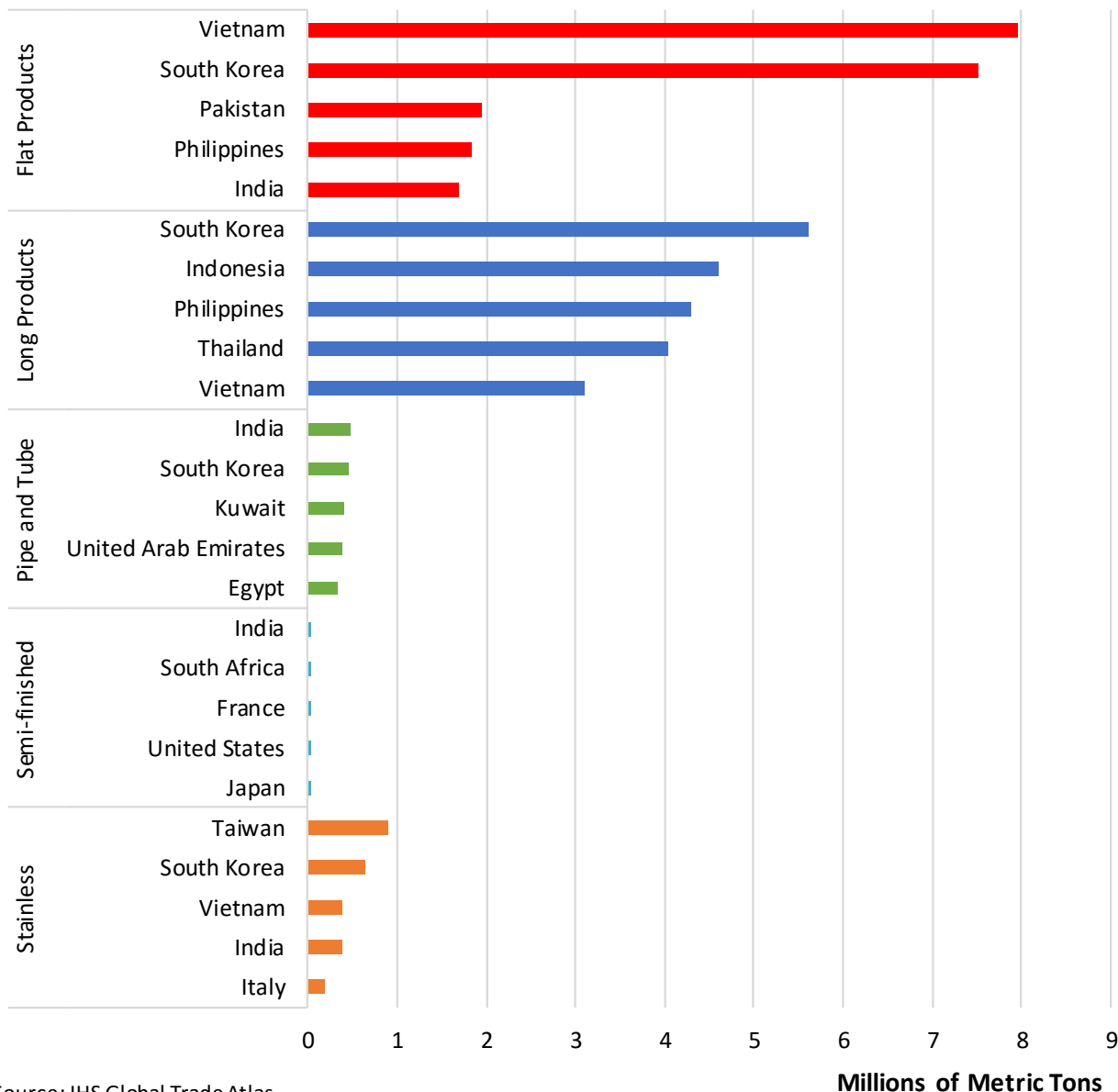
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Top Markets by Steel Product Category

China's top export markets by volume vary across types of steel products. Vietnam moved ahead of South Korea in 2016 to account for the largest share of China's exports of flat products, receiving 18 percent (8 million metric tons), followed by South Korea at 17 percent (7.5 million metric tons). South Korea received the largest share of long product exports at 11 percent (5.6 million metric tons), India received the largest share of pipe and tube exports at 5 percent (470.5 thousand metric tons), and Taiwan received the largest share of stainless exports at 23 percent (885.4 thousand metric tons).

