INTERNATIONAL TRADE ADMINISTRATION

Global Steel Trade Monitor

Steel Imports Report: **Italy**

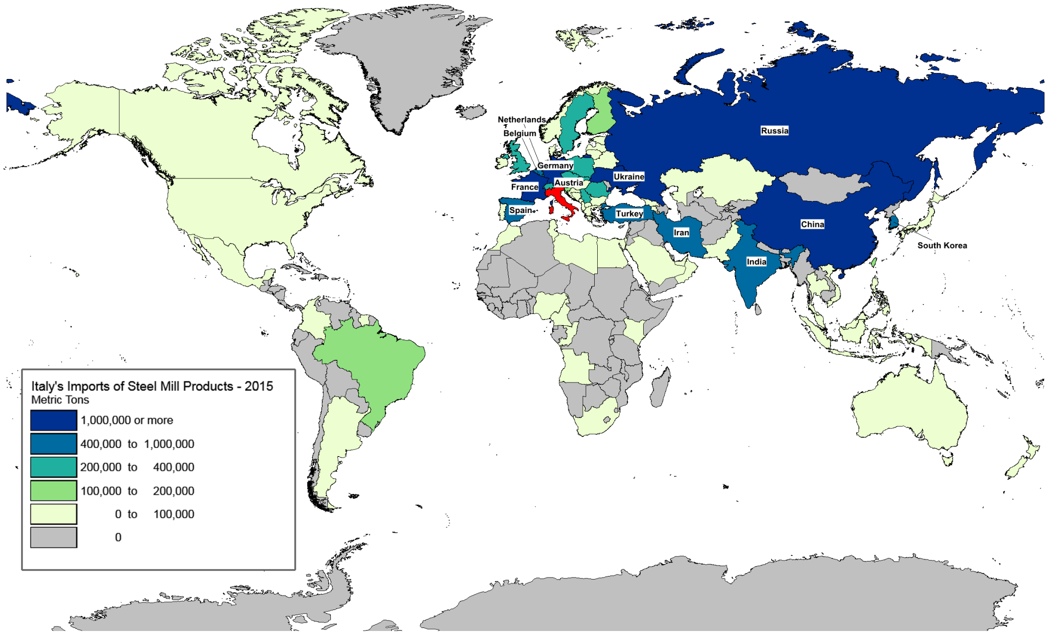
September 2016

Background

Italy is the world's fourth largest steel importer. In year to date 2016 (through June), Italy imported 10.3 million metric tons of steel, a 1 percent decrease from 10.4 million metric tons in YTD 2015. Italy's imports represented about 5 percent of all steel imported globally. The volume of Italy's 2015 steel imports was just over half that of the world's largest importer, the United States. In value terms, steel represented just 3.5 percent of the total goods imported into Italy in 2015.

Italy imports steel from over 100 countries and territories. The thirteen countries labeled in the map below represent the top sources for Italy's imports of steel, with each sending more than 400 thousand metric tons to Italy and together accounting for 81 percent of Italy's steel imports in 2015.

Italy's Imports of Steel Mill Products - 2015



Quick Facts:

- World's fourth largest steel importer: 10.3 million metric tons (YTD 2016)
- 44% steel import growth since 2012
- YTD import volume down 1% while import value down 16%
- Import penetration up to 75.4% in YTD 2016 from 75% in YTD 2015
- Top three import sources: China, Germany, Ukraine
- Largest producers: ILVA SpA, Marcegaglia, and Arvedi Group
- 20 European Union trade remedies in effect against imports of steel mill products

