



# Global Steel Trade Monitor

## Steel Imports Report: China

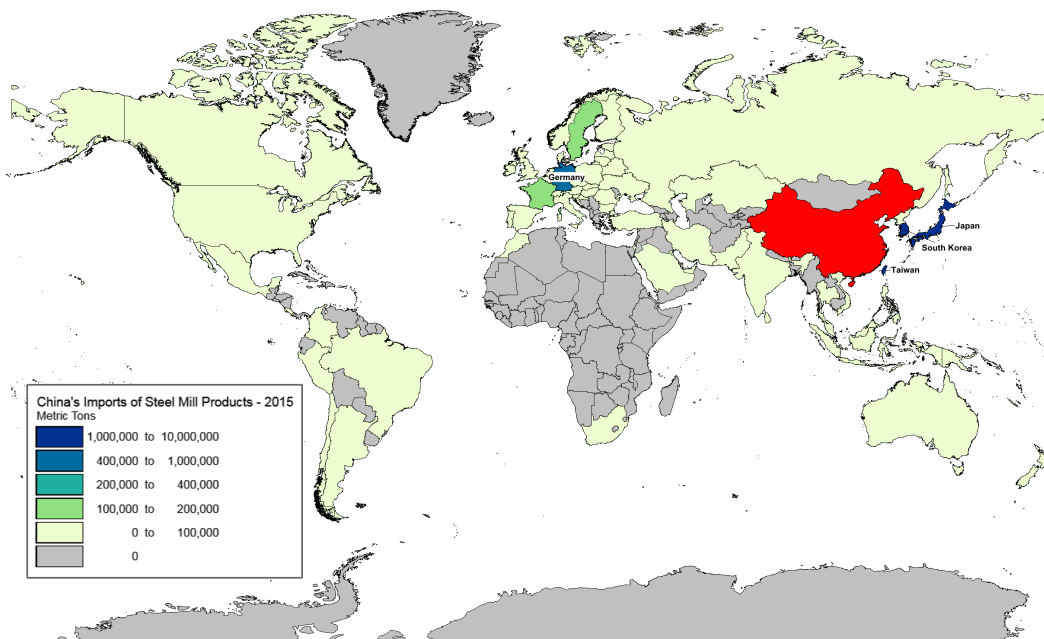
December 2016

### Background

China was the world's ninth-largest steel importer in 2015. In year to date 2016 (through September), China imported 10 million metric tons of steel, a 1 percent increase from 9.9 million metric tons in YTD 2015. China's imports represented about 3.5 percent of all steel imported globally in 2015. The volume of China's 2015 steel imports was less than half that of the world's largest importer, the United States. In value terms, steel represented just 0.9 percent of the total goods imported into China in 2015.

China imports steel from over 110 countries and territories. The four countries labeled in the map below represent the top import sources for China's imports of steel, with each sending more than 400 thousand metric tons to China and together accounting for 90 percent of China's steel imports in 2015.

### China's Imports of Steel Mill Products - 2015



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

### Quick Facts:

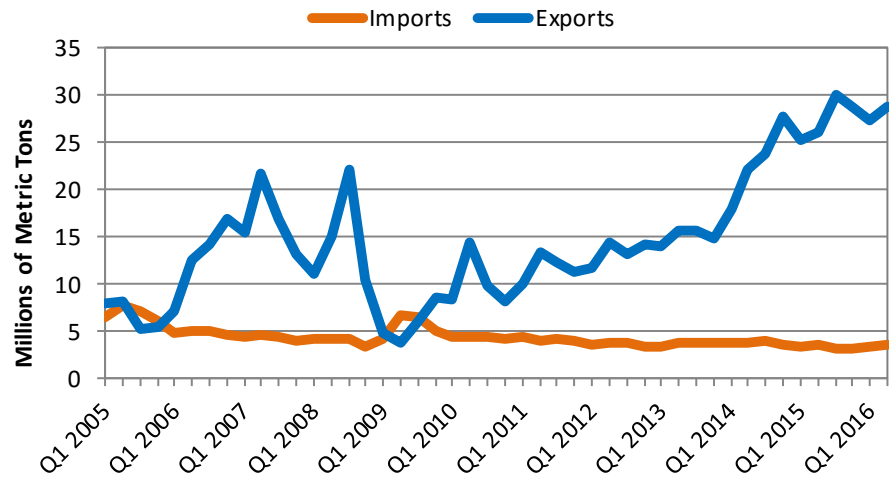
- World's ninth-largest steel importer: 10 million metric tons (YTD 2016)
- 49% steel import decline since Q2 2009
- YTD import volume up 1% while import value down 12%
- Import penetration at 1.9% in YTD 2016
- Top three import sources: Japan, South Korea, Taiwan
- Largest producers: Hesteel Group and Baosteel Group
- 5 trade remedies in effect against imports of steel mill products

