

Global Steel Trade Monitor

Steel Exports Report: Japan

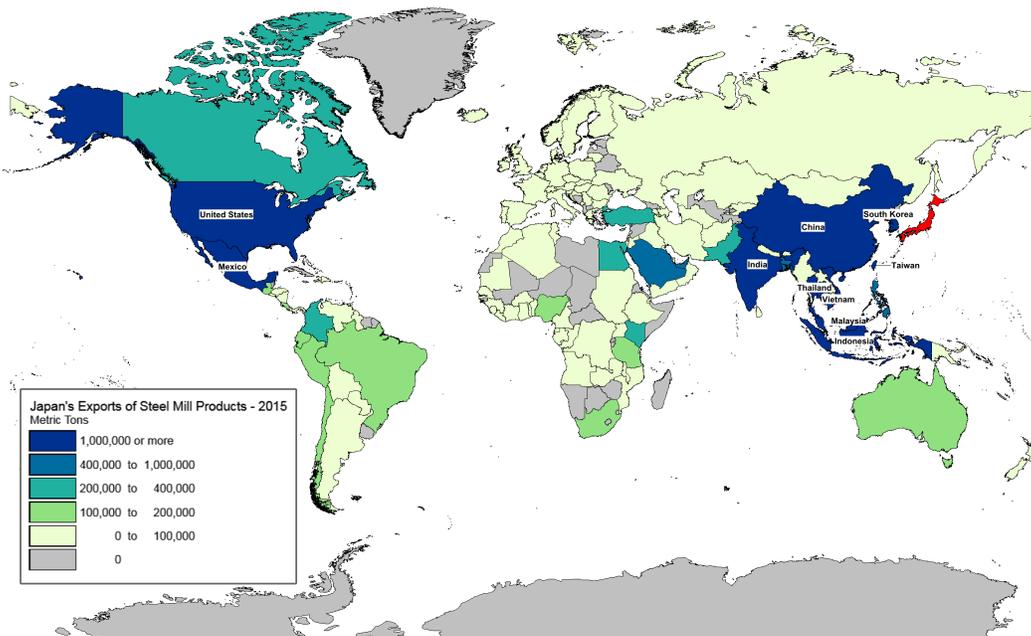
December 2016

Background

Japan is the second-largest steel exporter in the world. In year to date 2016 (through September), further referred to as YTD 2016, Japan exported 30.6 million metric tons of steel — a 0.2 percent decline from 30.7 million metric tons in YTD 2015. Japan’s exports represented about 9 percent of all steel exported globally in 2015. The volume of Japan’s 2015 steel exports was less than half that of the world’s largest exporter, China. In value terms, steel represented just 4.7 percent of the total amount of goods Japan exported in 2015.

Japan exports steel to more than 180 countries and territories. The 10 countries labeled in the map below represent the top markets for Japan’s exports of steel, receiving more than 1 million metric tons each and accounting for 78 percent of Japan’s steel exports in 2015.

Japan’s Exports of Steel Mill Products - 2015



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

Quick Facts:

- World’s second-largest steel exporter: 30.6 million metric tons (YTD 2016)
- 64% steel export growth since Q1 2009
- Exports as a share of production at 39.1% in YTD 2016
- YTD export volume down 0.2% while export value down 16.6%
- Top three markets: South Korea, Thailand, China
- Largest producers: Nippon & Sumitomo and JFE
- 24 trade remedies in effect in 8 countries and the EU involving steel mill imports from Japan

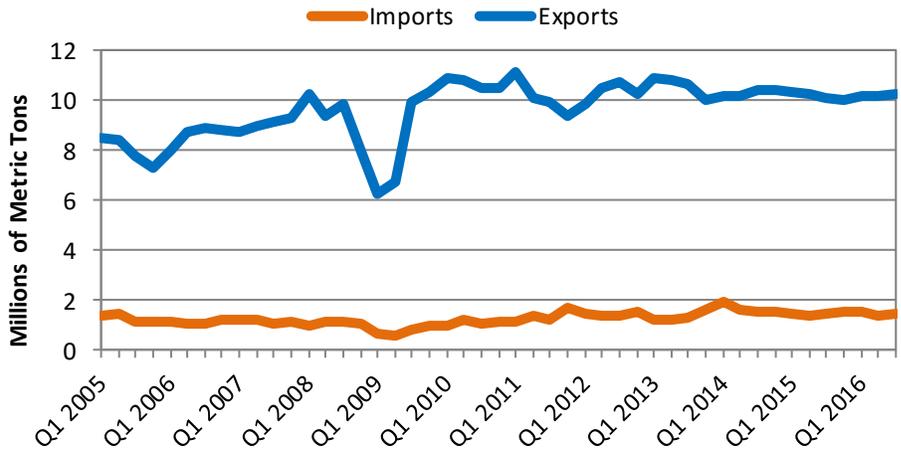
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Steel Trade Balance