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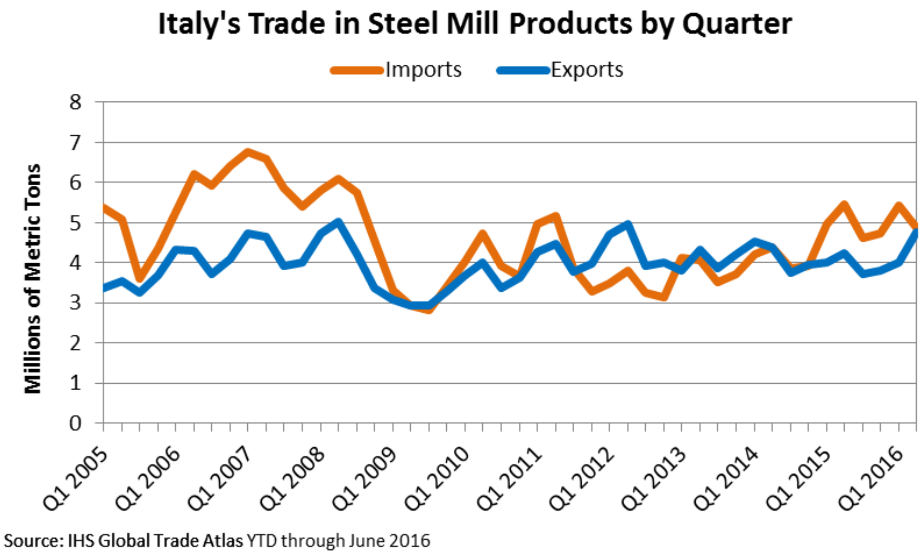
Steel Trade Balance



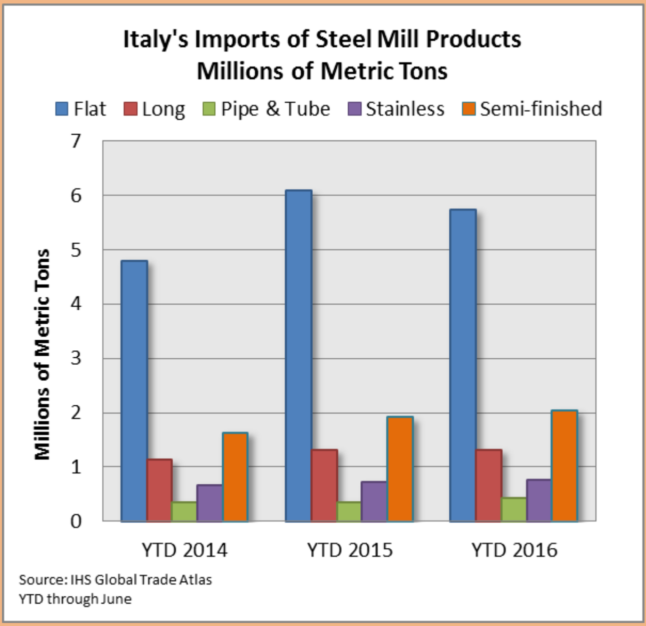
Over the past decade, Italy's imports and exports have displayed roughly similar trends: both saw increases between 2005 and 2007, declined significantly by 2009, and recovered gradually over the next six years.

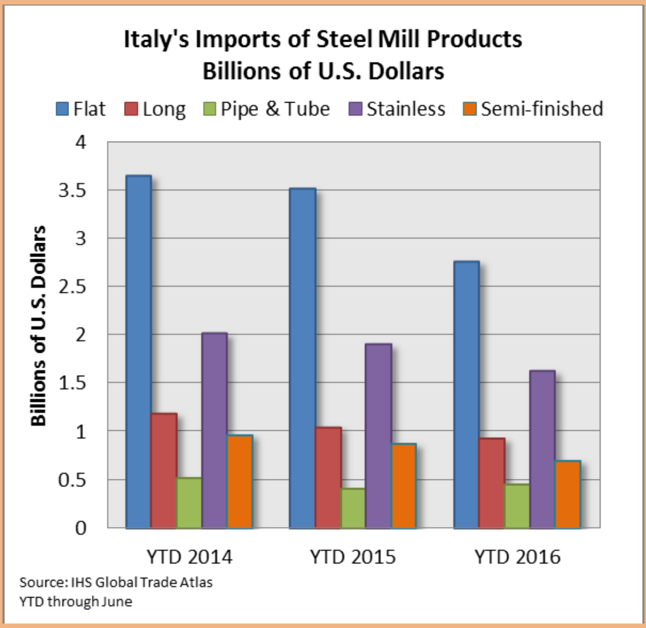
Italy's imports have increased dramatically, growing 67% between Q2 2009 and Q2 2016. Exports increased by 62% over the same period. Italy's steel trade deficit increased by 3572% between Q2 2009 and Q2 2016. In YTD 2016, the deficit stood at 1.5 million metric tons, a decrease of 29% from YTD 2015.

