



Global Steel Trade Monitor

Steel Exports Report: Ukraine

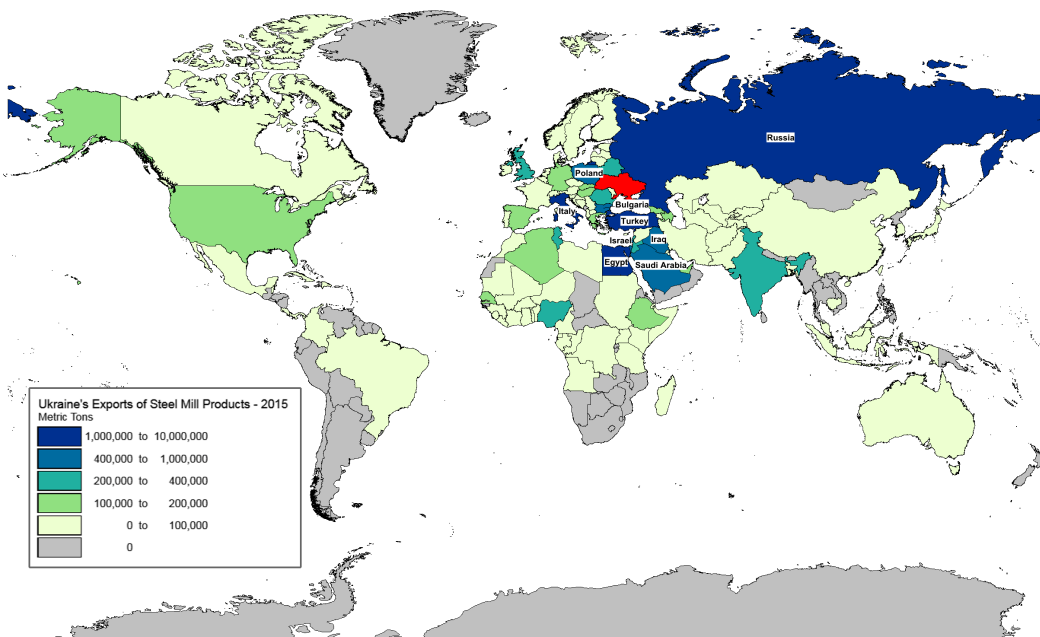
Background

September 2016

Ukraine is the world's sixth-largest steel exporter. In year to date 2016 (through June), Ukraine exported 9.4 million metric tons of steel, a 9.8 percent increase from 8.6 million metric tons in YTD 2015. Ukraine's exports represented about 4 percent of all steel exported globally in 2015. 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



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Quick Facts:

- World's sixth-largest steel exporter: 9.4 million metric tons (YTD 2016)
- 31.4% decline in steel exports between 2011-2015
- Exports as a share of production at 76% in YTD 2016
- YTD export volume up 9.8% while export value down 20.8%
- 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

Steel Exports Report: Ukraine

Steel Trade Balance

Over the past decade, Ukraine has maintained a trade surplus in steel mill products. Between 2005 and 2013, Ukraine's steel trade surplus averaged 25 million metric tons per year. Although it declined 41 percent since peaking in 2006, Ukraine's steel trade surplus nonetheless stood at 17 million metric tons in 2015. In YTD 2016, the trade surplus has grown as export growth

rebounded – up 8 percent to 8.9 million metric tons from 8.3 million metric tons in YTD 2015.

