

# Global Steel Trade Monitor

## Steel Exports Report: Canada

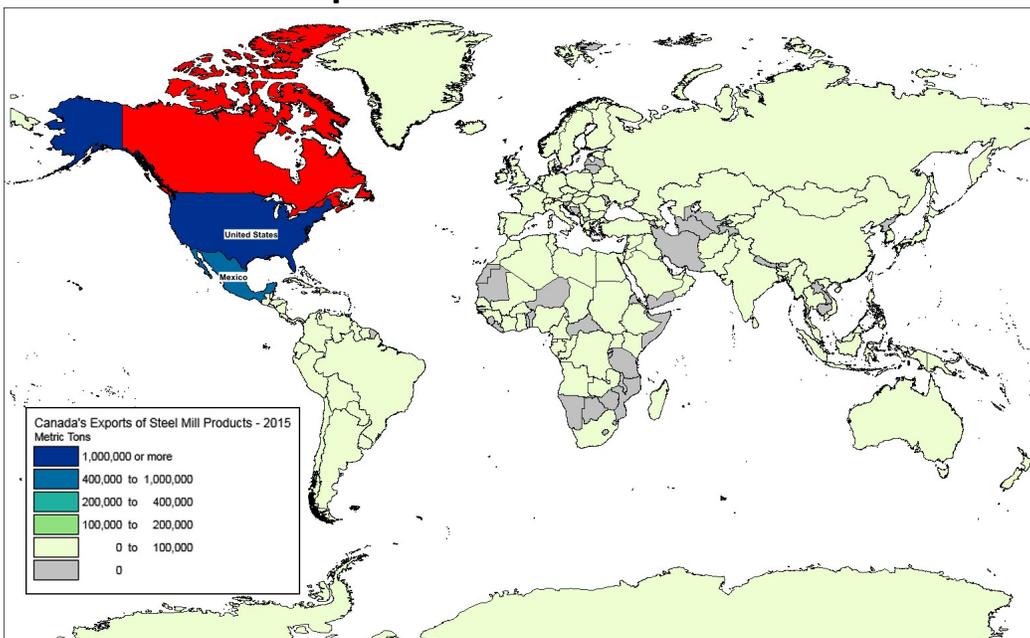
February 2017

### Background

Canada was the world's nineteenth-largest steel exporter in 2015. In year to date 2016 (through September), further referred to as YTD 2016, Canada exported 4.6 million metric tons of steel, a 4.1 percent decrease from YTD 2015. Canada's exports represented about 1.4 percent of all steel exported globally in 2015. The volume of Canada's 2015 steel exports was roughly 1/20th the size of the world's largest exporter, China. In value terms, steel represented just 1.4 percent of the total goods Canada exported in 2015.

Canada exports steel to more than 180 countries and territories. The two countries labeled in the map below represent the top markets for Canada's exports of steel, receiving more than 400 thousand metric tons each and accounting for 97 percent of Canada's steel exports in 2015.

Canada's Exports of Steel Mill Products - 2015



Data Source: Global Trade Atlas; Copyright © IHS Global Inc. 2016. All rights reserved.

### Quick Facts:

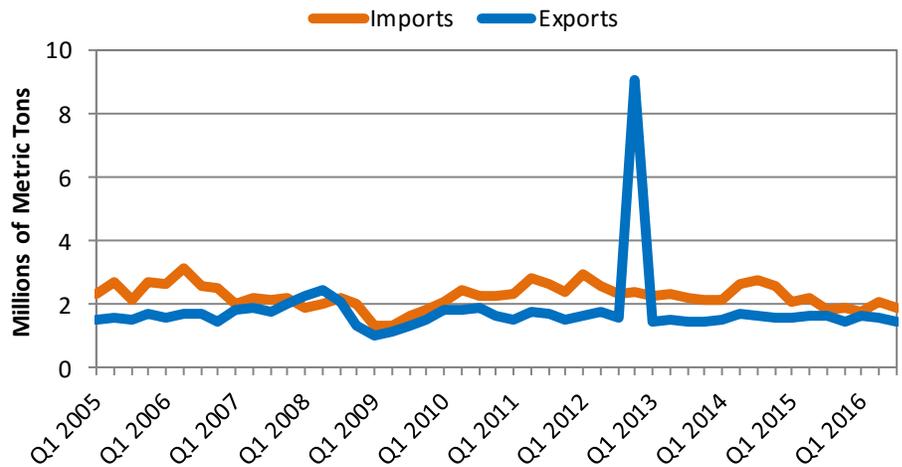
- World's nineteenth-largest steel exporter: 4.6 million metric tons (YTD 2016)
- 42% growth in steel exports since Q1 2009
- YTD export volume down 4.1% while export value down 15.3%
- Top markets: United States and Mexico
- Exports as a share of production down from 50.8% in YTD 2015 to 47.9% in YTD 2016
- Largest producers: ArcelorMittal, Essar Steel Algoma