Import Volume, Value, and Product

Since 2012, Italy's imports of steel mill products have been on the rise. In 2015, the volume of Italy's steel imports reached 19.7 million metric tons, an increase of 44 percent from 2012. In YTD 2016 the volume of Italy's steel imports were down 1 percent compared to YTD 2015, from 10.4 million metric tons to 10.3 million metric tons. By contrast, the value of Italy's YTD 2016 steel imports have declined by a greater amount, down 16.2 percent to $6.4 billion from $7.75 billion in YTD 2015.

Flat products accounted for the largest share of Italy's steel imports. In YTD 2016, Italy imported 5.7 million metric tons of flat products — 56 percent of steel imports. Semi-finished steel accounted for 20 percent, or 2 million metric tons, followed by long (13% or 1.3 million metric tons), stainless (7% or 766.3 thousand metric tons), and pipe and tube products (4% or 432 thousand metric tons).





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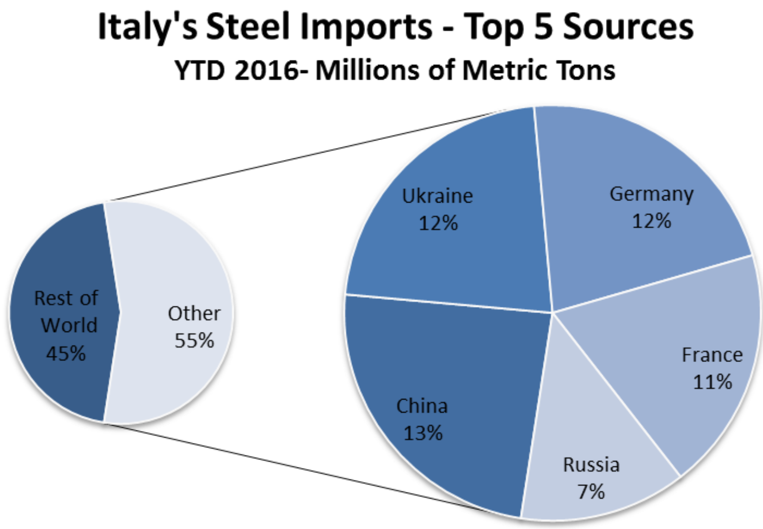
Imports by Top Source

The top 5 source countries for Italy's steel imports represented 55 percent of the total steel import volume in YTD 2016 at 5.7 million metrics tons (mmt). China accounted for the largest share of Italy's imports by source country at 13 percent (1.4 mmt), followed by Ukraine at 12 percent (1.3 mmt), Germany at 12 percent (1.2 mmt), France at 11 percent (1.1 mmt), and Russia at 7 percent (0.7 mmt).