Ukraine's Trade in Steel Mill Products by Quarter



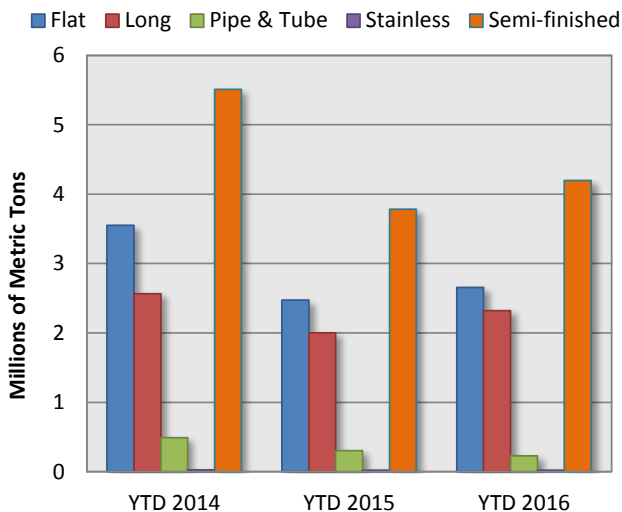
Source: IHS Global Trade Atlas

Export Volume, Value, and Product

Since their most recent peak at 25.9 million metric tons in 2011, the volume of Ukraine's steel exports declined nearly every year and by 2015 amounted to 17.8 million metric tons – a decline of 31.4 percent. In YTD 2016, Ukraine's exports have been increasing, up 9.8 percent from YTD 2015. By contrast, the value of Ukraine's YTD 2016 exports have decreased by 20.8 percent to \$3 billion from \$3.7 billion in YTD 2015.

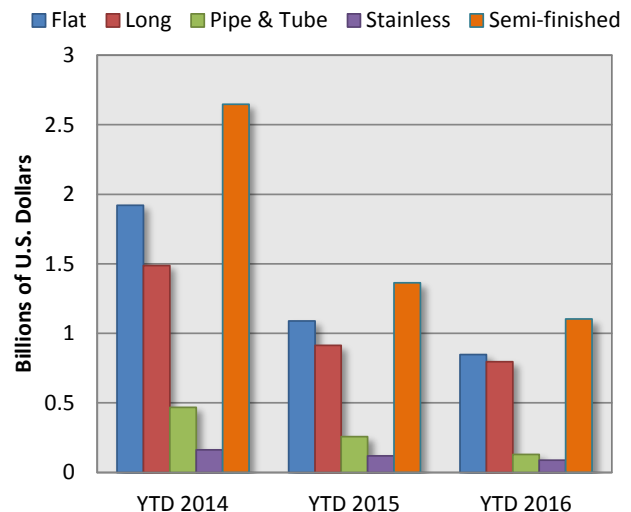
Semi-finished products account for the largest volume share of Ukraine's steel exports. In YTD 2016, 45 percent, or 4.2 million metric tons, of Ukraine's steel exports were of semi-finished products. Flat products accounted for 28 percent, or 2.7 million metric tons, in YTD 2016, followed by long products (25%), pipe and tube products (2%), and stainless steel (0.2%).

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



Source: IHS Global Trade Atlas
YTD through June

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



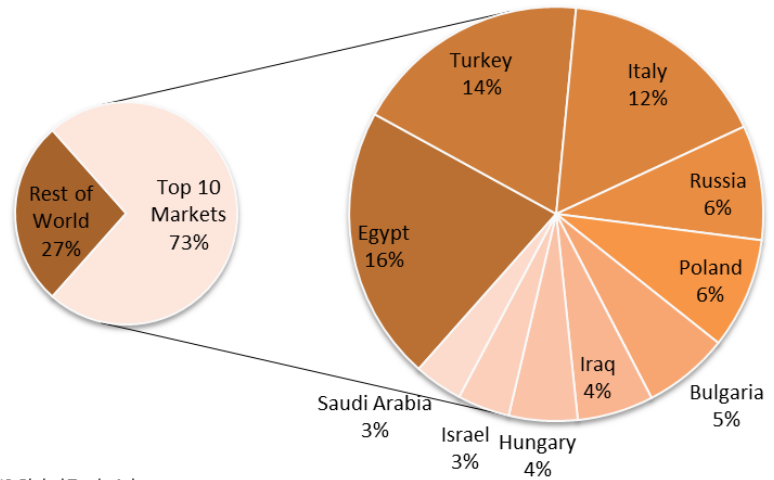
Source: IHS Global Trade Atlas
YTD through June

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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 YTD 2016 at 6.9 million metric tons (mmt). Egypt received the largest share of Ukraine's exports with 16 percent (1.5 mmt), followed by Turkey at 14 percent (1.3 mmt), Italy at 12 percent (1.1 mmt), and Russia at 6 percent (0.6 mmt).