Japan has maintained a persistent trade surplus in steel products. Exports dipped in 2009 after the global recession, while imports remained relatively flat in comparison. Since reaching a low point in Q1 2009, exports increased 64 percent by Q3 2016.

In YTD 2016, Japan's steel trade surplus amounted to 26.3 million metric tons, a 0.6 percent decrease from 26.5 million metric tons in YTD 2015.

Japan's Trade in Steel Mill Products by Quarter



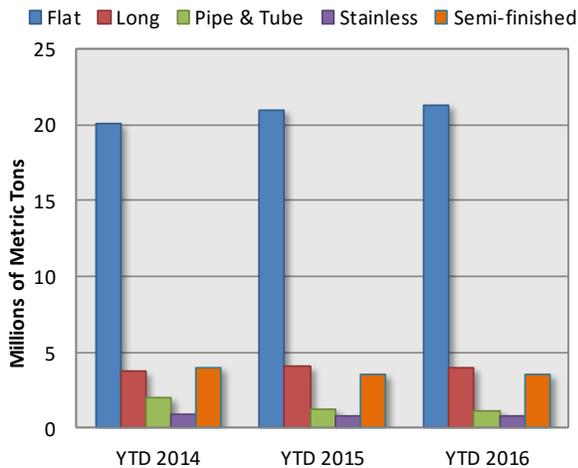
Source: IHS Global Trade Atlas

Export Volume, Value, and Product

Japan's steel exports maintained a relatively steady average of 41.5 million metric tons per year between 2010 and 2015. Exports in 2015 amounted to 40.7 million metric tons — a slight decline from 41.2 million metric tons in 2014. In YTD 2016, the volume of Japan's steel exports has declined slightly by 0.2 percent to 30.6 million metric tons from 30.7 million metric tons in YTD 2015. By contrast, the value of Japan's steel exports has decreased every year since 2011. In YTD 2016, steel export value decreased 16.6 percent to \$18.9 billion from \$22.6 billion in YTD 2015.

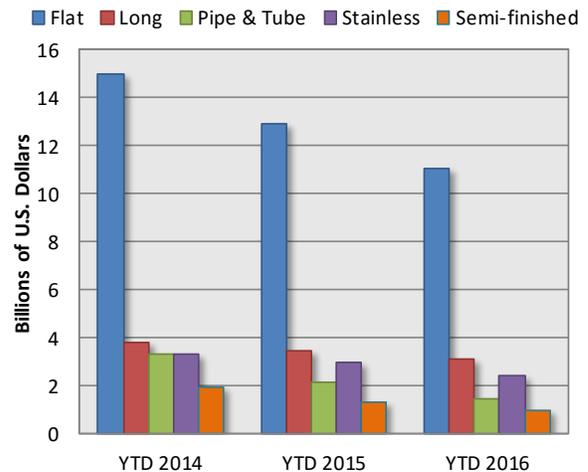
In YTD 2016, flat products accounted for a significant share of Japan steel exports at 70 percent, or 21.3 million metric tons. Long products accounted for 13 percent, or 4 million metric tons, of Japan's exports, followed by semi-finished (11% or 3.5 million metric tons), pipe and tube (4% or 1.1 million metric tons), and stainless products (3% or 766 thousand metric tons).