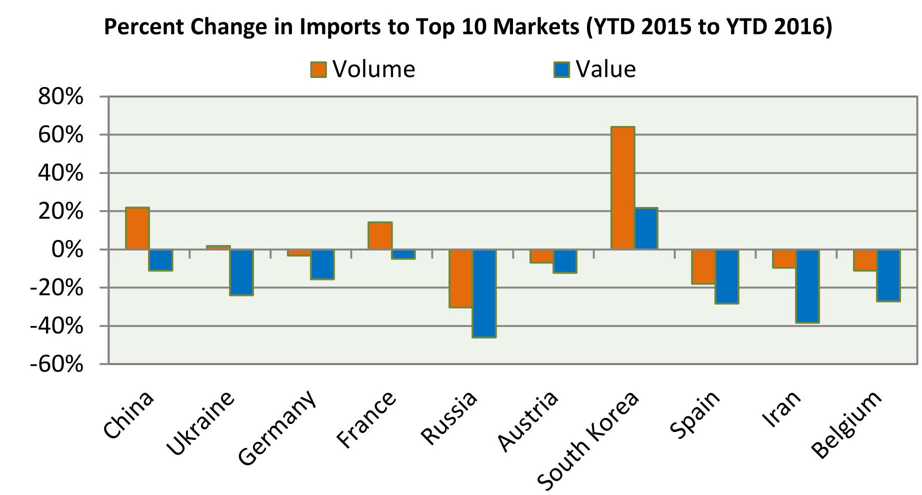
Source: IHS Global Trade Atlas YTD through June 2016

The United States ranked 31st as a source for Italy's steel imports, representing just 0.2 percent of imports (19.8 thousand metric tons) in YTD 2016.

Trends in Imports from Top Sources

Between YTD 2015 and YTD 2016, the volume of imports from 4 of Italy's top 10 source countries increased. Imports from South Korea showed the largest volume increase, up 64 percent from YTD 2015, followed by China (up 22%), France (up 14%), and Ukraine (up 1.8%). Imports from Russia decreased the most (30%), followed by Spain (18%), Belgium (11%), Iran (9.7%), Austria (7%), and Germany (3.2%).

Outside the top 10 sources, other notable volume changes included Italy's imports from Taiwan (up 83%) and Brazil (up 200%).



Source: IHS Global Trade Atlas YTD through June 2016

The overall value of Italy's imports decreased from nearly all of its top 10 sources in YTD 2016, reflecting the decline in global steel prices. Imports from Russia, Iran, Spain, and Belgium showed the largest decreases in value in YTD 2016, down 46.2, 38.5, 28.3, and 27.2 percent, respectively. Only imports from South Korea increased in value terms, up 21.7%.

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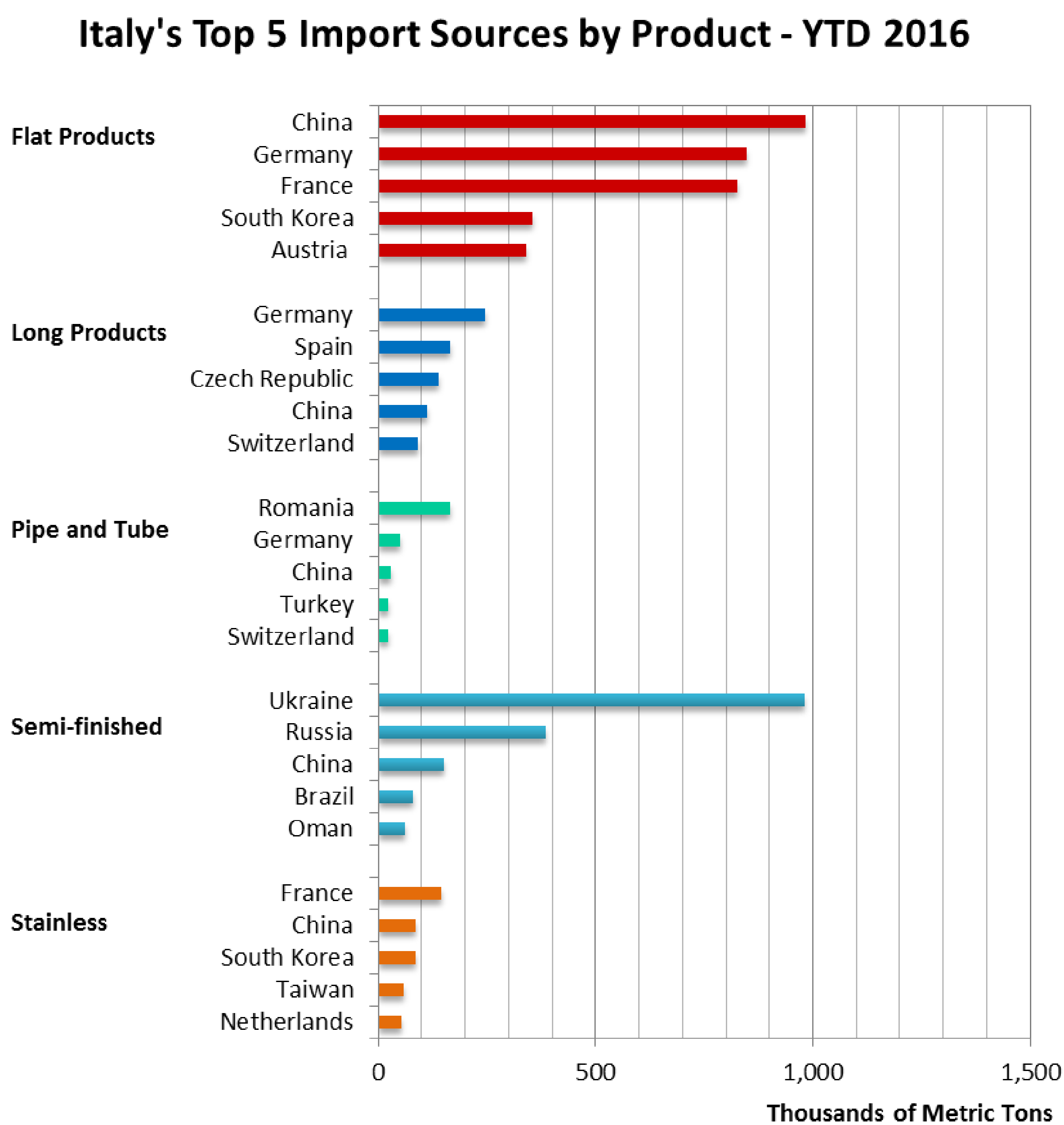
Top Sources by Steel Product Category

