INTERNATIONAL
TRADE
ADMINISTRATION

Global Steel Trade Monitor

Steel Imports Report: **Malaysia**

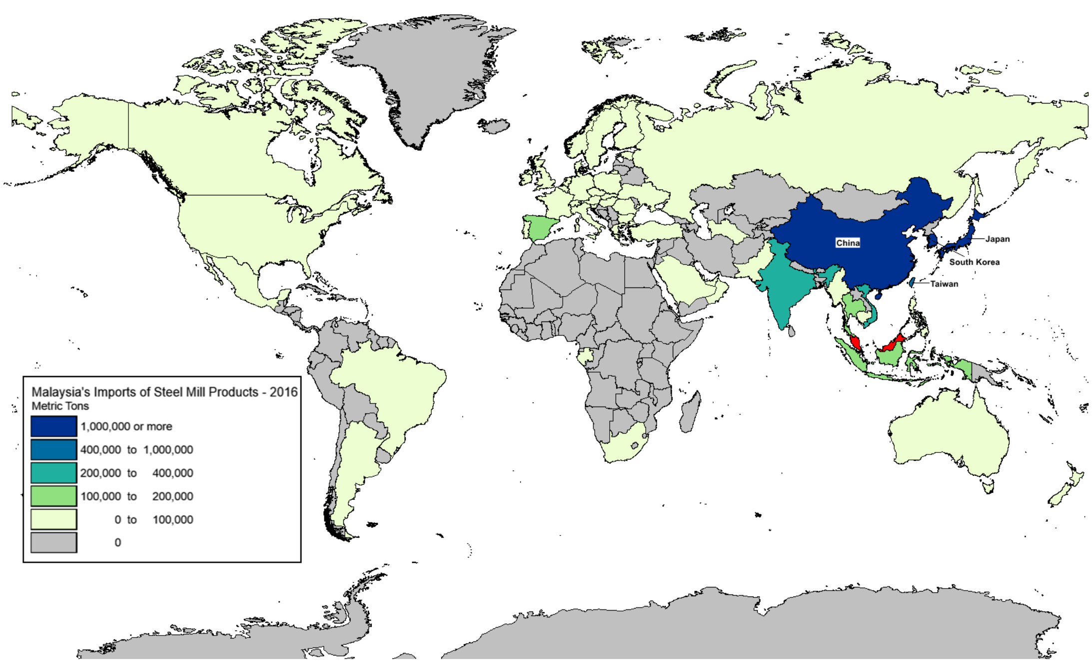
May 2017

Background

In 2016, Malaysia maintained its ranking as the world's fifteenth-largest steel importer. Malaysia imported 8.9 million metric tons of steel in 2016, a 16 percent increase from 7.7 million metric tons in 2015. Malaysia's imports represented about 2 percent of all steel imported globally in 2016. The volume of Malaysia's 2016 steel imports was more than a third the size of the world's third-largest and Asia's largest importer, South Korea. In value terms, steel represented just 3 percent of the total goods imported into Malaysia in 2016.

Malaysia imports steel from over 50 countries and territories. The four countries labeled in the map below represent the top import sources for Malaysia's steel imports, with each sending more than 1 million metric tons to Malaysia and together accounting for 82 percent of Malaysia's steel imports in 2016.

Malaysia's Imports of Steel Mill Products - 2016



Quick Facts:

- World's 15th-largest steel importer: 8.9 million metric tons (2016)
- 134% growth in steel imports since 2009
- Year-on-year import volume up 16% while import value down 1.2%
- Import penetration down from 79% in 2015 to 77.2% in 2016
- Top three import sources: China, Japan, South Korea
- Largest producers: Megasteel, Antara Steel Mills, Southern Steel
- 14 trade remedies in effect against imports of steel mill products

