

Global Steel Trade Monitor

Steel Exports Report: China

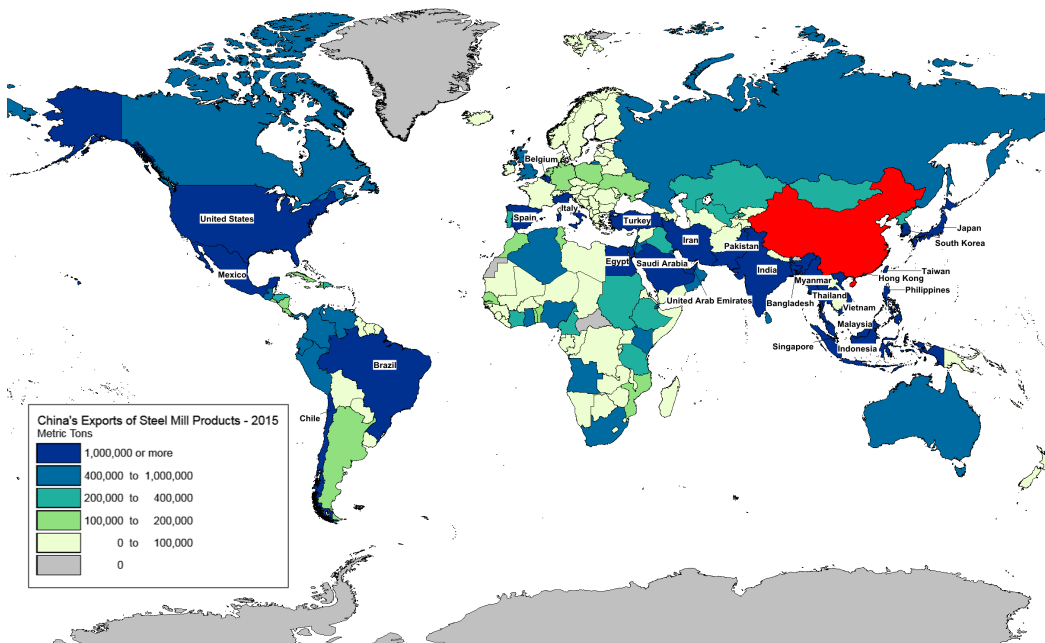
December 2016

Background

China was the world's largest steel exporter in 2015. In year-to-date 2016 (through September), China exported 83.6 million metric tons of steel, a 2.8 percent increase from 81.3 million metric tons in YTD 2015. China's exports represented about 24 percent of all steel exported globally in 2015. The volume of China's 2015 steel exports was more than double that of the world's second-largest exporter, Japan, and more than triple that of the third-largest exporter, South Korea. In value terms, steel represented just 2.5 percent of the total amount of goods China exported in 2015.

China exports steel to more than 210 countries and territories. The 26 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 78 percent of China's steel exports in 2015.

China's Exports of Steel Mill Products - 2015



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

Quick Facts:

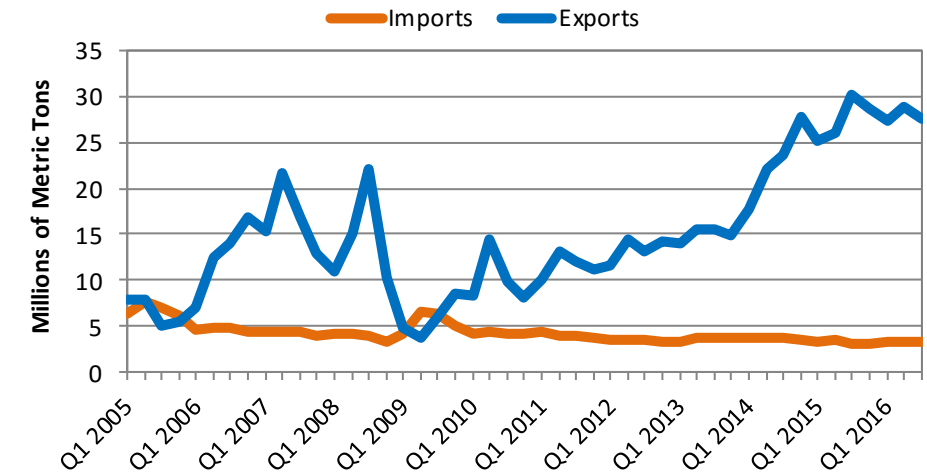
- World's largest steel exporter: 83.6 million metric tons (YTD 2016)
- 627% steel export growth since Q2 2009
- Exports as a share of production up from 13.5% in YTD 2015 to 13.8% in YTD 2016
- YTD export volume up 2.8% while export value down 13.9%
- Top three markets: South Korea, Vietnam, Philippines
- Largest producers: Hesteel Group and Baosteel Group
- 102 trade remedies in effect in 18 countries involving steel mill imports from China