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



Source: IHS Global Trade Atlas
YTD through September

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



Source: IHS Global Trade Atlas
YTD through September

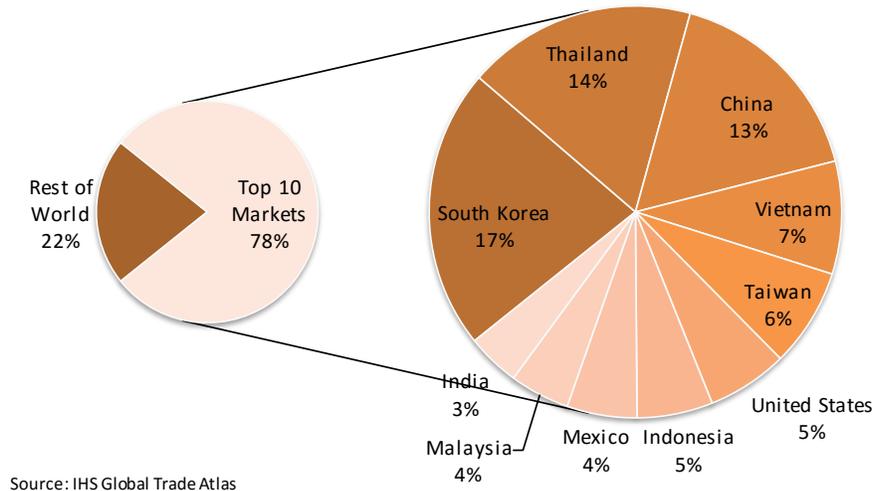
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Exports by Top Market

Exports to Japan's top 10 steel markets represented 78 percent of Japan's steel export volume in YTD 2016 at 24 million metric tons (mmt). South Korea received the largest share of Japan's exports with 17 percent (5.3 mmt), followed by Thailand at 14 percent (4.3 mmt), China at 13 percent (4 mmt), and Vietnam at 7 percent (2.1 mmt).

The United States ranked sixth as a destination for Japan's steel exports, receiving 5 percent of exports (1.5 mmt) in YTD 2016 — a decline of 11.9 percent from YTD 2015.

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



Source: IHS Global Trade Atlas
YTD through September

Trends in Exports to Top Markets

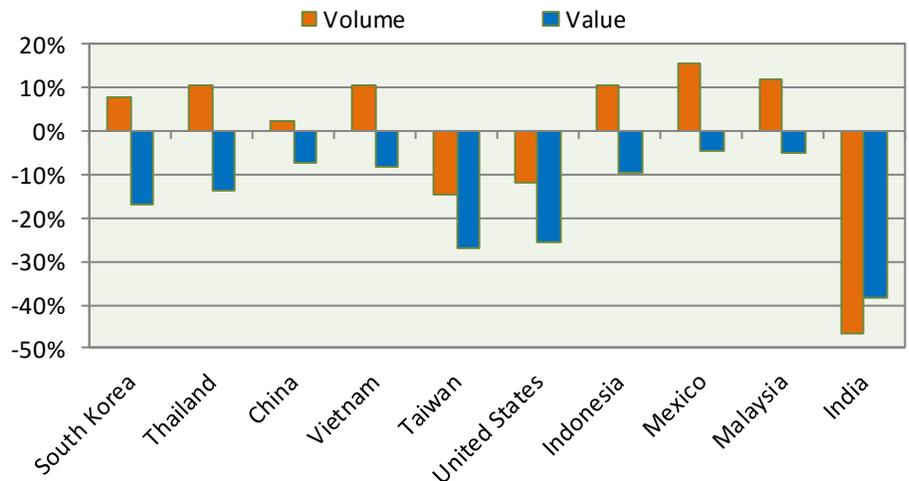
While the volume of Japan's steel exports increased in seven of Japan's top 10 steel export markets between YTD 2015 and YTD 2016, the overall value of Japan's steel exports decreased in all of the top 10 markets, reflecting the decline in global steel prices. Markets that experienced considerable decreases in steel value between YTD 2015 and YTD 2016 included exports to India (down 38.3%), Taiwan (down 26.8%), the United States (down 25.6%), and South Korea (down 16.8%).

Markets that experienced sizeable increases in Japan's steel export volume included Mexico (up 15.4% from YTD 2015), Malaysia (up 12.2%), Thailand (up 10.66%), and Indonesia (up 10.65%).

India, Taiwan, and the United States were the only markets to see decreases in Japan's export volume in YTD 2016, down 46.6 percent, 14.8 percent, and 11.9 percent, respectively.

Outside of the top 10 markets, other notable changes in volume included Japan's exports to 14th-ranked Pakistan (up 95.2% from YTD 2015), 16th-ranked United Arab Emirates (down 33.8%), and 17th-ranked Colombia (up 27.8%).

