

Global Steel Trade Monitor

Steel Imports Report: Czech Republic

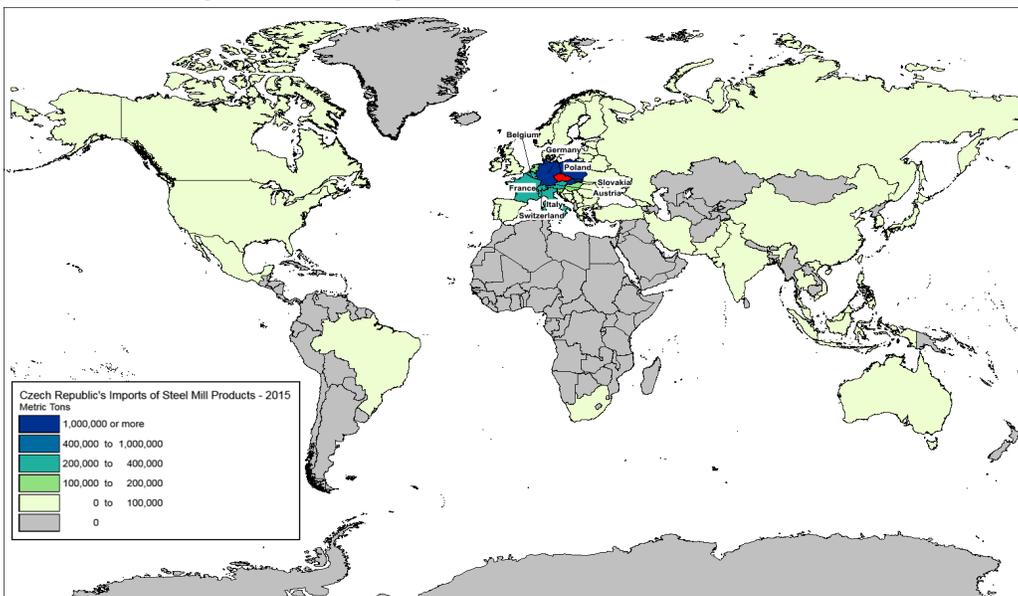
February 2017

Background

The Czech Republic was the world's nineteenth-largest steel importer in 2015. In year to date 2016 (through September), further referred to as YTD 2016, the Czech Republic imported 4.8 million metric tons of steel, a 5 percent increase from 4.6 million metric tons in YTD 2015. The Czech Republic's imports represented about 1.6 percent of all steel imported globally in 2015. The volume of the Czech Republic's 2015 steel imports was less than one-sixth the size of the world's largest importer, the United States. In value terms, steel represented just 3.6 percent of the total goods imported into the Czech Republic in 2015.

The Czech Republic imports steel from over 70 countries and territories. The eight countries labeled in the map below represent the top import sources for the Czech Republic's imports of steel, with the Czech Republic receiving more than 155 thousand metric tons from each and together accounting for 81 percent of the Czech Republic's steel imports in 2015.

Czech Republic's Imports of Steel Mill Products - 2015



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Quick Facts:

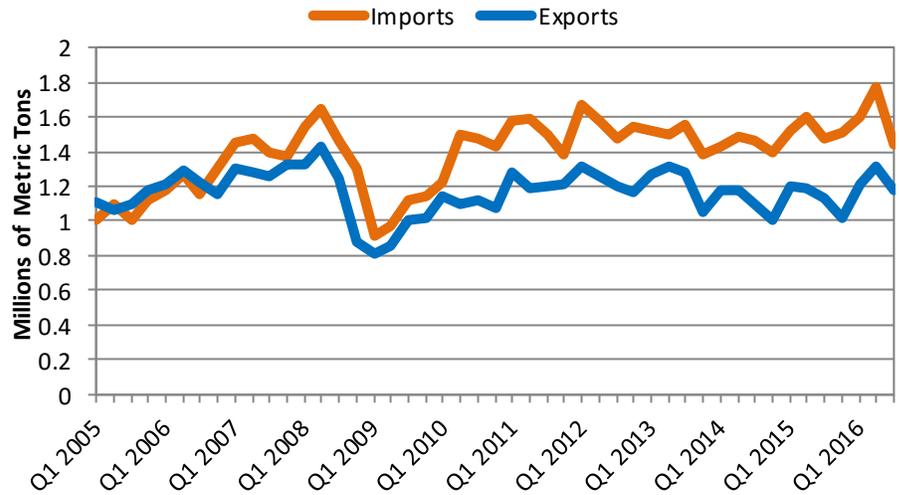
- World's 19th-largest steel importer: 4.8 million metric tons (YTD 2016)
- 57% steel import growth since Q1 2009
- YTD import volume up 5% while import value down 6%
- Top three import sources: Germany, Poland, Slovakia
- Import penetration up to 93.6% in YTD 2016 from 89.6% in YTD 2015
- Largest producers: Trinecke Zelezarny as, ArcelorMittal Ostrava as, Vitkovice Steel as, ZDB Dratovna as
- 20 European Union trade remedies in effect against imports of steel mill products