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



Source: IHS Global Trade Atlas
YTD through June

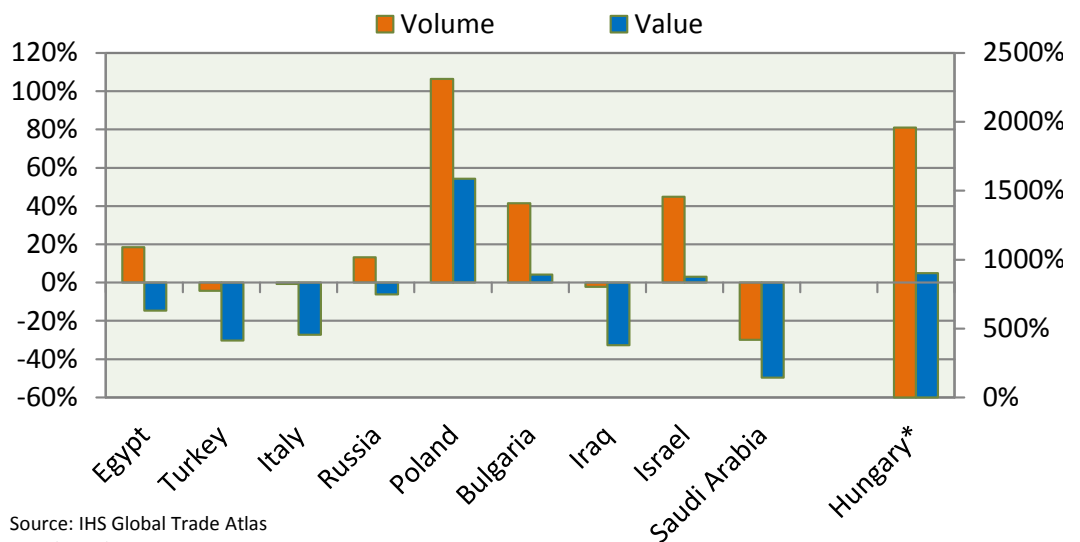
At 84 thousand metric tons, the United States ranked 21st as a destination for Ukraine's steel exports in YTD 2016, on par with YTD 2015 levels.

Trends in Exports to Top Markets

While the volume of Ukraine's steel exports increased for six of its top 10 steel export markets between YTD 2015 and YTD 2016, the overall value of Ukraine's steel exports decreased in six of the top 10 markets, reflecting the decline in global steel prices. Saudi Arabia experienced the largest decrease in the value of Ukraine's exports in YTD 2016, down 49.6 percent from YTD 2015, followed by Iraq (down 32.8%), Turkey (down 30.3%), and Italy (down 27.3%). In volume terms, however, only Saudi Arabia saw a comparable decrease in the volume of Ukraine's exports, down 30 percent in YTD 2016.

Ukraine's export volumes to Hungary and Poland showed the largest volume and value increases in YTD 2016. Exports to Hungary were up 1,959 percent by volume and 902 percent by value, while exports to Poland were up 106.4 percent by volume and 54.2 percent by value.