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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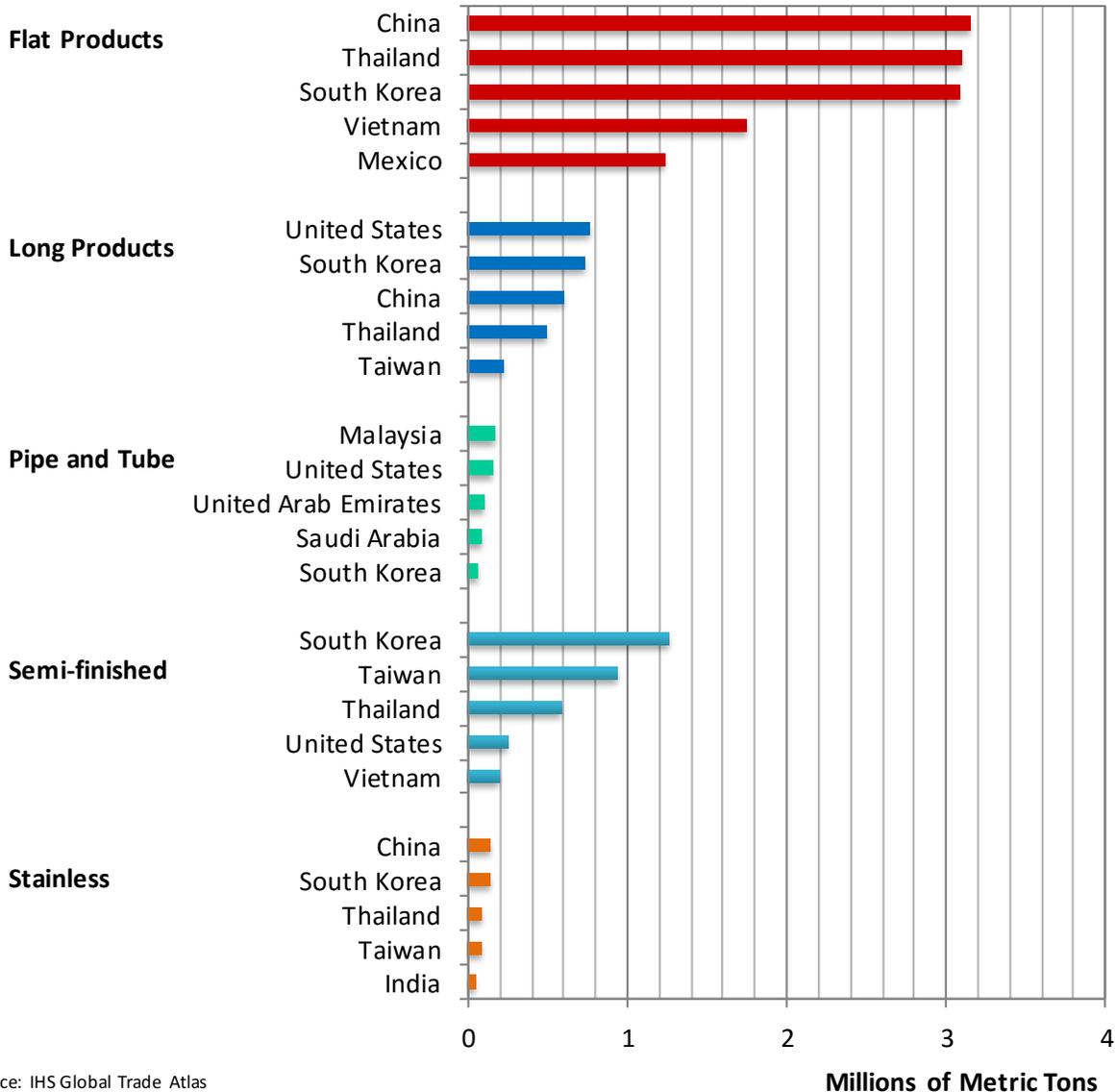
Top Markets by Steel Product Category

Japan's top export markets by volume vary across types of steel products. China accounted for the largest share of Japan's exports of flat products in YTD 2016 at 15 percent (3.15 million metric tons), followed closely by Thailand at 15 percent (3.1 million metric tons) and South Korea at 15 percent (3.09 million metric tons). China also received the largest share of Japan's exports of stainless steel at 19 percent (145 thousand metric tons).

The United States received the largest share of Japan's exports of long products in YTD 2016 (19% or 766 thousand metric tons), and Malaysia received the largest share of pipe and tube exports (16% or 170 thousand metric tons).