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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 627 percent between Q2 2009 and Q3 2016. Imports decreased by 49 percent over the same period. Export growth coupled with declining imports caused China's steel trade surplus to grow to 97 million metric tons by 2015. In YTD 2016, the surplus stood at 73.6 million metric tons, an increase of 3 percent from YTD 2015.

China's Trade in Steel Mill Products by Quarter



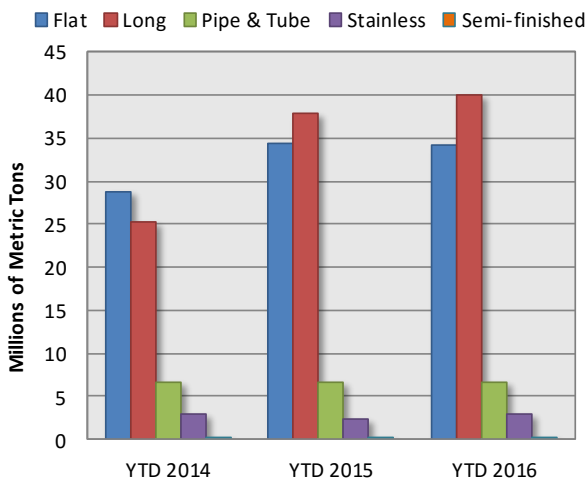
Source: IHS Global Trade Atlas

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. Thus far in 2016, exports have increased 2.8 percent from YTD 2015 for a total export volume of 83.6 million metric tons. By contrast, the value of China's YTD 2016 steel exports has declined by 13.9 percent to \$38.7 billion from \$45 billion in YTD 2015.

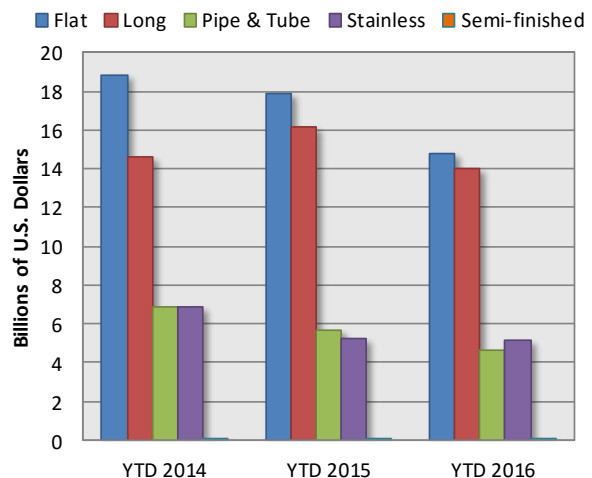
Long products have surpassed flat products to account for the largest share of China's steel exports. In YTD 2016, 48 percent, or 39.9 million metric tons, of China's steel exports were of long products. Flat products accounted for 41 percent, or 34.2 million metric tons, of China's exports of steel in YTD 2016, followed by pipe and tube products (8% or 6.6 million metric tons), stainless products (3% or 2.9 million metric tons), and semi-finished steel (0.01% or 9 thousand metric tons).