The top source countries for Italy's imports by volume vary across types of steel products. China accounted for the largest share of Italy's imports of flat products in YTD 2016 at 17 percent (983 thousand metric tons). Germany represented the largest share of Italy's long product imports (19% or 245 thousand metric tons), while Romania represented its largest share of pipe and tube imports (38% or 163 thousand metric tons).

Italy received the largest share of its semi-finished steel imports from Ukraine in YTD 2016 at 48 percent (980 thousand metric tons) and received its largest share of stainless product imports from France at 19 percent (144 thousand metric tons).

The United States was not a top-five import source for any product category.



Source: IHS Global Trade Atlas YTD through June 2016

Italy's Export Market Share from Top Source Countries

In 2015, the share of steel exports sent to Italy from its top import sources increased from all of the top 10 sources except Austria. In 2015, the share of Ukraine's steel exports to Italy showed the largest increase (up 2.5 percentage points from 2014), followed by Spain (up 1.9 percentage points), Belgium (up 1.8 percentage points), and France (up 1.6 percentage points). In 2015, Austria's share of steel exports to Italy decreased by 0.5 percentage points from 2014.

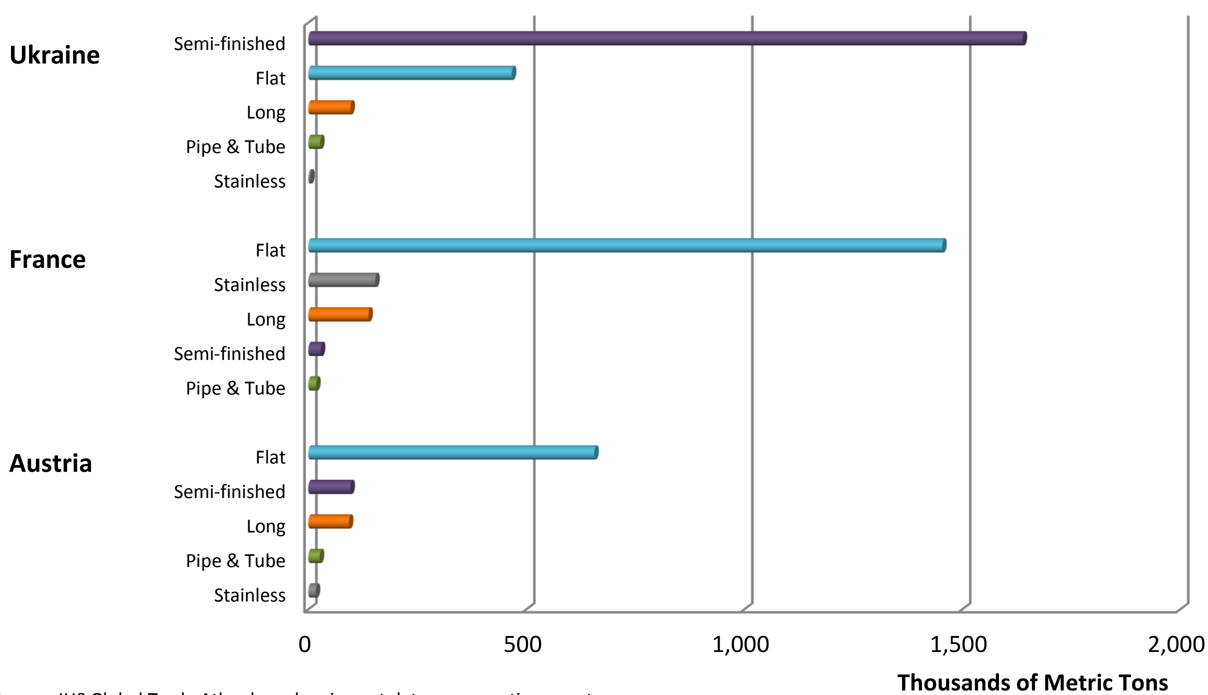
Italy's Steel Export Market Share

Top 10 Import Sources	Share of Exports to Italy - 2014	Italy's Rank in 2014	Share of Exports to Italy - 2015	Italy's Rank in 2015
China	1.6%	17	2.4%	10
Germany	8.5%	4	9.0%	4
Ukraine	10.1%	4	12.6%	3
France	11.3%	4	13.0%	4
Russia	3.7%	8	4.7%	6
Austria	12.6%	2	12.1%	2
Spain	7.5%	4	9.4%	3
Iran	N/A	N/A	N/A	N/A
South Korea	1.1%	17	2.3%	12
Belgium	2.4%	6	4.2%	5

Source: IHS Global Trade Atlas, based on import data per reporting country
NOTE: 2014 and 2015 data for Iran not available

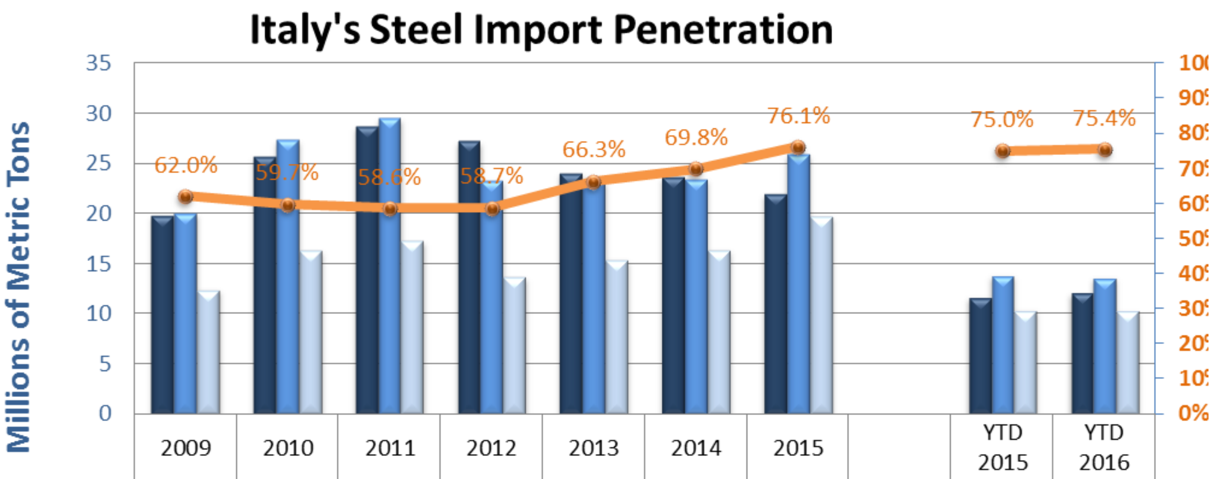
Among Italy's top import sources, Ukraine, France, and Austria sent the largest shares of their total steel exports to Italy in 2015. Flat products accounted for the largest share of steel exports to Italy from France at 81 percent (1.5 million metric tons) and Austria at 74 percent (656 thousand metric tons). Semi-finished products accounted for the largest share of Ukraine's steel exports to Italy at 73 percent (1.6 million metric tons).