South Korea received the largest share of Japan's exports of semi-finished products in YTD 2016 (36% or 1.3 million metric tons).

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



Source: IHS Global Trade Atlas
YTD through September

Steel Exports Report: Japan

Japan's Import Market Share in Top Destinations

In 2015, the import market share for Japan's steel products increased in five of Japan's top 10 export destinations and decreased in four of the top ten. The share of Malaysia's steel imports from Japan decreased the most (down 4.9 percentage points from 2014), followed by Thailand (down 2.6 percentage points).

Countries with notable increases in their share of steel imports from Japan included India (up 3.2 percentage points) and China (up 1.1 percentage points).

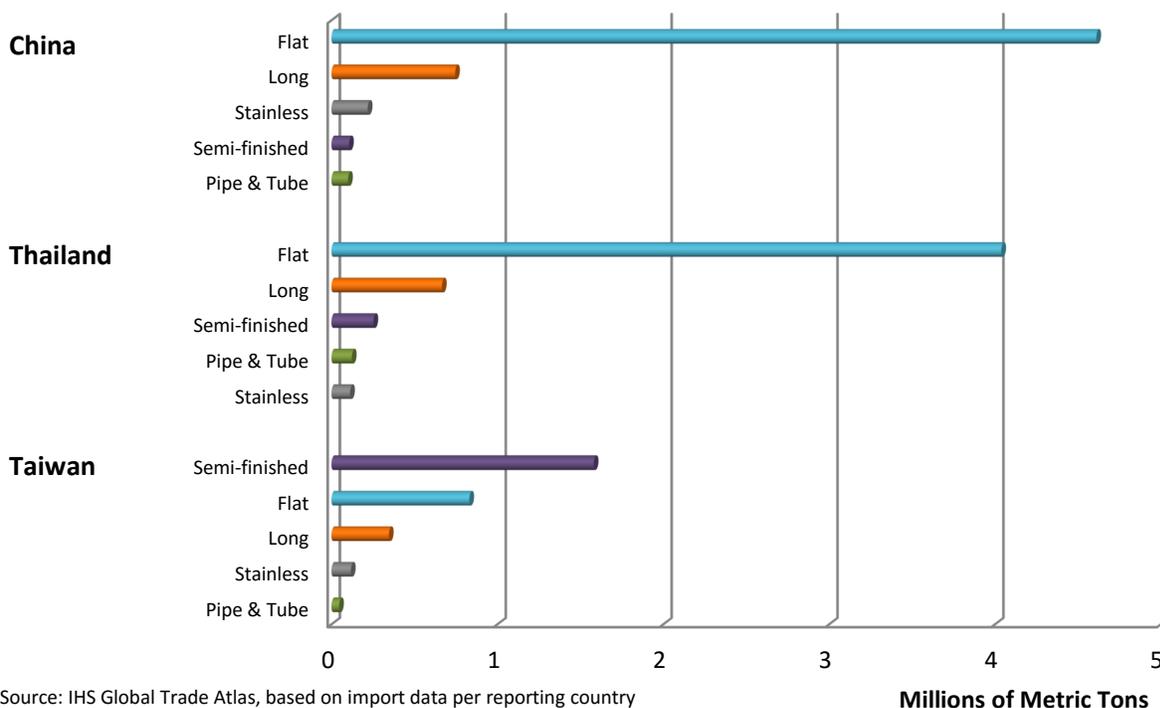
Among Japan's top export markets, China, Thailand, and Taiwan received more than a third of their total steel imports from Japan. In 2015, flat products accounted for the largest share of steel imports from Japan in both China (80%

or 4.6 million metric tons) and Thailand (78% or 4 million metric tons), while semi-finished products accounted for the largest share Taiwan's imports from Japan (54% or 1.6 million metric tons).