# Steel Imports Report: China

## Steel Trade Balance

For most of the last decade, China has maintained a trade surplus in steel products. After a brief 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 47 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

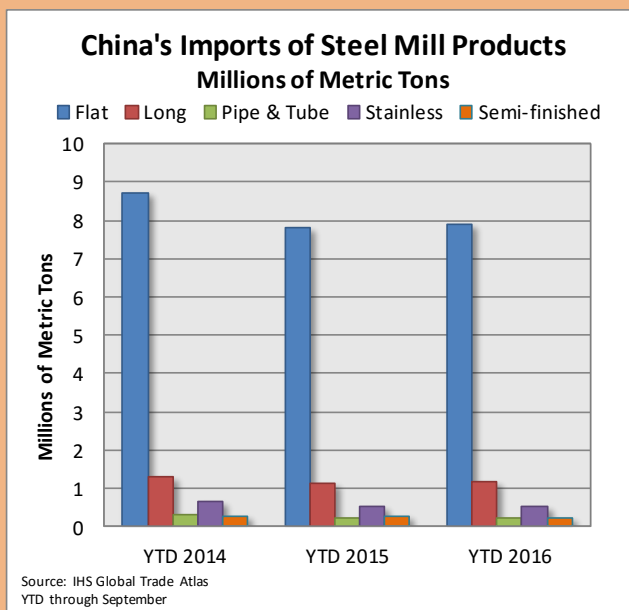


Source: IHS Global Trade Atlas

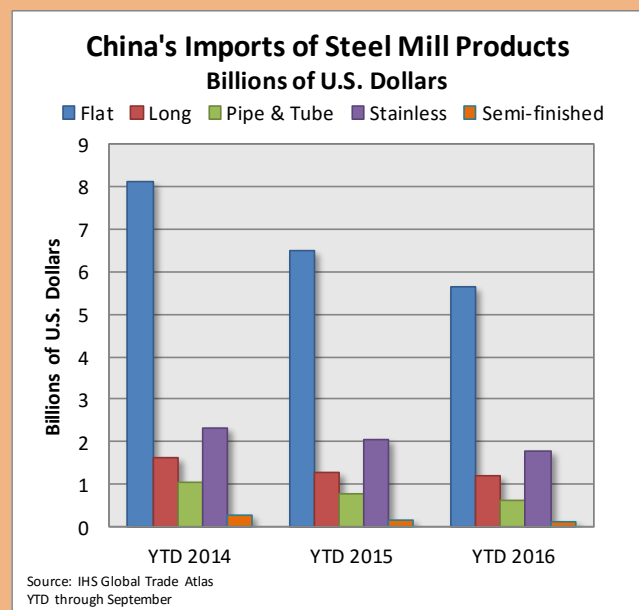
## Import Volume, Value, and Product

China's level of steel imports has been trending downwards in recent years. In 2015, the volume of China's steel imports declined by 12 percent to 13 million metric tons from 14.7 million metric tons in 2014. YTD 2016 imports were up 1 percent compared to YTD 2015, from 9.94 million metric tons to 10 million metric tons. By contrast, the value of China's YTD 2016 steel imports have declined by 12 percent to \$9.4 billion from \$10.7 billion in YTD 2015.

Flat products accounted by far for the largest share of China's steel imports. In YTD 2016, China imported 7.9 million metric tons of flat products — 79 percent of total steel imports. Long products accounted for 12 percent, or 1.2 million metric tons, of China's imports, followed by stainless (5% or 514 thousand metric tons), pipe and tube (2% or 232 thousand metric tons), and semi-finished products (2% or 217 thousand metric tons).