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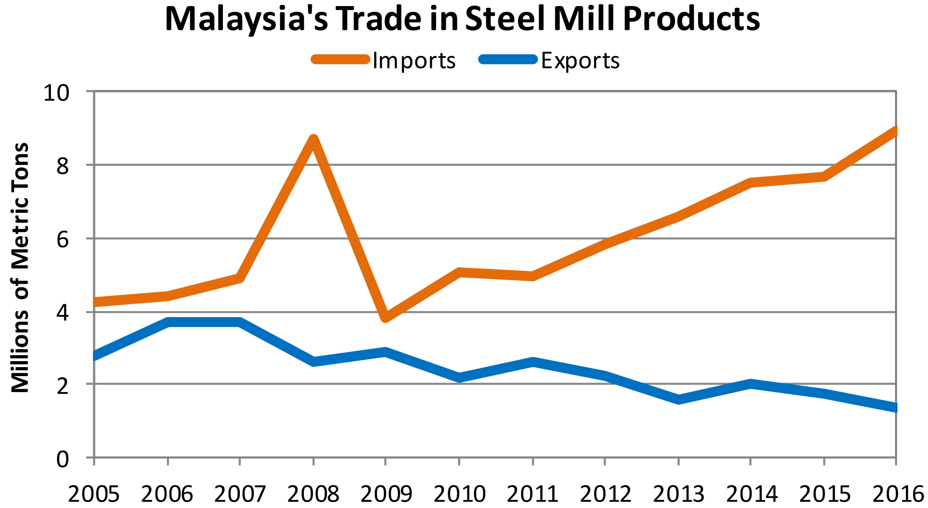
Steel Trade Balance

Malaysia is a net importer of steel mill products. Since 2009, Malaysia's level of steel imports has been trending upwards after rising sharply in 2008 and falling quickly afterwards in 2009. Between 2009 and 2016, Malaysia's imports increased by 134 percent. Over the same period, Malaysia's steel exports gradually declined by 52 percent.



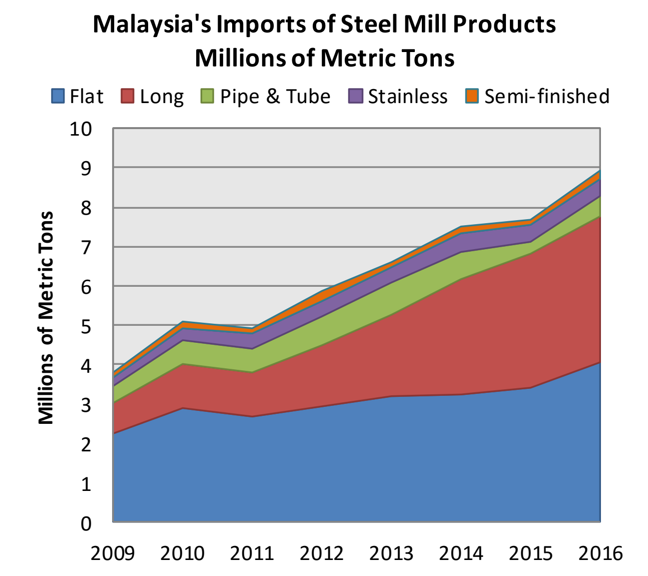
Source: IHS Global Trade Atlas

Between 2009 and 2016, Malaysia's steel trade deficit widened from -944 thousand metric tons to -7.6 million metric tons, a 700 percent increase. Between 2015 and 2016, the trade deficit grew 27 percent.