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



Source: IHS Global Trade Atlas
YTD through September

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



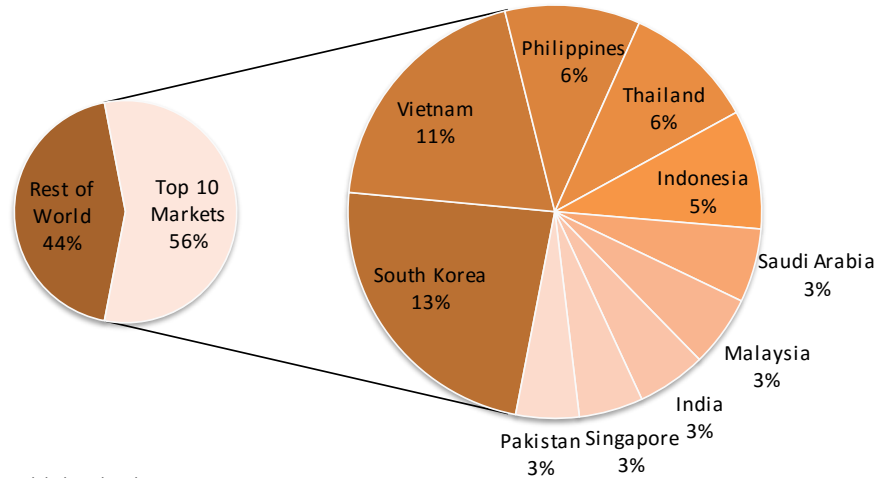
Source: IHS Global Trade Atlas
YTD through September

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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 YTD 2016 at 46.9 million metric tons (mmt). South Korea received the largest share of China's exports with 13 percent (11 mmt), followed by Vietnam at 11 percent (9.2 mmt), the Philippines at 6 percent (5 mmt), Thailand at 6 percent (4.8 mmt), and Indonesia at 5 percent (4.4 mmt).

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



The United States ranked 25th as a destination for China's steel exports, receiving just 0.8 percent of exports (0.6 mmt) in YTD 2016 — compared to ranking 16th in YTD 2015 with 2.1 percent of exports (1.7 mmt).

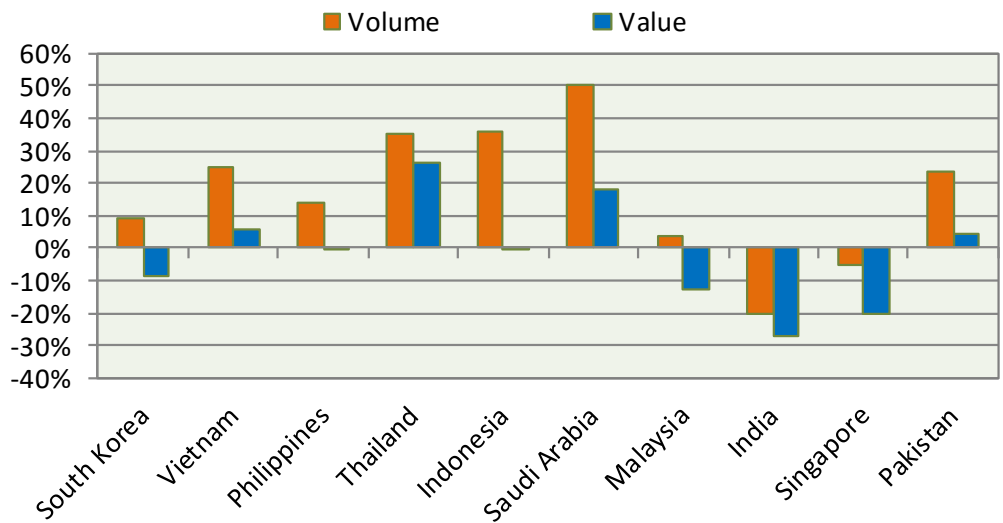
Source: IHS Global Trade Atlas
YTD through September