# Steel Exports Report: Canada

## Steel Trade Balance

With the exception of three quarters, Canada has maintained a moderate trade deficit in steel products since 2005. Rising exports in the first half of 2008 and a spike in exports in Q4 2012 (resulting from a bulk shipment of semi-finished steel to Egypt) caused the deficit to briefly become a surplus. Since their recent low points in Q1 2009, imports grew 46 percent by Q3 2016, while exports grew 42 percent. In YTD 2016, Canada's steel trade deficit amounted to -1.1 million metric tons — a decrease from -1.2 million metric tons in YTD 2015.

Canada's Trade in Steel Mill Products by Quarter



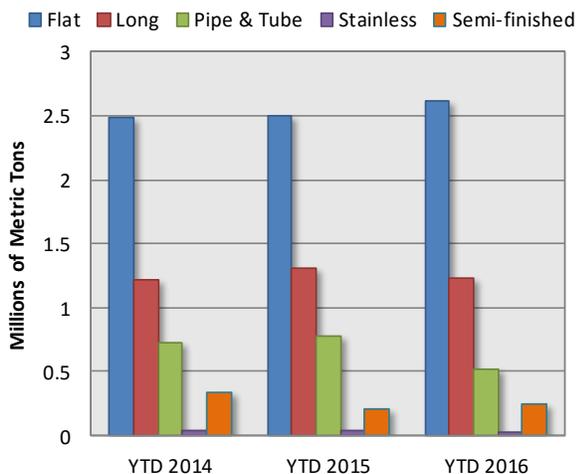
Source: IHS Global Trade Atlas

## Export Volume, Value, and Product

In 2015, the volume of Canada's steel exports decreased by 1.8 percent to 6.3 million metric tons from 6.4 million metric tons in 2014. Exports in YTD 2016 decreased by 4.1 percent to 4.6 million metric tons from 4.8 million metric tons in YTD 2015. In value terms, Canada's steel exports decreased by 15.3 percent between 2014 and 2015 and have continued to decline in YTD 2016—down 18 percent to \$3.7 billion from \$4.5 billion in YTD 2015.

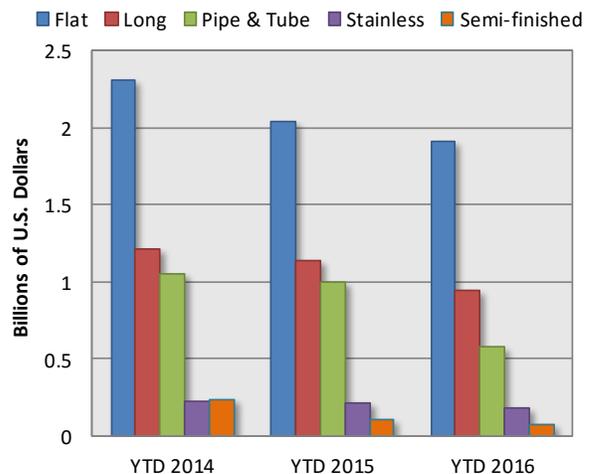
Flat products accounted for 56 percent of Canada's steel exports by volume in YTD 2016 at 2.6 million metric tons. Long products represented the second-largest category at 27 percent (1.2 million metric tons), followed by pipe and tube (11% or 521 thousand metric tons), semi-finished steel (5% or 241.8 thousand metric tons), and stainless steel (1% or 29.7 thousand metric tons).