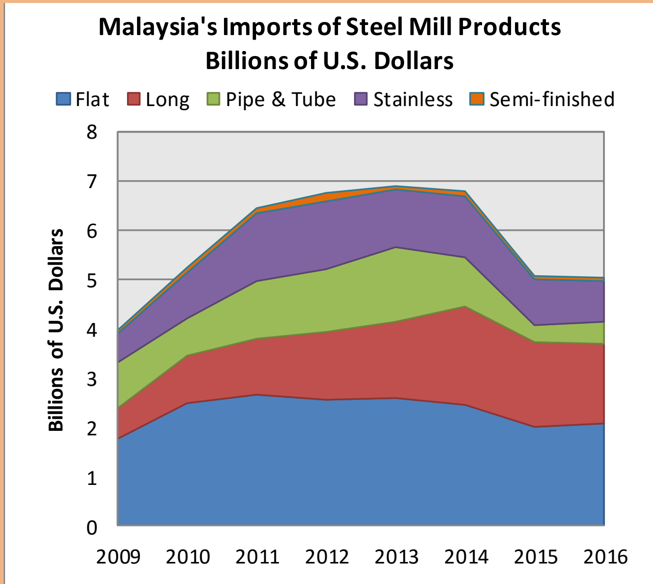
Import Volume, Value, and Product

In 2016, the volume of Malaysia's steel imports increased by 16 percent to 8.9 million metric tons from 7.7 million metric tons in 2015. By contrast, the value of Malaysia's 2016 steel imports decreased by 1.2 percent to $5 billion from $5.1 billion in 2015, which can be attributed to a significant drop in global steel prices.

Flat products accounted for 46 percent of Malaysia's steel imports by volume in 2016, with a total of 4.1 million metric tons. Long products represented 42 percent of Malaysia's imports, with 3.7 million metric tons. Pipe and tube steel products moved up to the third position at 6 percent of the total import share (510 thousand metric tons), followed by stainless steel products at 5 percent of Malaysia's imports (436 thousand metric tons) and lastly semi-finished steel at 2 percent of steel imports (190 thousand metric tons).



Source: IHS Global Trade Atlas



Source: IHS Global Trade Atlas

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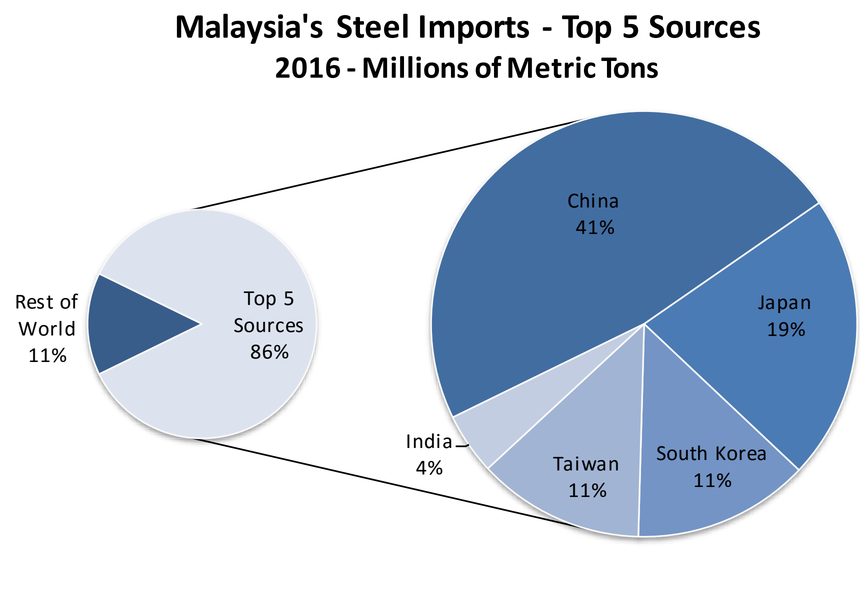
Imports by Top Source

The top 5 source countries for Malaysia's steel imports represented 86 percent of the total steel import volume in 2016 at 7.6 million metrics tons (mmt). China accounted for the largest share of Malaysia's imports by source country at 41 percent (3.6 mmt), followed by Japan at 19 percent (1.7 mmt), South Korea at 11.4 percent (1.02 mmt), Taiwan at 10.8 percent (0.97 mmt), and India at 4 percent (0.4 mmt).