Source: IHS Global Trade Atlas  
YTD through September



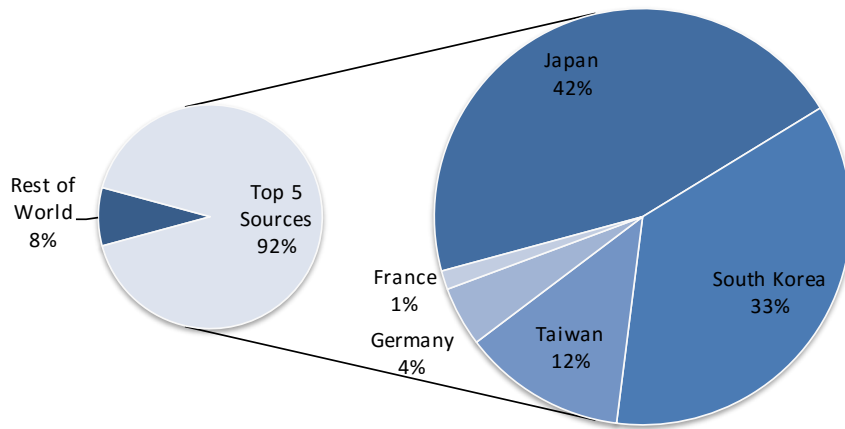
Source: IHS Global Trade Atlas  
YTD through September

# Steel Imports Report: China

## Imports by Top Source

The top 5 source countries for China's steel imports represented 92 percent of the total steel import volume in YTD 2016 at 9.2 million metric tons (mmt). Japan accounted for the largest share of China's imports by source country at 42 percent (4.2 mmt), followed by South Korea at 33 percent (3.3 mmt), Taiwan at 11 percent (1.2 mmt), Germany at 4 percent (0.4 mmt), and France at 1 percent (0.1 mmt).

**China's Steel Imports - Top 5 Sources**  
YTD 2016 - Millions of Metric Tons



Source: IHS Global Trade Atlas  
YTD through September

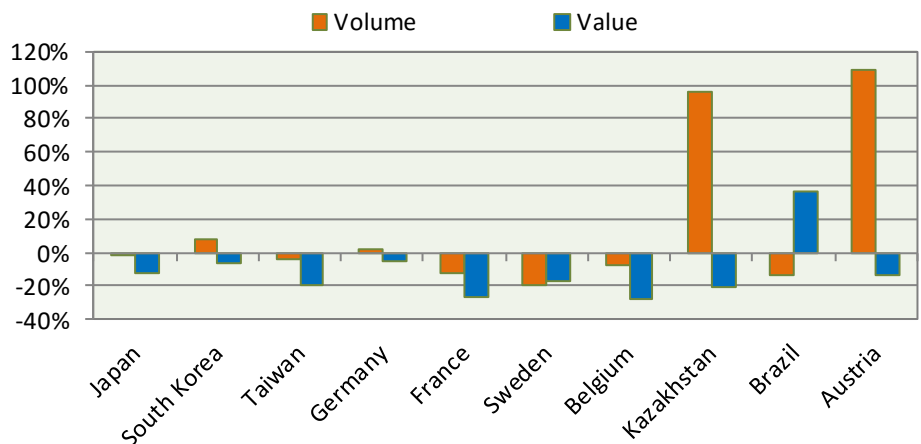
The United States ranked 12th as a source for China's steel imports in YTD 2016, down from 9th in YTD 2015. China has imported 44 thousand metric tons from the United States in YTD 2016 — a 28 percent decline from YTD 2015.

## Trends in Imports from Top Sources

The volume of China's steel imports decreased from six of China's top 10 steel import sources between YTD 2015 and YTD 2016. However, the overall value of China's imports decreased from nine of the top ten, at noticeably larger rates, reflecting the decline in global steel prices.

Considerable decreases in steel import value between YTD 2015 and YTD 2016 included China's imports from Belgium (down 27.9%), France (down 26.2%), and Kazakhstan (down 21%). Only imports from Brazil increased in value, up 36.9 percent in YTD 2016.

**Percent Change in Imports from Top 10 Sources (YTD 2015 to YTD 2016)**



Source: IHS Global Trade Atlas  
YTD through September

Imports from Austria and Kazakhstan showed the greatest increases in volume between YTD 2015 and YTD 2016, up 109.4 percent and 95.5 percent, respectively. China's imports from Sweden showed the greatest decrease in volume, down 19.9 percent, followed by imports from Brazil (down 13.6%) and imports from France (down 12.7%).