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



Source: IHS Global Trade Atlas  
YTD through September

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



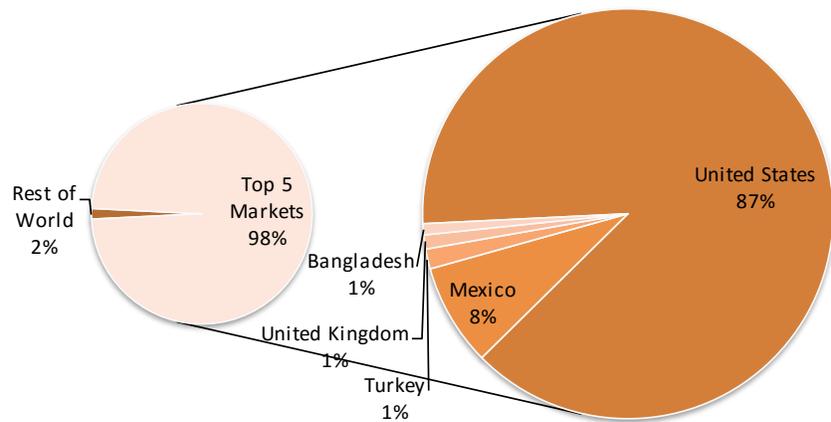
Source: IHS Global Trade Atlas  
YTD through September

# Steel Exports Report: Canada

## Exports by Top Market

Exports to Canada's top 5 steel markets represented 98 percent of Canada's steel export volume in YTD 2016 at 4.6 million metric tons (mmt). Furthermore, the top two markets for Canada's exports, the United States and Mexico, by themselves accounted for 97 percent of exports by volume. Canada sent 87 percent of its steel exports to the United States in YTD 2016 (4 mmt) and 8 percent to Mexico (367.4 thousand metric tons). Of note, with the exception of 2012, the United States and Mexico have ranked first and second as top export markets for Canada's shipments of steel since 2000.

**Canada's Steel Exports - Top 5 Markets**  
YTD 2016 - Millions of Metric Tons



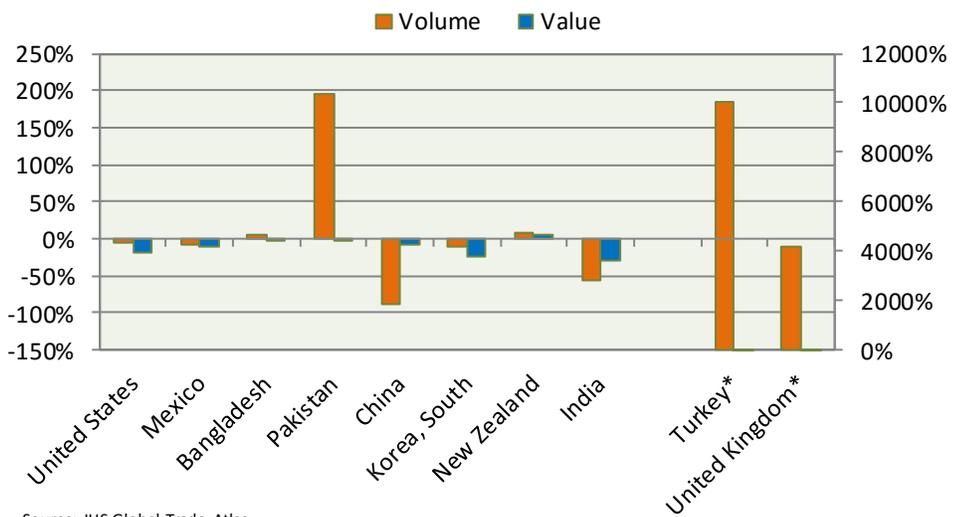
Source: IHS Global Trade Atlas  
YTD through September

## Trends in Exports to Top Markets

Between YTD 2015 and YTD 2016, the volume of Canada's steel exports increased to half of its top 10 steel export markets. Export volumes increased significantly to Turkey (up 10,061% from YTD 2015) and the United Kingdom (up 4,153%). Exports to Pakistan increased 196 percent by volume, while exports to New Zealand and Bangladesh increased 8.7 percent and 6.4 percent, respectively. Significant decreases in volume included exports to China (down 88.8%), and India (down 54.8%).

Despite such significant volume increases, export values decreased to nine of Canada's top 10 steel export markets, reflecting the decline in global steel prices. Markets that saw considerable decreases in steel value between YTD 2015 and YTD 2016 included the United Kingdom (down 47.5%%), India (down 28%), and South Korea (down 25.2%). Only New Zealand saw an increase in steel value from Canada in YTD 2016, up 5.9 percent from YTD 2015.