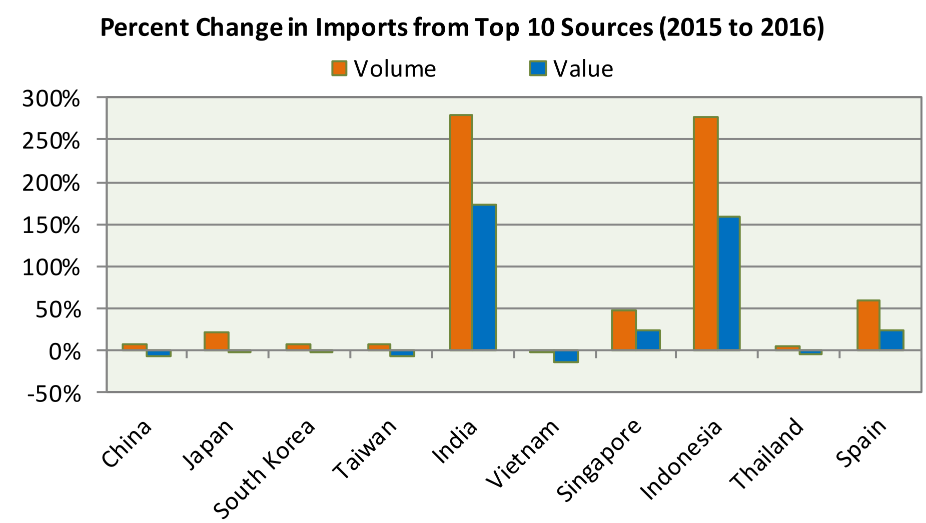
Source: IHS Global Trade Atlas

The United States ranked 23rd in 2016 as a source for Malaysia's steel imports at 6.5 thousand metric tons. This is down ranking 18th in 2015 with 15.5 thousand metric tons.

Trends in Imports from Top Sources

The volume of Malaysia's steel imports increased from all but one of its top 10 steel import sources between 2015 and 2016. The only decline in import volume was from Vietnam (down 3.4% from 2015). Major import increases happened from India (up 279.1%), Indonesia (up 277.3%) and Spain (up 58%).

The overall value of Malaysia's imports decreased from six of the top ten source countries, reflecting the decline in global steel prices. Declines in Malaysia's steel import value between 2015 and 2016 included those from Vietnam (down 14.8%), China (down 7.6%), Taiwan (down 6.2%), Thailand (down 5.8%), South Korea (down 1.9%), and Japan (down 0.5%). Increases in import value came from India, dramatically increasing 172.1 percent, Indonesia (up 158.6%), Singapore (up 24.4%), and Spain (up 23.8%).