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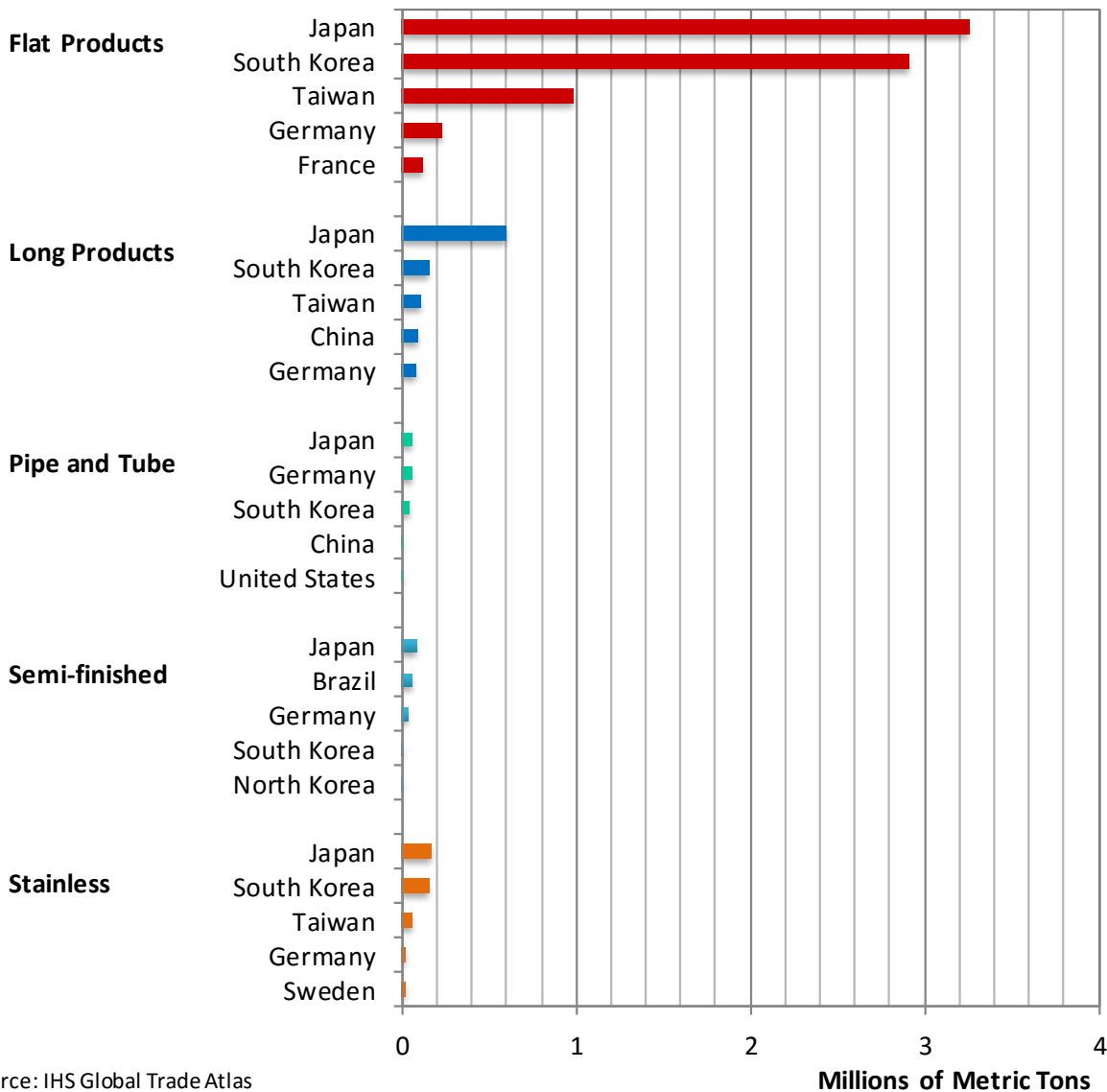
## Top Sources by Steel Product Category

The top source countries for China's imports by volume vary across types of steel products, though Japan held the top spot for imports in each of the five product categories. Japan accounted for 41 percent (3.3 million metric tons) of China's imports of flat products in YTD 2016, followed by South Korea at 37 percent (2.9 million metric tons) and Taiwan at 12 percent (985 thousand metric tons).

In YTD 2016, China imported 53 of its long product imports from Japan (608 thousand metric tons), 25 percent of its pipe and tube imports from Japan (58 thousand metric tons), 38 percent of its semi-finished imports from Japan (83 thousand metric tons), and 32 percent of its stainless imports from Japan (165 thousand metric tons).