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



Source: IHS Global Trade Atlas  
YTD through September

\*Turkey and United Kingdom plotted on secondary axis

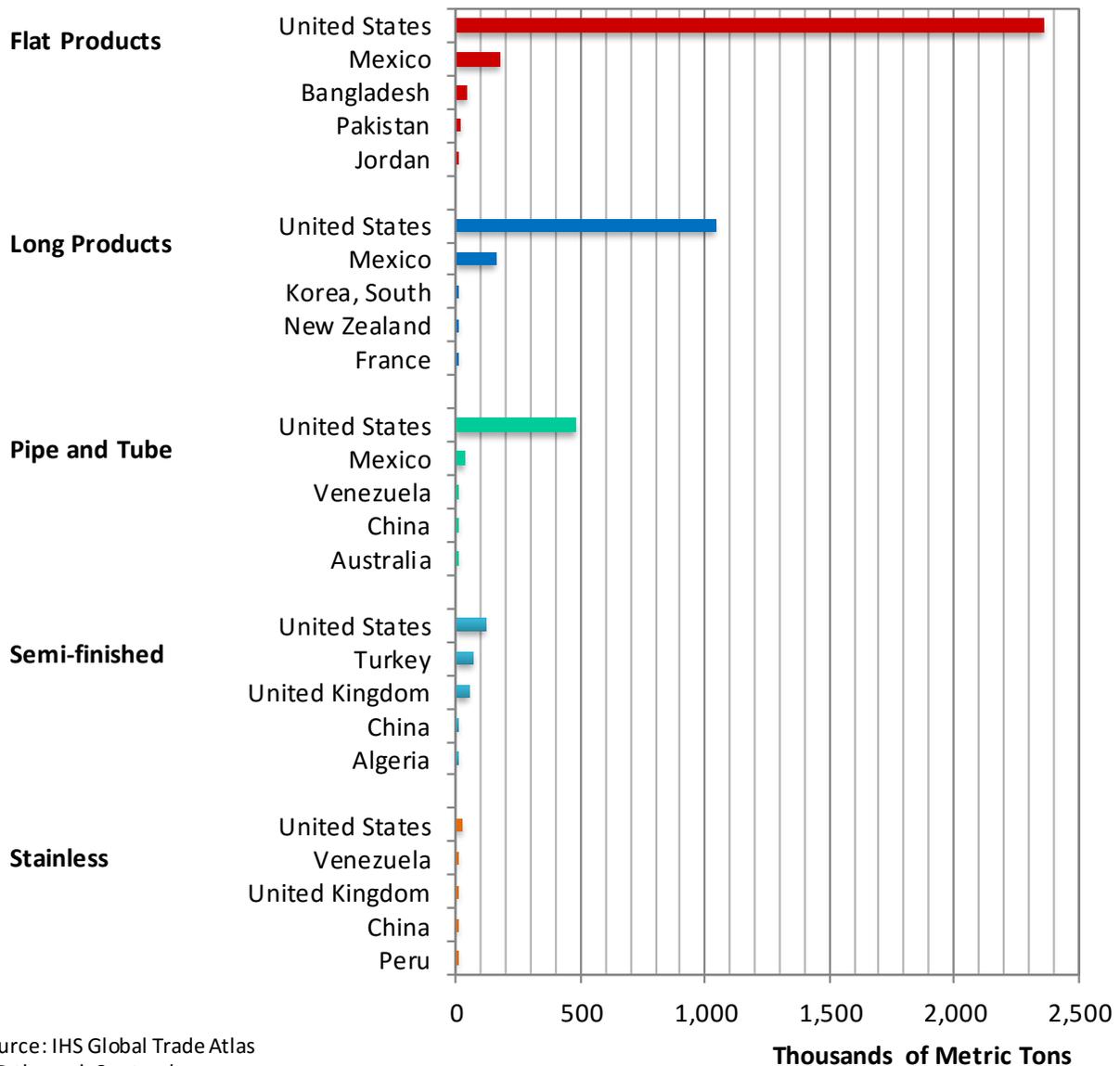
# Steel Exports Report: **Canada**

## Top Markets by Steel Product Category

Canada's top export markets by volume vary across types of steel products, though the United States held the top spot in every product category and accounted for over 80 percent of exports in four of the five categories. In YTD 2016, Canada exported 91 percent (2.4 million metric tons) of its flat product exports to the United States, 85 percent (1 million metric tons) of long product exports, 92 percent (479.5 thousand metric tons) of pipe and tube exports, and 92 percent (27.5 thousand metric tons) of stainless exports.

The United States received 48 percent (115.1 thousand metric tons) of Canada's exports of semi-finished steel in YTD 2016, followed by Turkey at 30 percent (71.4 thousand metric tons), and the United Kingdom at 21 percent (49.8 thousand metric tons).