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



Source: IHS Global Trade Atlas
YTD through June
*Hungary plotted on secondary axis

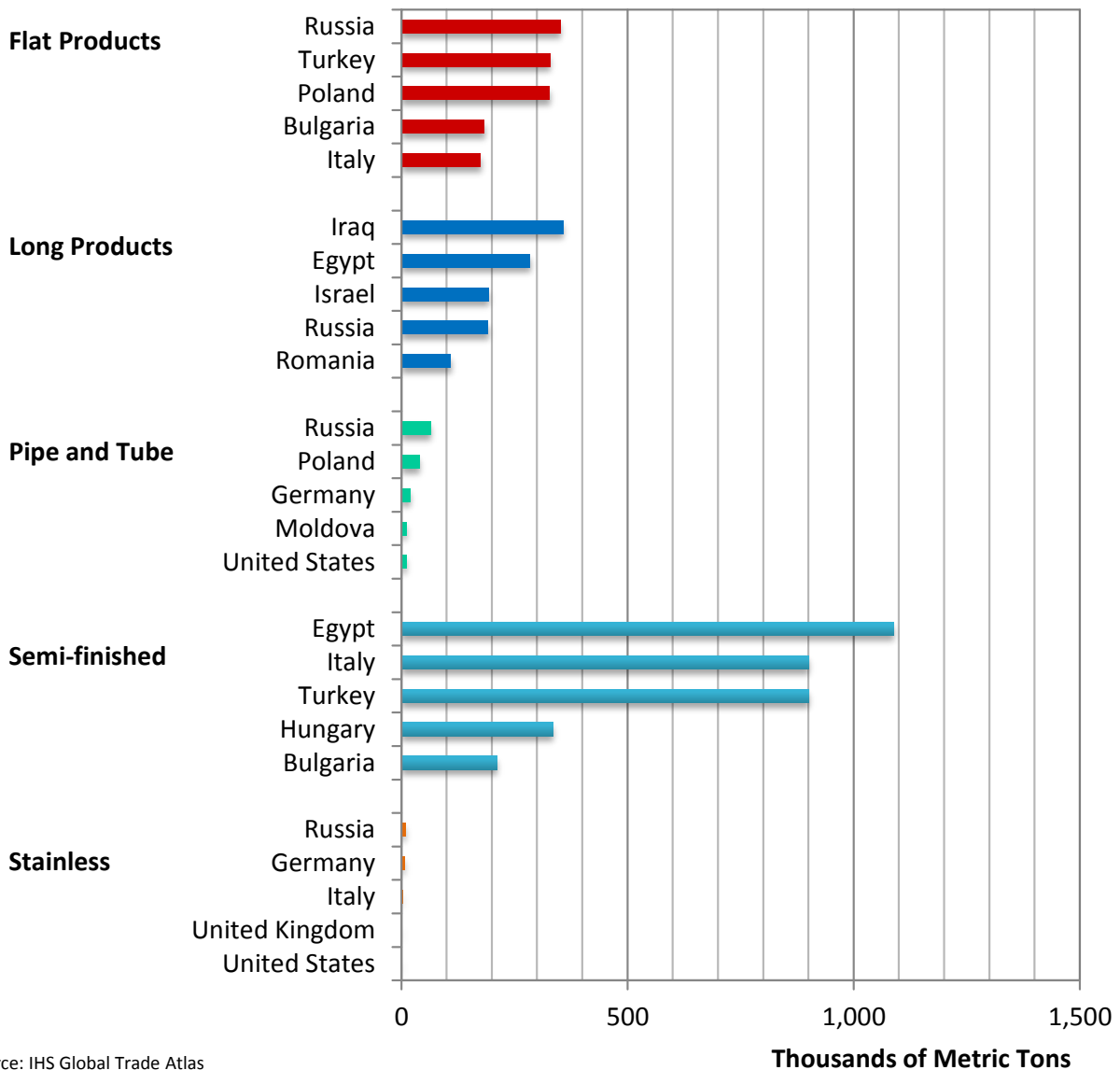
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Top Markets by Steel Product Category

Ukraine's top export markets by volume vary across types of steel products. In YTD 2016, Russia received 13 percent of Ukraine's exports of flat products (352 thousand metric tons), followed closely by Turkey at 12 percent (329 thousand metric tons). Russia also received 28 percent of Ukraine's pipe and tube exports (65 thousand metric tons) and 37 percent of stainless steel exports (9 thousand metric tons).