Source: IHS Global Trade Atlas

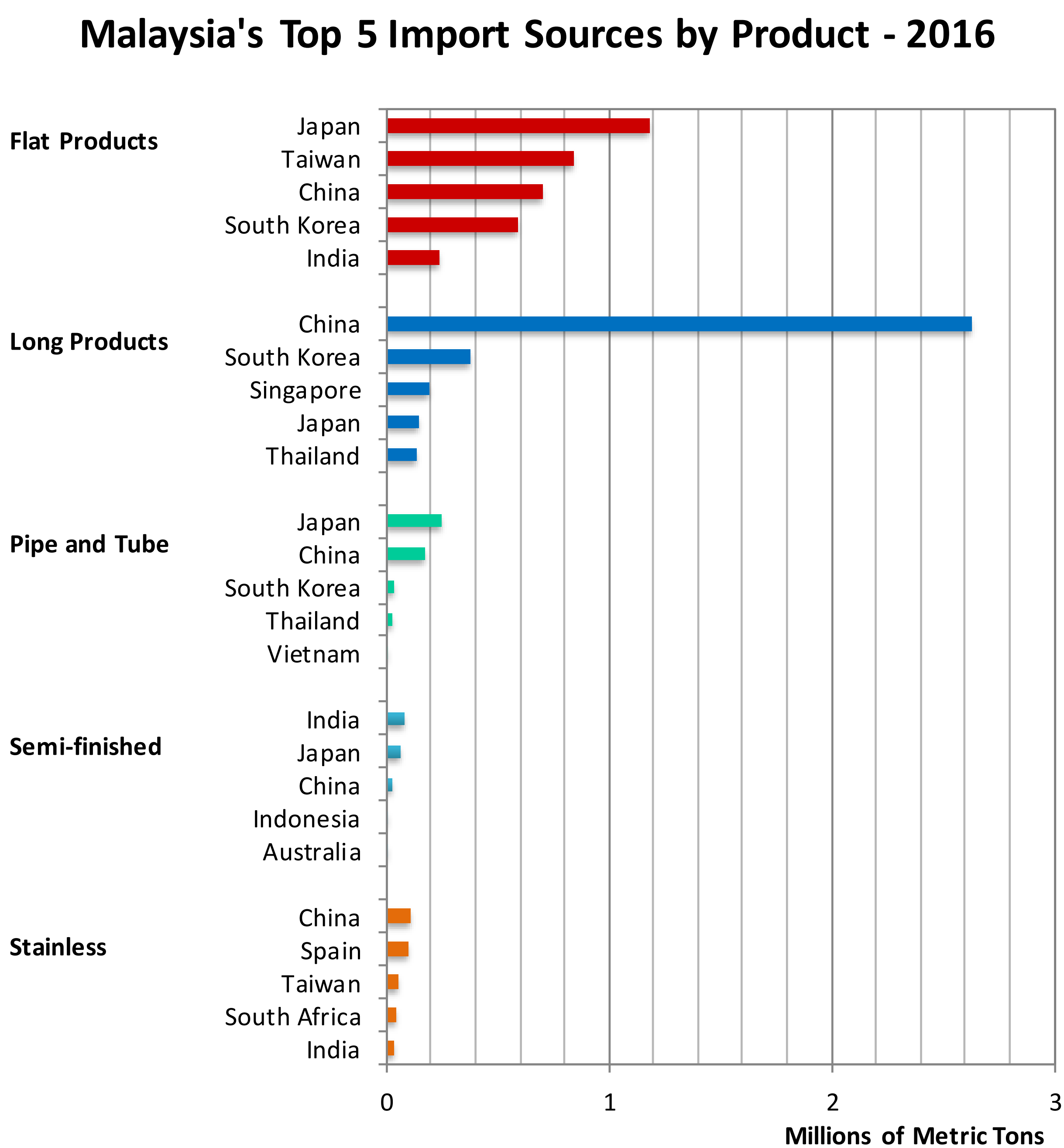
Outside of the top 10 sources, other significant volume changes included Malaysia's imports from Russia (up 289.3%) and the United Arab Emirates (up 153.4%). These represent a gain of 171.4 percent and 40.9 percent in value, respectively.

Top Sources by Steel Product Category

The top source countries for Malaysia's imports by volume vary across types of steel products. In 2016, Japan accounted for the largest share of flat and pipe and tube product imports by Malaysia at 29 percent (1.2 million metric tons), and 48 percent (245 thousand metric tons), respectively.

China accounted for the largest share of Malaysia's imports of long and stainless steel products in 2016 at 71 percent (2.6 million metric tons) and 24 percent (106 thousand metric tons), respectively. Regarding semi-finished steel products, Malaysia imported the most from India at 44 percent (83 thousand metric tons)

The United States was not a top import source in any product category in 2016.