Steel Export Composition of Top Market-Share Countries - 2015



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

Overall Production and Import Penetration



	2009	2010	2011	2012	2013	2014	2015		YTD 2015	YTD 2016
Production	19.8	25.8	28.7	27.3	24.1	23.7	22.0		11.7	12.1
Apparent Consumption	20.1	27.4	29.6	23.4	23.3	23.5	26.0		13.9	13.7
Imports	12.5	16.4	17.3	13.7	15.4	16.4	19.7		10.4	10.3
Import Penetration	62.0%	59.7%	58.6%	58.7%	66.3%	69.8%	76.1%		75.0%	75.4%

Source: World Steel Association; IHS Global Trade Atlas
YTD through June 2016

Italy's crude steel production increased by 3 percent between YTD 2015 and YTD 2016 to 12.1 million metric tons from 11.7 million metric tons in YTD 2016. Apparent consumption (a measure of steel demand) followed a similar trend over the period and remained mostly on pace with production until 2015 when demand outpaced production by 4 million metric tons. Apparent consumption continued to outpace production in YTD 2015 and YTD 2016. Though Italy's level of import penetration declined between 2009 and 2011, it has grown steadily since then by over 17 percentage points to a total of 75.4 percent in YTD 2016.

Top Producers

Unlike much of Europe, steel production in Italy is diffused across many small- and medium-sized companies. After privatization of the country's steel industry in the late 1980s and 1990s, only a small number of the earlier, larger steelworks remain.

Italy's Top Steel Producers in 2015

Rank	Company	Production (mmt)	Main Products
1	ILVA SpA (subsidiary of Riva Group)	4.8	Hot– and cold-rolled coils, galvanized, heavy plate, welded pipe
2	Marcegaglia	5.4	Coils, strips, sheets, welded pipe, sections, bars, heavy plate
3	Arvedi Group	3.4 (2014)	Hot-rolled, galvanized, welded tubes, cold-drawn tubes, stainless tubes, cold-rolled stainless strip
	Riva Acciaio (subsidiary of Riva Group)	N/A	Billets, hot-rolled and cold-drawn bars, reinforcing bars
5	Lucchini RS	N/A	Railway components, forgings, castings, ingots

Sources: World Steel Association; Federacciai; LexisNexis; 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 table below provides statistics on the current number of trade remedies the European Union, which includes Italy, has against imports of steel mill products from various countries. The European Union has no steel mill safeguards in effect.

European Union Trade Remedies in Effect Against Steel Mill Imports

Country	AD	CVD	Suspension Agreements and Undertakings	Total
Belarus	1			1
China	7	1		8
India	1	2		3
Japan	1			1
Russia	3			3
South Korea	1			1
Taiwan	1			1
Ukraine	1			1
United States	1			1
TOTAL	**17**	**3**	**0**	**20**

Source: World Trade Organization, through June 30, 2016

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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