Japan's Steel Import Market Share				
Top 10 Export Destinations	Share of Imports from Japan - 2014	Japan's Rank in 2014	Share of Imports from Japan - 2015	Japan's Rank in 2015
South Korea	32.6%	2	30.3%	2
China	41.7%	1	42.7%	1
Thailand	37.4%	1	34.8%	1
Taiwan	37.4%	1	37.5%	1
Vietnam	19.3%	2	N/A	N/A
India	15.3%	3	18.5%	3
United States	6.0%	7	6.8%	6
Indonesia	18.7%	2	16.7%	2
Mexico	14.1%	2	14.3%	2
Malaysia	22.7%	2	17.7%	2

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

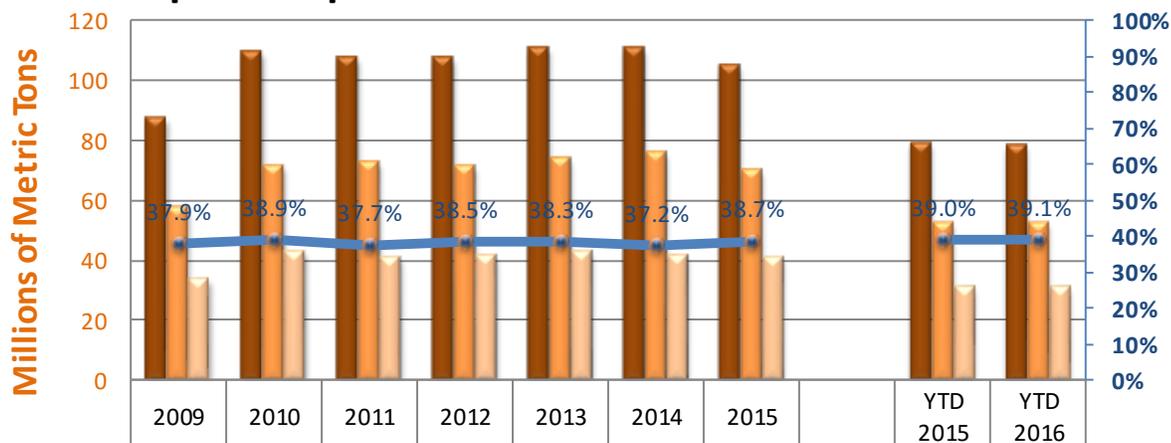


Source: IHS Global Trade Atlas, based on import data per reporting country

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Overall Production and Export Share of Production

Japan's Export Share of Steel Production



	2009	2010	2011	2012	2013	2014	2015		YTD 2015	YTD 2016
Production	87.5	109.6	107.6	107.2	110.6	110.7	105.2		78.8	78.4
Apparent Consumption	57.2	71.3	72.5	71.5	73.5	76.0	70.2		52.3	52.1
Exports	33.2	42.6	40.5	41.3	42.4	41.2	40.7		30.7	30.6
Export Share of Production	37.9%	38.9%	37.7%	38.5%	38.3%	37.2%	38.7%		39.0%	39.1%

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

Japan's crude steel production increased by 25 percent between 2009 and 2010 and maintained a steady average of 108.5 million metric tons through 2015. In YTD 2016, production has decreased slightly by 0.5 percent to 78.4 million metric tons from 78.8 million metric tons in YTD 2015. Apparent consumption (a measure of steel demand) has followed a similar growth trend, though it has been consistently outpaced by production, and the gap between the two stood at 35 million metric tons in 2015. In YTD 2016, apparent consumption has decreased by 0.5 percent. Between 2009 and 2015, Japan's steel exports as a share of production remained relatively flat, increasing by just under 1 percentage point to 38.7 percent over the period. Exports as a share of production has remained nearly on par in YTD 2016 from YTD 2015, up one-tenth of a percentage point to 39.1 percent.

Top Producers

Japan's steel production is concentrated among a small number of steel producing companies, with the country's top 4 producers accounting for 87.5 million metric tons, or 83.2 percent of total 2015 production, based on available data.

Japan's Top Steel Producers in 2015			
Rank	Company	Production (mmt)	Main Products
1	Nippon Steel and Sumitomo Metal Corporation	46.4	Bars, plates, sheets, pipes, and tubes
2	JFE Steel Corporation	29.8	Sheets, plates, pipes, electrical, stainless, bars, wire rods
3	Kobe Steel, Ltd.	7.5	Wire, rods
4	Nisshin Steel Co., Ltd.	3.8	Coated, cold-rolled, hot-rolled, stainless

Source: World Steel Association; Hoovers; MarketLine

Steel Exports Report: Japan

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 various countries have against steel mill products from Japan.

Steel Mill Trade Remedies in Effect Against Japan				
Country	AD	CVD	Suspension Agreements and Undertakings	Total
Australia	4			4
Canada	1			1
China	2			2
European Union	1			1
Indonesia	1			1
Mexico	1			1
South Korea	2			2
Thailand	2			2
United States	10			10
TOTAL	24	0	0	24

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; 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

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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