China exported a negligible amount of semi-finished steel in 2016 — only 0.01 percent of steel exports — and the majority went to India (75% or 9.6 thousand metric tons). Semi-finished was the only product category for which the United States was a top-five export destination in 2016.

China's Top 5 Export Markets by Product - 2016



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.

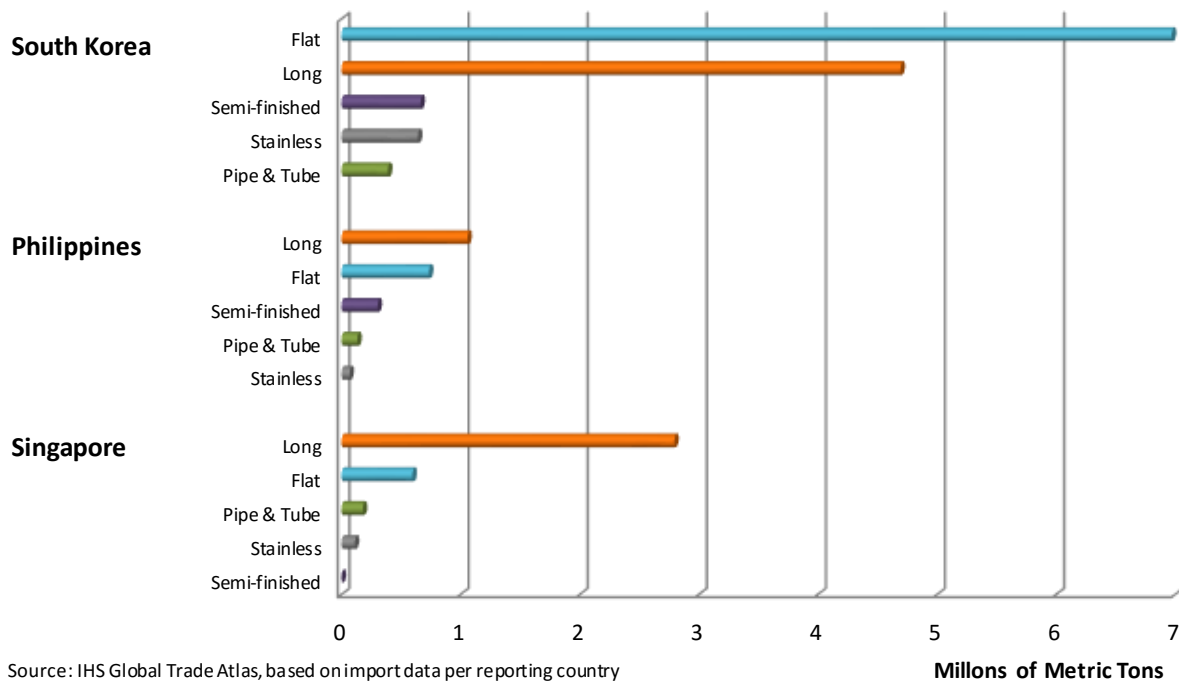
In 2015, long products accounted for the largest share of steel imports from China in both the Philippines (46% or 1.1 million metric tons) and Singapore (76% or 2.8 million metric tons), while flat products accounted for the largest share of South Korea's imports from China (52% or 7 million metric 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