**Canada's Top 5 Export Markets by Product - YTD 2016**



Source: IHS Global Trade Atlas  
YTD through September

# Steel Exports Report: Canada

## Canada's Import Market Share in Top Destinations

In 2015, the import market share for Canada's steel products remained mostly unchanged in the majority of Canada's top 10 export destinations for which data are available. The share of imports from Canada in Mexico and Pakistan decreased by less than half a percentage point, and import shares in India, South Korea, New Zealand, and France stayed the same from 2014. Only the United States had a notable increase in the share of steel imports from Canada (up 1.3 percentage points from 2014).

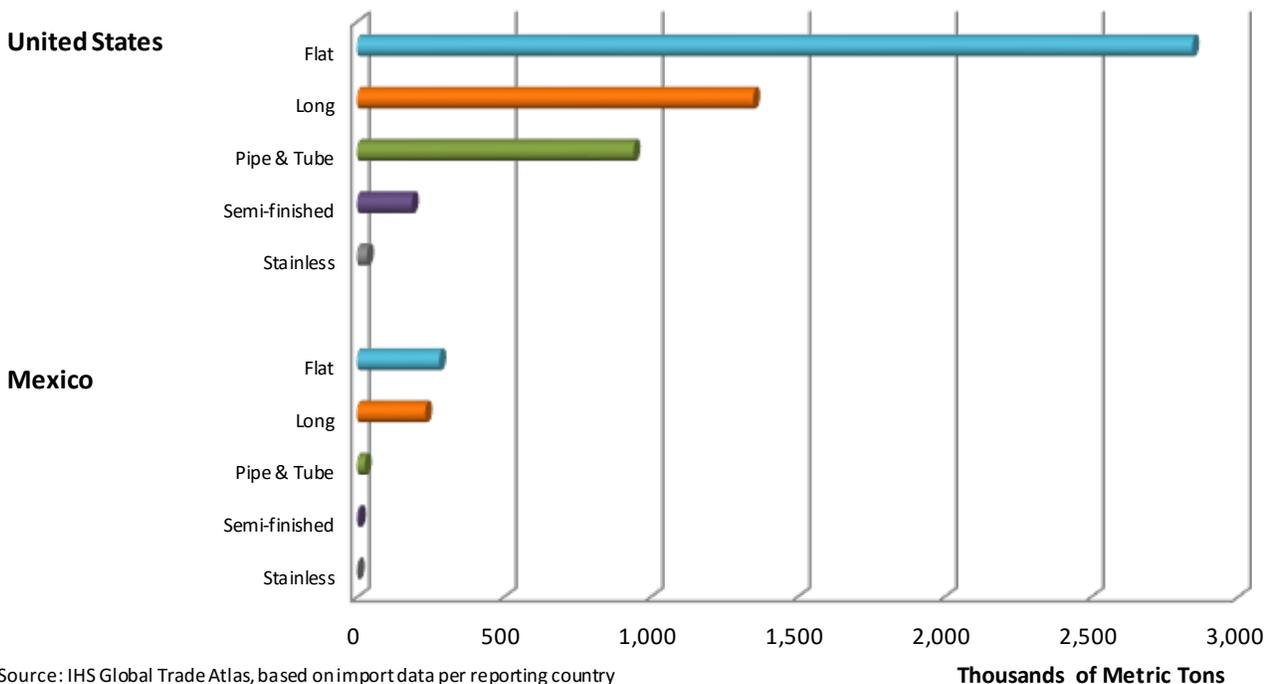
Among Canada's top export markets, the United States and Mexico received the highest shares of their total steel imports from Canada, and in the remaining six countries, Canada

Canada's Steel Import Market Share				
Top 10 Export Destinations (2015)	Share of Imports from Canada - 2014	Canada's Rank in 2014	Share of Imports from Canada - 2015	Canada's Rank in 2015
United States	13.8%	1	15.1%	1
Mexico	6.0%	5	5.5%	5
China	0.0%	39	0.1%	27
Bangladesh	N/A	N/A	N/A	N/A
Pakistan	0.6%	16	0.4%	15
India	0.1%	33	0.1%	32
South Korea	0.0%	29	0.0%	25
New Zealand	0.6%	11	0.6%	11
South Korea	0.0%	38	0.0%	44
Cuba	N/A	N/A	N/A	N/A

Source: IHS Global Trade Atlas, based on import data per reporting country  
 Note: 2014/2015 import data for Bangladesh and Cuba not available

accounted for less than 1 percent of imports. In 2015, flat products accounted for the largest share of steel imports from Canada in both the United States at 53 percent (2.8 million metric tons) and Mexico at 51 percent (280 thousand metric tons).