Trends in Exports to Top Markets

While the volume of China's steel exports increased to nearly all of China's top 10 steel export markets between YTD 2015 and YTD 2016, the overall value of China's steel exports decreased in six of the top 10 markets. Markets that experienced considerable decreases in steel value between YTD 2015 and YTD 2016 included India (down 27.5%), Singapore (down 20.4%), and Malaysia (down 13.1%). China's exports to Thailand increased the most in value, up 26 percent, followed exports to Saudi Arabia (up 18.4%) and Vietnam (up 5.7%).

China's exports to Saudi Arabia showed the largest increase in volume in YTD 2016 compared to YTD 2015, increasing 50.3 percent, followed by exports to Indonesia (up 35.8%), Thailand (up 35.2%), and Vietnam (up 24.8%). Only China's exports to India and Singapore decreased in volume in YTD 2016, down 20.6 percent and 5.5 percent, respectively.

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



Source: IHS Global Trade Atlas
YTD through September

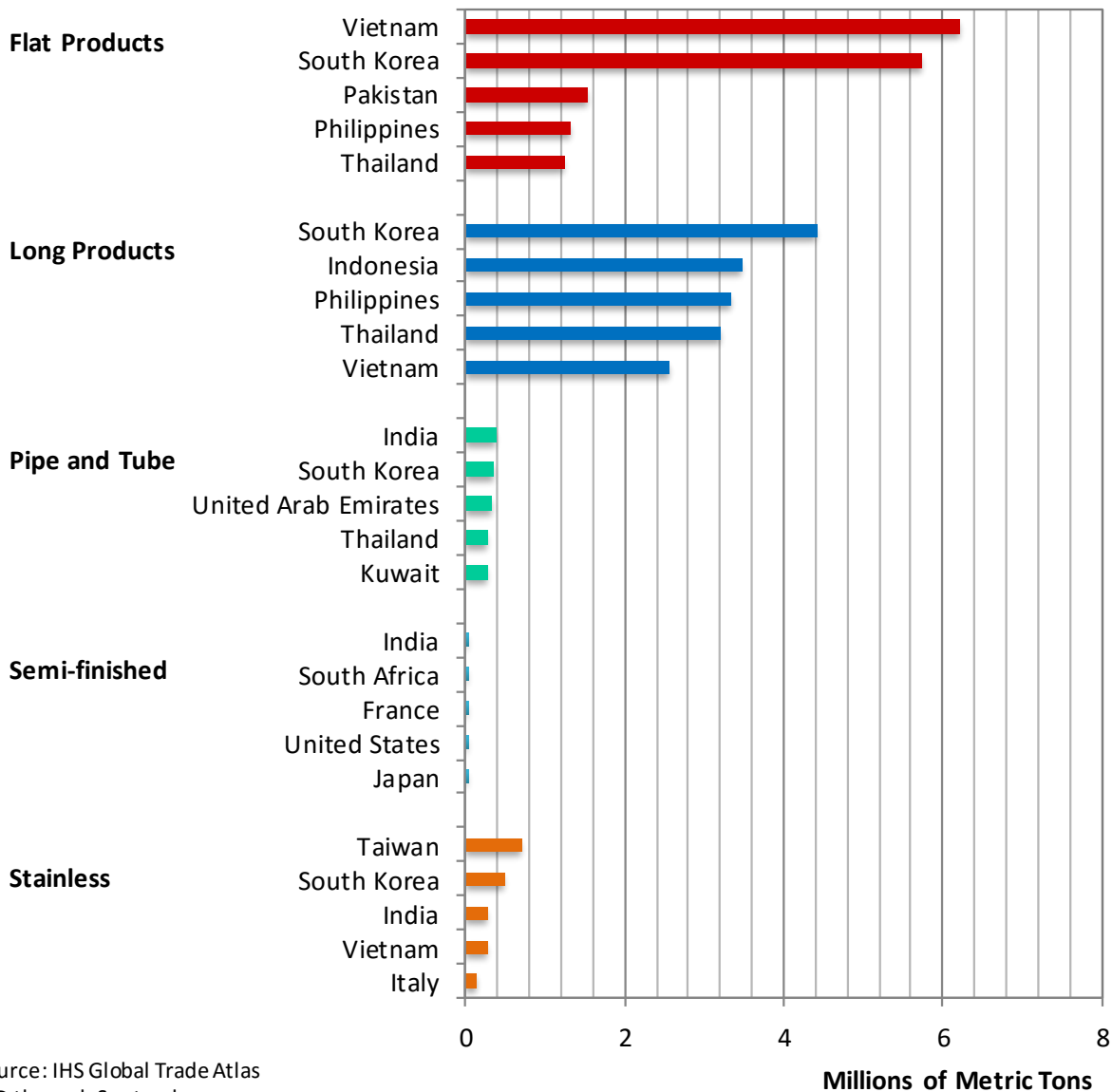
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Top Markets by Steel Product Category