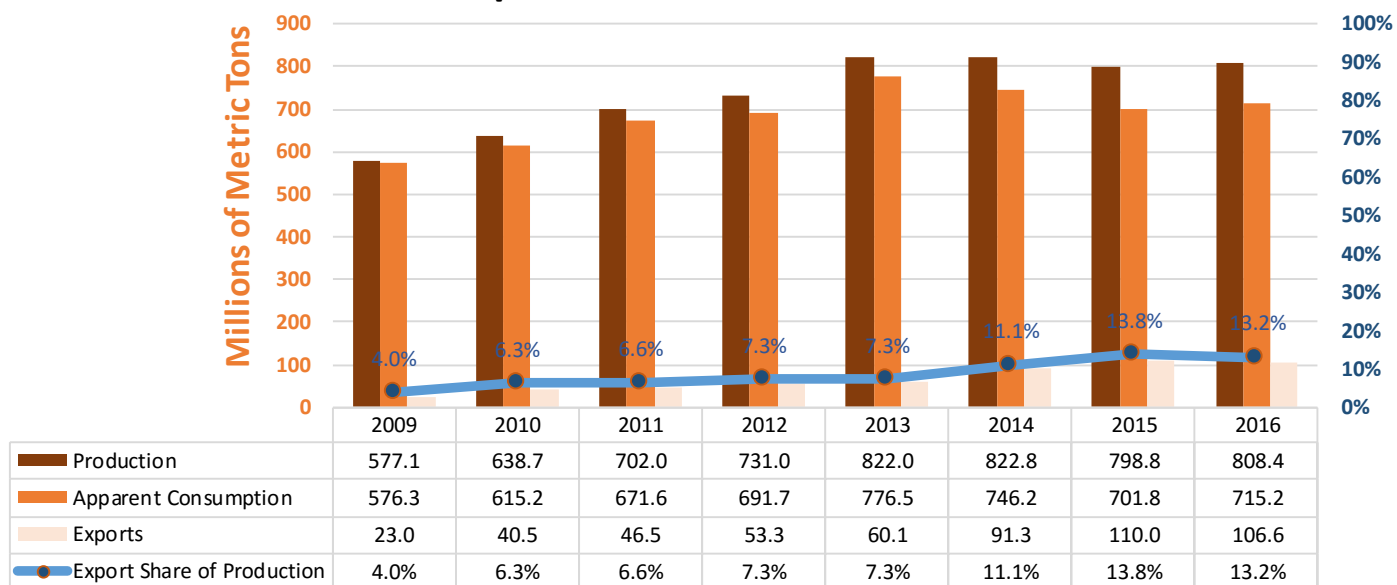
Source: IHS Global Trade Atlas, based on import data per reporting country

Millions of Metric Tons

Steel Exports Report: China

Overall Production and Export Share of Production

China's Export Share of Steel Production



Sources: World Steel Association; IHS Global Trade Atlas

China's crude steel production increased steadily between 2009 and 2014 but has remained relatively flat since then. Production in 2016 increased 1.2 percent to 808.4 million metric tons from 798.8 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. In 2016, the gap narrowed slightly to 93.1 million metric tons. Between 2009 and 2015, China's steel exports as a share of production more than tripled from 4 percent to 13.8 percent. In 2016, the export share of production decreased slightly to 13.2 percent.

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	Shangang 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

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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 China.

Steel Mill Trade Remedies in Effect Against China				
Country	AD	CVD	Suspension Agreements and Undertakings	Total
Australia	6	4		10
Brazil	7			7
Canada	8	6		14
Colombia	4			4
Eurasian Economic Union	3		1	4
European Union	7	1		8
India	2			2
Indonesia	5			5
Malaysia	5			5
Mexico	5			5
Peru	1			1
South Korea	1		1	2
Taiwan	1		1	2
Thailand	9			9
Turkey	2			2
Ukraine			1	1
United States	12	8		20
Vietnam	1			1
TOTAL	79	19	4	102

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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