Source: IHS Global Trade Atlas

Malaysia's Export Market Share from Top Source Countries

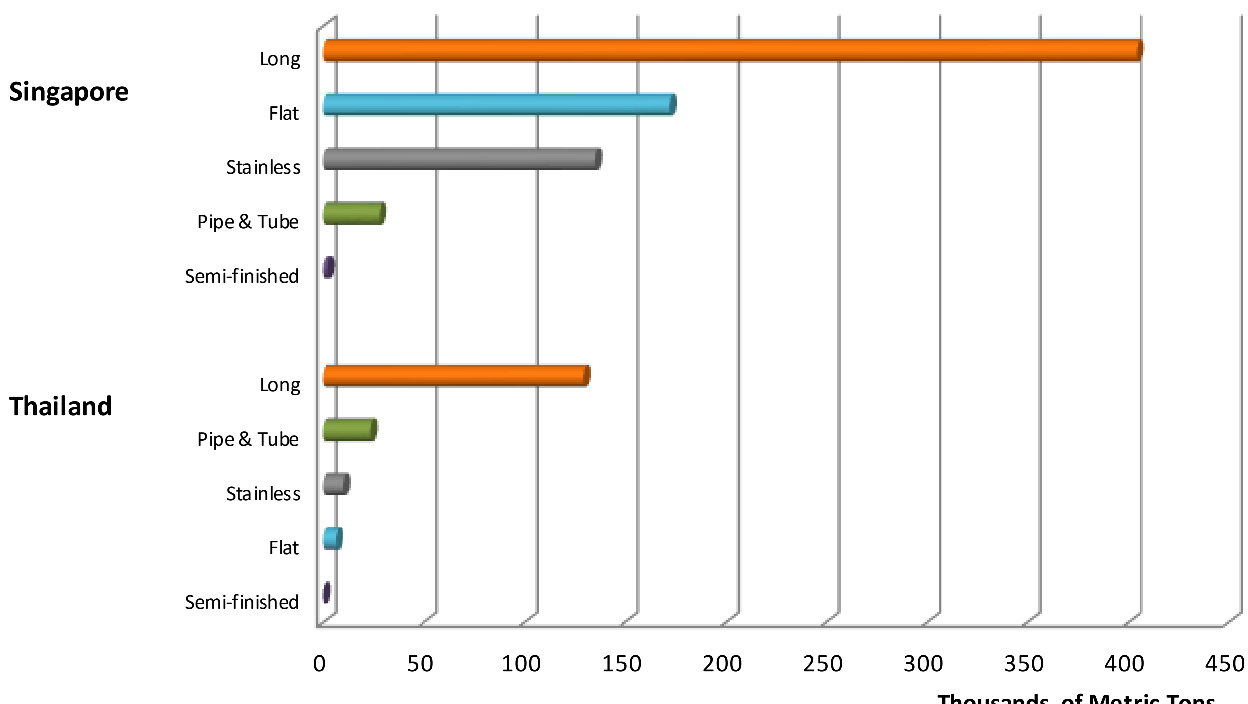
In 2016, the share of steel exports sent to Malaysia from its top import sources increased in the majority of the top 10. The share of Indonesia's steel exports to Malaysia showed the largest increase (up 7.5 percentage points), followed by India (up 1.8 percentage points). The share of exports to Malaysia in China, Japan, Thailand, and Spain all increased by less than one percentage point. The share of Singapore's steel exports to Malaysia showed the largest decrease (down 3.5 percentage points), while export shares to Malaysia in South Korea and Taiwan decreased by less than half of one percentage point.

Malaysia's Steel Export Market Share				
Top 10 Import Sources	Share of Exports to Malaysia - 2015	Malaysia's Rank in 2015	Share of Exports to Malaysia- 2016	Malaysia's Rank in 2016
China	2.9%	7	3.1%	7
Japan	3.3%	10	3.8%	9
South Korea	2.9%	10	2.8%	11
Taiwan	8.1%	5	7.7%	6
India	1.3%	16	3.1%	9
Vietnam	8.2%	5	N/A	N/A
Singapore	43.3%	1	39.8%	1
Indonesia	1.8%	10	9.3%	4
Thailand	11.5%	2	12.0%	2
Spain	0.7%	19	1.1%	18

Source: IHS Global Trade Atlas, based on export data per reporting country
Note: 2016 data for Vietnam not available

Among Malaysia's top import sources, Singapore and Thailand sent the largest shares of their total steel exports to Malaysia in 2016 at 39.8 percent and 12 percent, respectively. Long products accounted for the largest share of steel exports to Malaysia from both Singapore and Thailand at 55 percent (404 thousand metric tons) and 76 percent (130 thousand metric tons), respectively.