Iraq received the largest share of long product exports at 15 percent (357 thousand metric tons) in YTD 2016, while Egypt received the largest share of Ukraine's semi-finished steel at 26% (1.1 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 - YTD 2016



Source: IHS Global Trade Atlas
YTD through June

Steel Exports Report: Ukraine

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).

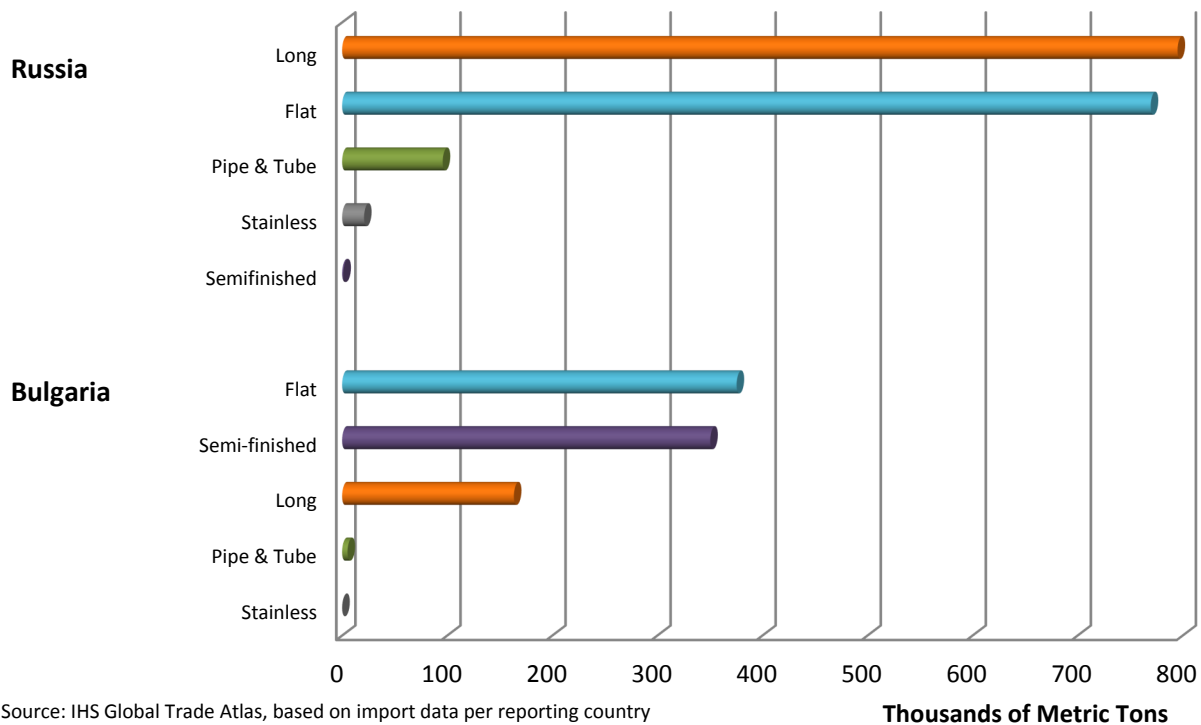
Ukraine's Steel Import Market Share				
Top 10 Export Destinations	Share of Imports from Ukraine - 2014	Ukraine's Rank in 2014	Share of Imports from Ukraine - 2015	Ukraine's Rank in 2015
Egypt	36.0%	1	5.0%	2
Turkey	22.1%	1	14.3%	3
Italy	13.2%	2	11.6%	3
Russia	37.7%	1	37.9%	1
Bulgaria	39.4%	1	52.3%	1
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