Steel Imports Report: Czech Republic

Steel Trade Balance

The Czech Republic has had a steel trade deficit for the past nine years. Imports and exports both fell in 2008-2009 following the global recession. Imports have increased 57 percent since their low point in Q1 2009, and exports have increased by 44 percent between Q1 2009 and Q3 2016. The Czech Republic switched from a steel trade surplus to a trade deficit in Q3 2006. In YTD 2016, the steel trade deficit amounted to -1.1 million metric tons.

Czech Republic's Trade in Steel Mill Products by Quarter

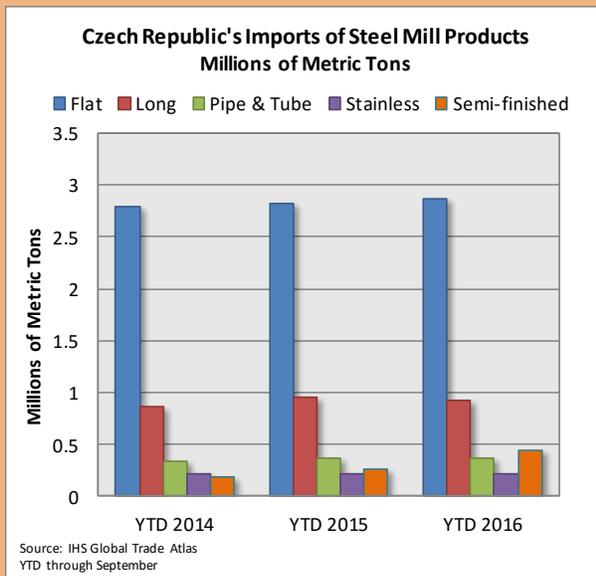


Source: IHS Global Trade Atlas

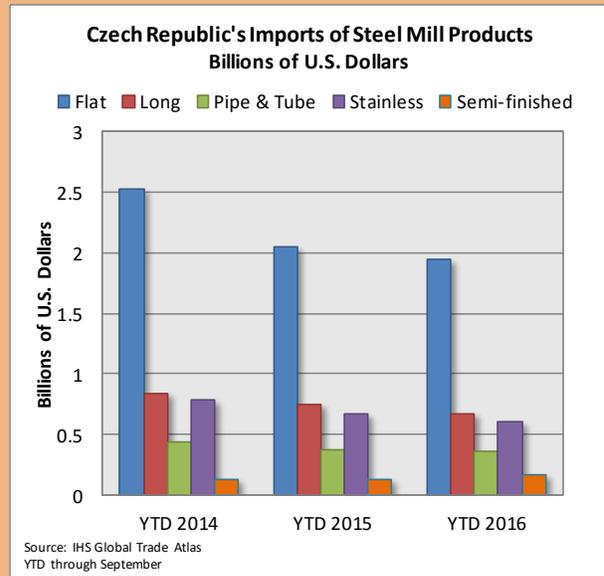
Import Volume, Value, and Product

The Czech Republic's volume of steel imports has averaged 5.9 million metric tons since 2010. Imports increased in 2015 by 6 percent to 6.1 million metric tons from 5.8 million metric tons in 2014. In YTD 2016, steel imports were up 5 percent to 4.8 million metric tons from 4.6 million metric tons in YTD 2015. By contrast, the value of the Czech Republic's steel imports decreased by 6 percent to \$3.7 billion from \$4 billion in YTD 2015, which can be attributed to a significant drop in global steel prices.

In YTD 2016, flat products accounted for the largest share of the Czech Republic's steel imports at 60 percent, or 2.9 million metric tons. Long products accounted for 19 percent, or 919 thousand metric tons, of the Czech Republic's imports, followed by semi finished products at 9 percent (442 thousand metric tons), pipe and tube steel at 7 percent (360 thousand metric tons), and stainless steel at 5 percent (218 thousand metric tons).