Pipe and tube was the only product category for which the United States was a top-five source in YTD 2016.

### China's Top 5 Import Sources by Product - YTD 2016



Source: IHS Global Trade Atlas  
YTD through September

# Steel Imports Report: China

## China's Export Market Share from Top Source Countries

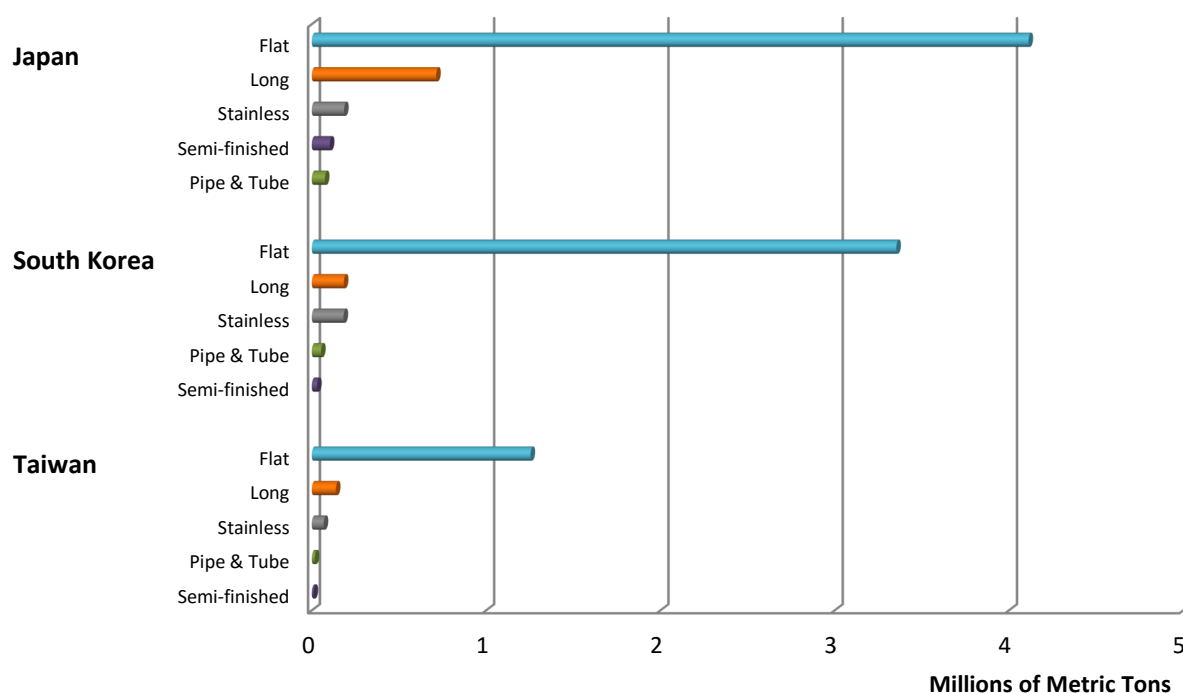
In 2015, the share of steel exports sent to China from its top import sources either decreased or remained the same in the majority of cases. In 2015, the share of South Korea's steel exports to China showed the largest decrease (down 1.3 percentage points), followed by Japan (down 1.2 percentage points) and Taiwan (down 0.9 percentage points). Only Luxembourg and Sweden saw increases in their share of steel exports to China, increasing 0.6 percentage points and 0.1 percentage points, respectively. Of note, China only ranks in the top 10 as an export destination in half of its top import sources.

China's Steel Export Market Share				
Top 10 Import Sources	Share of Exports to China - 2014	China's Rank in 2014	Share of Exports to China - 2015	China's Rank in 2015
Japan	14.0%	2	12.8%	2
South Korea	13.7%	2	12.3%	2
Taiwan	13.7%	1	12.8%	1
Germany	2.5%	13	2.0%	14
France	1.5%	12	1.0%	16
Sweden	3.5%	9	3.6%	9
Belgium	1.0%	16	0.8%	14
United States	0.9%	3	0.9%	4
Luxembourg	1.6%	15	2.3%	12
Brazil	0.6%	20	0.6%	25

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

Among China's top import sources, Japan, South Korea, and Taiwan sent the largest shares of their total steel exports to China. In 2015, flat products accounted overwhelmingly for the largest share of steel exports to China from all three sources. Flat products accounted for 79 percent (4.1 million metric tons) of Japan's steel exports to China, 88 percent (3.4 million metric tons) of South Korea's exports, and 84 percent (1.3 million metric tons) of Taiwan's exports.