Steel Export Composition of Top Market-Share Countries - 2016



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

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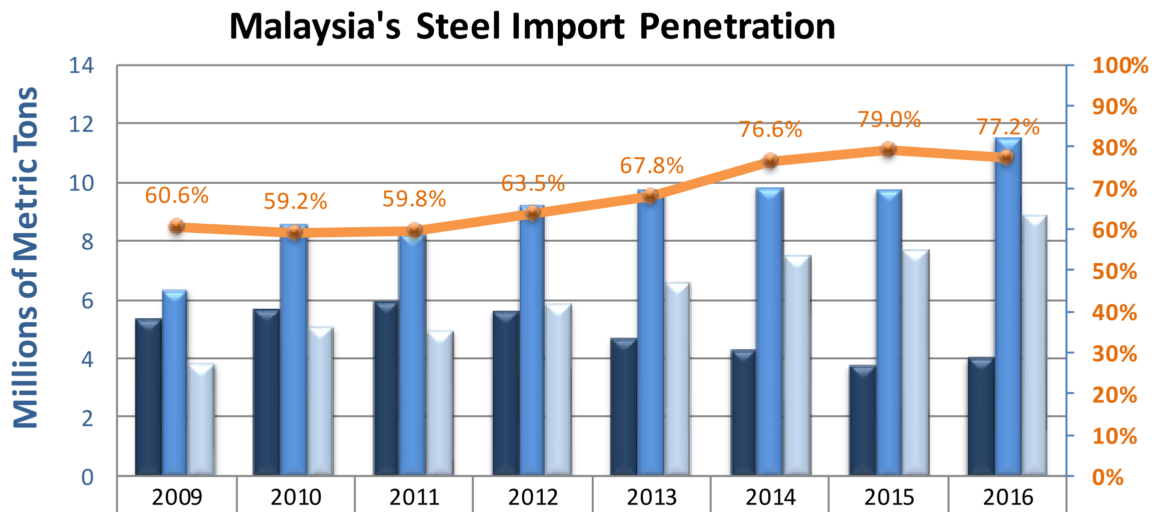
Overall Production and Import Penetration



	2009	2010	2011	2012	2013	2014	2015	2016
Production	5.4	5.7	5.9	5.6	4.7	4.3	3.8	4.0
Apparent Consumption	6.3	8.6	8.2	9.2	9.7	9.8	9.7	11.6
Imports	3.8	5.1	4.9	5.9	6.6	7.5	7.7	8.9
Import Penetration	60.6%	59.2%	59.8%	63.5%	67.8%	76.6%	79.0%	77.2%

Source: World Steel Association; IHS Global Trade Atlas

Malaysia's crude steel production decreased by 29 percent between 2009 and 2015. Between 2015 and 2016, production increased 5 percent to 4 million metric tons. Apparent consumption (a measure of steel demand), however, has been increasing. Demand grew by 55 percent between 2009 and 2016 — and 18 percent between 2015 and 2016 alone — as demand significantly outpaced production. With rising import levels, more than twice as large as Malaysia's production in 2016, imports contribute substantially to steel demand. Import penetration increased nearly every year since 2009, peaking at 79 percent in 2009. In 2016, import penetration declined 2 percent to 77.2 percent.

Top Producers

According to the Malaysian Iron and Steel Industry Federation, Malaysia has over 100 steel manufacturing and processing facilities. The five largest steel-producing companies account for the majority of Malaysia's estimated steelmaking capacity, with members of The Lion Group alone accounting for more than half of Malaysia's total steelmaking capacity of 10.6 million metric tons in 2015.

Malaysia's Top Steel Producers in 2015

Rank	Company	Capacity (mmt)	Main Products
	Megasteel (The Lion Group)	4	Hot-rolled/cold-rolled coils
	Antara Steel Mills (The Lion Group)	1.5	Bars, sections
	Southern Steel	1.5	Billets, bar, wire rod, pipe & tube
	Amsteel Mills (The Lion Group)	1.2	Bars, wire rod
	CSC Steel	0.9	Hot-rolled/cold-rolled coils and sheets, galvanized

Sources: Metal Bulletin, *Iron and Steelworks of the World Directory 2017*; Malaysia Steel Institute; Company websites

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 Malaysia has against imports of steel mill products from various countries. Malaysia has one steel mill safeguard in effect.

Malaysia's Trade Remedies in Effect Against Steel Mill Imports

Country	AD	CVD	Suspension Agreements and Undertakings	Total
China	5			5
Indonesia	2			2
South Korea	3			3
Taiwan	1			1
Vietnam	2			2
TOTAL	**13**	**0**	**0**	**13**

Source: World Trade Organization, through December 1, 2016

Global Steel Mill Safeguards in Effect

Country	Product(s)
Malaysia	Hot-rolled steel plate

Source: World Trade Organization, through February 24, 2017

Steel Imports 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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