## Steel Import Composition of Top Market-Share Countries - 2015

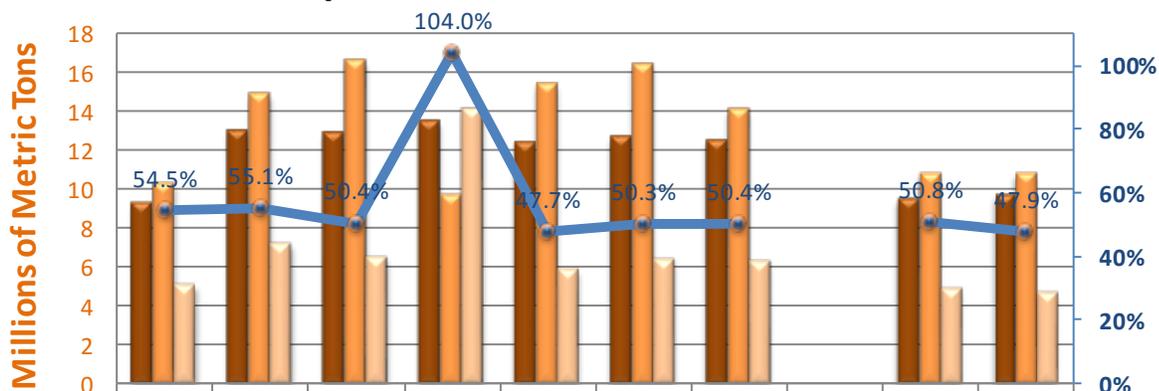


Source: IHS Global Trade Atlas, based on import data per reporting country

# Steel Exports Report: Canada

## Overall Production and Export Share of Production

### Canada's Export Share of Steel Production



	2009	2010	2011	2012	2013	2014	2015	YTD 2015	YTD 2016
Production	9.3	13.0	12.9	13.5	12.4	12.7	12.5	9.5	9.7
Apparent Consumption	10.3	14.9	16.6	9.7	15.4	16.4	14.1	10.7	10.8
Exports	5.1	7.2	6.5	14.1	5.9	6.4	6.3	4.8	4.6
Export Share of Production	54.5%	55.1%	50.4%	104.0%	47.7%	50.3%	50.4%	50.8%	47.9%

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

Canada's crude steel production averaged 12.5 million metric tons between 2013 and 2015. Production in YTD 2016 was up 2 percent to 9.7 million metric tons from 9.5 million metric tons in YTD 2015. Apparent consumption (a measure of steel demand) has outpaced production for much of the period, excluding 2012 when a spike in exports pushed demand down. The gap between demand and production narrowed significantly in 2015, to 1.6 million metric tons, and has narrowed slightly in YTD 2016 from YTD 2015. Exports as a share of production maintained an average of 51.4 percent, excluding 2012 when a spike in semi-finished exports to Egypt caused the share to hit 104 percent. In YTD 2016, exports as a share of production decreased slightly to 47.9 percent from 50.8 percent in YTD 2015, as exports decreased while production increased.

### Top Producers

Steel production in Canada is dominated by foreign-owned companies. The largest producer, Luxembourg-based ArcelorMittal, alone accounts for roughly half of Canadian steel production through its two subsidiaries.

Canada's Top Steel Producers			
Rank	Company	Capacity (mmt)	Main Products
1	ArcelorMittal Dofasco	4.5 (shipments)	Hot-rolled sheet, cold-rolled sheet, galvanized
2	ArcelorMittal Long Products Canada	2 (production)	Semi-finished, reinforcing bars, bars, wire rod, wire
3	Essar Steel Algoma	2.8	Hot-rolled sheet, cold-rolled sheet, plates
4	Evraz	N/A	Plate, coil, OCTG
5	Gerdau	N/A	Long products
6	U.S. Steel Canada	N/A	Hot-rolled sheet, cold-rolled sheet, galvanized

Sources: Canadian Steel Producers Association; Metal Bulletin, *Iron and Steelworks of the World Directory 2017*; Company websites

# Steel Exports Report: **Canada**

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

<b>Global Steel Mill Safeguards in Effect</b>	
<b>Country</b>	<b>Product(s)</b>
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; 3) Hot-rolled steel flat sheets and plates
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 November 25, 2016**

# Steel Exports Report: Glossary

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**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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