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

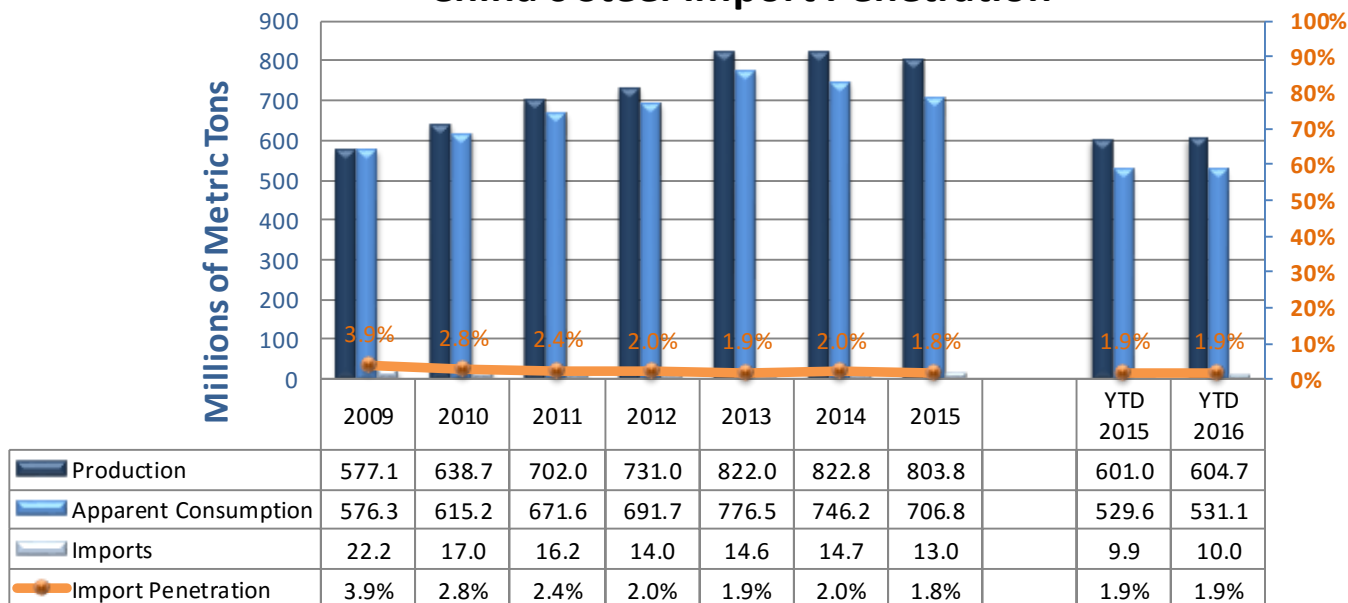


Source: IHS Global Trade Atlas, based on import data per reporting country

# Steel Imports Report: China

## Overall Production and Import Penetration

### China's Steel Import Penetration



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 down 1 percent from YTD 2015. 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. Imports have little effect on domestic demand, and import penetration declined by just over 2 percentage points between 2009 and 2015. Import penetration has amounted to only 1.9 percent in YTD 2016.

### 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

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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 China has against imports of steel mill products from various countries. China has no steel mill safeguards in effect.

<b>China’s Trade Remedies in Effect Against Steel Mill Imports</b>				
<b>Country</b>	<b>AD</b>	<b>CVD</b>	<b>Suspension Agreements and Undertakings</b>	<b>Total</b>
European Union	2			2
Japan	2			2
United States	1			1
<b>TOTAL</b>	<b>5</b>	<b>0</b>	<b>0</b>	<b>5</b>

Source: World Trade Organization, through December 1, 2016

# Steel Imports 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/>.



INTERNATIONAL  
**TRADE**  
ADMINISTRATION

**Steel Import Monitoring and Analysis**  
1401 Constitution Ave., NW, Room 21006  
Washington, D.C. 20230

T 202.482.2105

F 202.501.1377

Email [ECCGlobalSteelStats@trade.gov](mailto:ECCGlobalSteelStats@trade.gov)

[trade.gov/steel](http://trade.gov/steel)