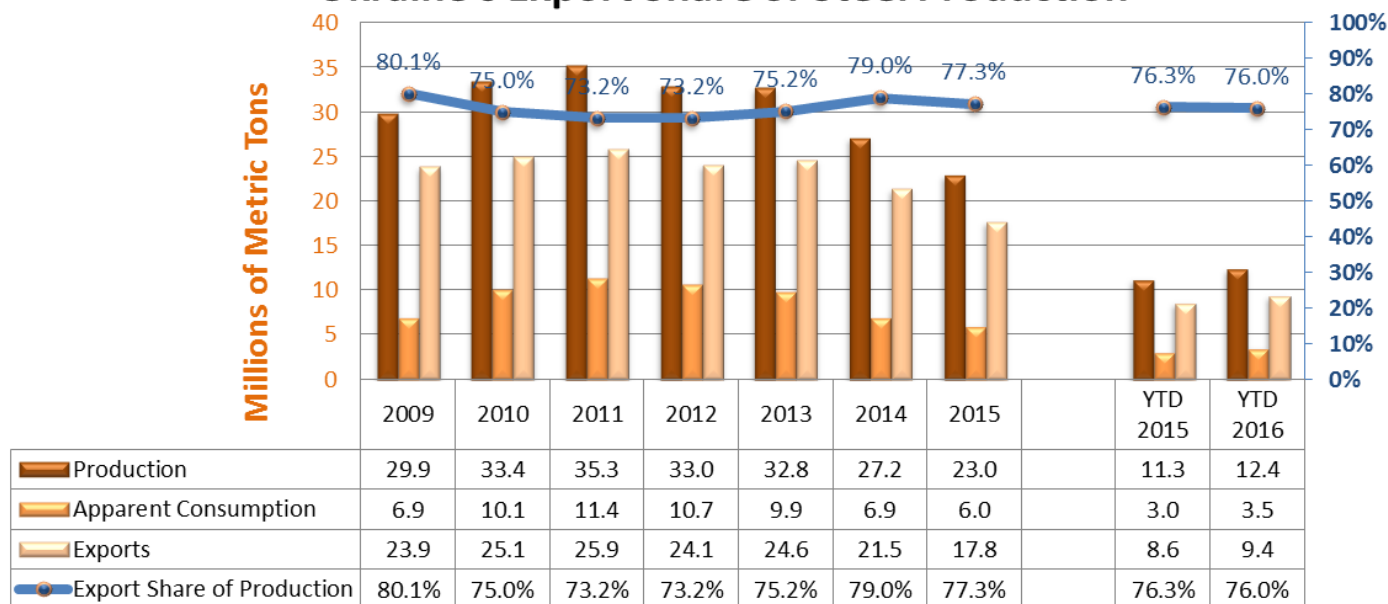
Source: IHS Global Trade Atlas, based on import data per reporting country

Thousands of Metric Tons

Steel Exports Report: Ukraine

Overall Production and Export Share of Production

Ukraine's Export Share of Steel Production



Source: World Steel Association; IHS Global Trade Atlas
YTD through June

Ukraine's crude steel production increased by 18 percent between 2009 and 2011 before falling by 35 percent between 2011 and 2015. In YTD 2016, production has increased 10 percent to 12.4 million metric tons from YTD 2015. Apparent consumption (a measure of steel demand) shrank in tandem with overall production between 2011 and 2015, but the gap between the two narrowed. Demand in YTD 2016 was up 17 percent from YTD 2015.

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 decreased slightly to 76 percent in YTD 2016 from 76.3 percent in YTD 2015 as production grew faster than exports.

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

Steel Exports Report: Ukraine

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
Eurasian Economic Union	1			1
European Union	1			1
Indonesia	1			1
Mexico	3			3
Thailand	1			1
United States	2		2	4
TOTAL	14	0	2	16

Source: World Trade Organization, through June 30, 2016

Global Steel Mill Safeguards in Effect	
Country	Product(s)
Chile	Steel wire rod
India	1) Seamless pipes, tubes and hollow profiles of iron or non-alloy steel (other than cast iron and stainless steel); 2) Hot-rolled steel in coils
Indonesia	1) Articles of finished casing and tubing; 2) Articles of iron or steel wire; 3) Flat-rolled products of iron or non-alloy steel; 4) 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
Vietnam	Semi-finished and certain finished products of alloy and non-alloy steel

Source: World Trade Organization, through August 22, 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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