China's top export markets by volume vary across types of steel products. Vietnam accounted for the largest share of China's exports of flat products in YTD 2016, receiving 18 percent (6.2 million metric tons), followed by South Korea at 17 percent (5.8 million metric tons). South Korea received the largest share of China's long product exports in YTD 2016 at 11 percent (4.4 million metric tons), India received the largest share of pipe and tube exports at 6 percent (384 thousand metric tons), and Taiwan received the largest share of stainless exports at 24 percent (690 thousand metric tons).

China exported a negligible amount of semi-finished steel products — only 0.01 percent of steel exports in YTD 2016 — and the majority of semi-finished exports went to India (69% or 6.5 thousand metric tons). Semi-finished was the only product category for which the United States was a top-five export destination in YTD 2016.

China's Top 5 Export Markets by Product - YTD 2016



Source: IHS Global Trade Atlas
YTD through September

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

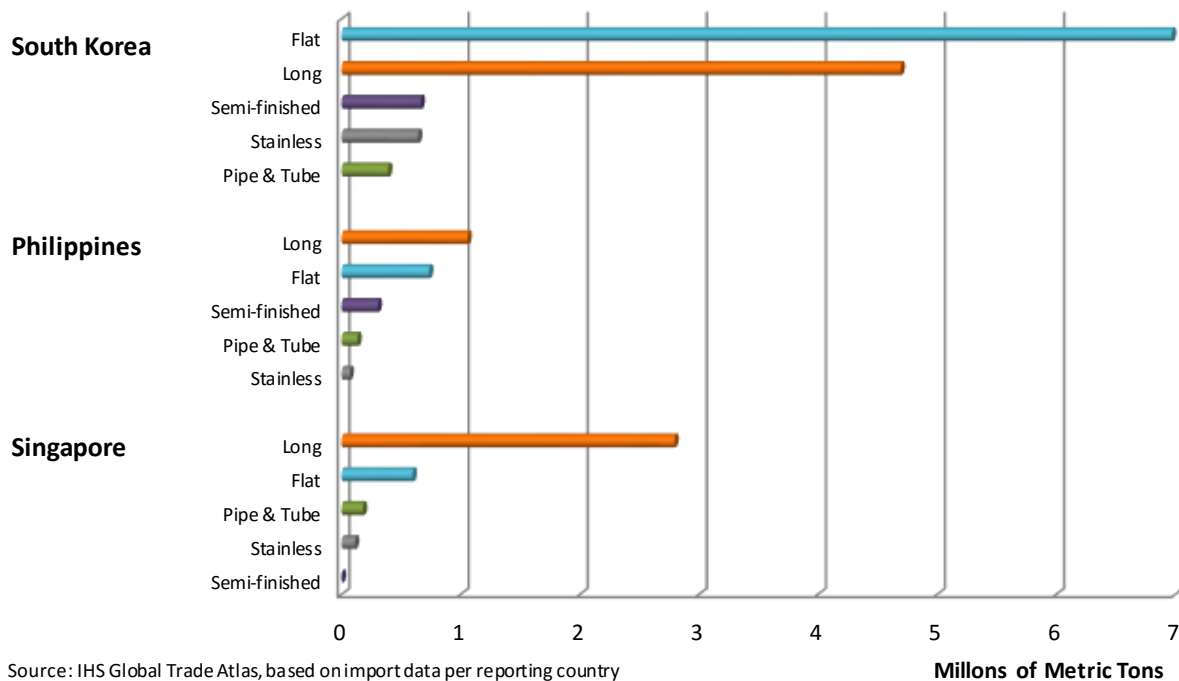
China. In 2015, long products accounted for the largest share of steel imports from China in both the Philippines (46% or 1.1 million metric tons) and Singapore (76% or 2.8 million metric tons), while flat products accounted for the largest share of South Korea's imports from China (52% or 7 million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



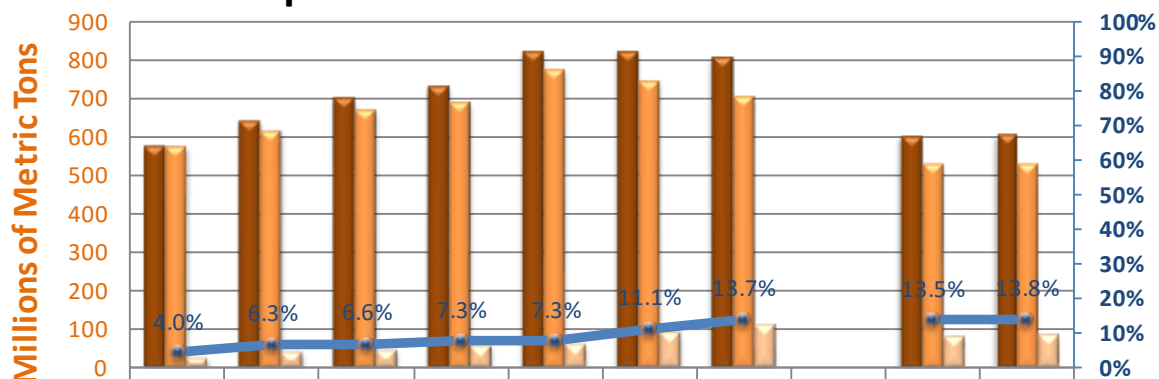
Source: IHS Global Trade Atlas, based on import data per reporting country

Millions of Metric Tons

Steel Exports Report: China

Overall Production and Export Share of Production

China's Export Share of Steel Production



	2009	2010	2011	2012	2013	2014	2015	YTD 2015	YTD 2016
Production	577.1	638.7	702.0	731.0	822.0	822.8	803.8	601.0	604.7
Apparent Consumption	576.3	615.2	671.6	691.7	776.5	746.2	706.8	529.6	531.1
Exports	23.0	40.5	46.5	53.3	60.1	91.3	110.0	81.3	83.6
Export Share of Production	4.0%	6.3%	6.6%	7.3%	7.3%	11.1%	13.7%	13.5%	13.8%

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

China's crude steel production increased by 43 percent between 2009 and 2014 but decreased slightly in 2015, down 2 percent to 803.8 million metric tons. Production in YTD 2016 was nearly on par with YTD 2015 — up just 0.6 percent. 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 YTD 2016, production has outpaced demand by 73.6 million metric tons, an increase of 3 percent from YTD 2015. Between 2009 and 2015, China's steel exports as a share of production more than tripled. In YTD 2016, exports as a share of production increased slightly from YTD 2015 and stood at 13.8 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	Shagang 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

Steel Exports Report: China

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)
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 October 12, 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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