Source: IHS Global Trade Atlas
YTD through September



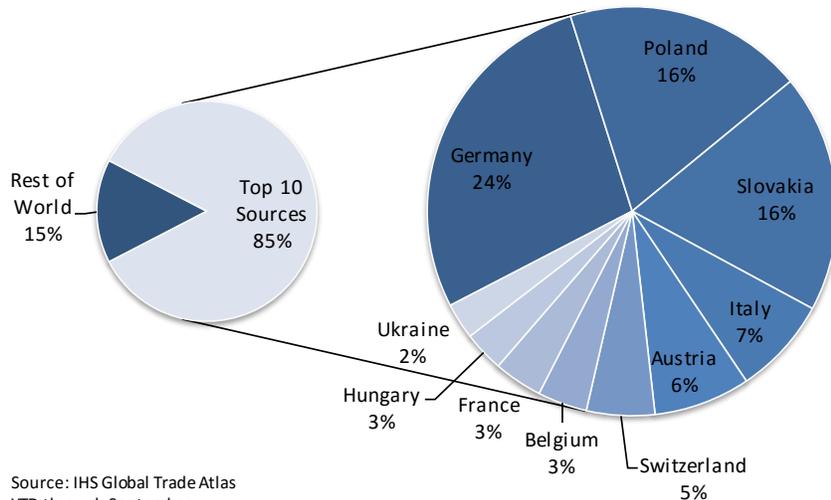
Source: IHS Global Trade Atlas
YTD through September

Steel Imports Report: Czech Republic

Imports by Top Source

The top 10 source countries for the Czech Republic's steel imports represented 85 percent of the total steel import volume in YTD 2016 at 4.1 million metric tons (mmt). Germany accounted for the largest share of the Czech Republic's imports by source country at 24% (1.1 mmt), followed by Poland at 16% (0.8 mmt), Slovakia at 16% (0.8 mmt), Italy at 7% (0.3 mmt), Austria at 6% (0.3 mmt), Switzerland at 5% (0.2 mmt), Belgium at 3% (0.2 mmt), France at 3% (0.2 mmt), Hungary at 3% (0.1 mmt), and Ukraine at 2% (0.1 mmt).

Czech Republic's Steel Imports - Top 10 Sources
YTD 2016 - Millions of Metric Tons



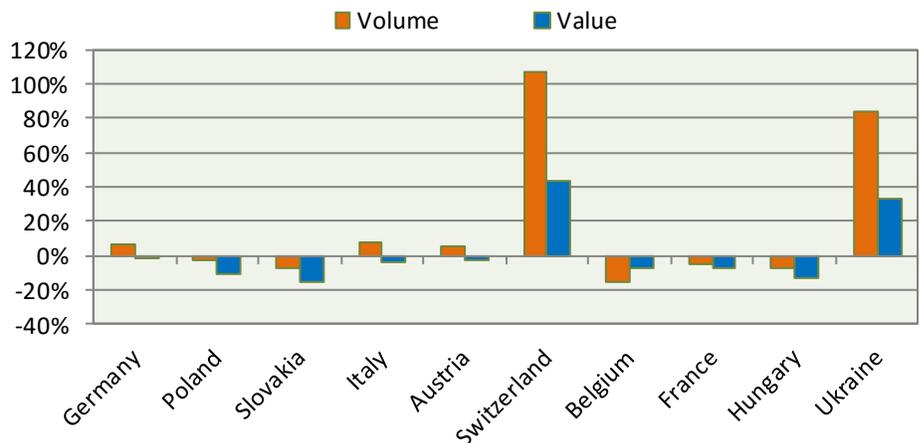
Source: IHS Global Trade Atlas
YTD through September

The United States ranked 36th as a source for the Czech Republic's steel imports in YTD 2016, (1.3 thousand metric tons).

Trends in Imports from Top Sources

Between YTD 2015 and YTD 2016, the volume of steel imports increased from five of the Czech Republic's top 10 source countries. Imports from Switzerland were up 106.6 percent from YTD 2015, followed by imports from Ukraine (up 83.5%), Italy (up 7.1%), Germany (up 6.6%), and Austria (up 5.7%). Imports from Belgium showed the largest volume decrease, down 15.6 percent from YTD 2015, followed by Hungary (down 7.9%), Slovakia (down 7.6%), France (down 4.7%), and Poland (down 2.7%).

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



Source: IHS Global Trade Atlas
YTD through September

The overall value of the Czech Republic's imports decreased from eight of its top 10 sources, reflecting the decline in global steel prices. Imports from Slovakia, Hungary, and Poland showed the largest decreases in value in YTD 2016, down 14.9 percent, 13.6 percent, and 10.8 percent, respectively.

The Czech Republic's imports from Switzerland increased 43.3 percent, followed by imports from Ukraine (up 32.6%).

Steel Imports Report: Czech Republic

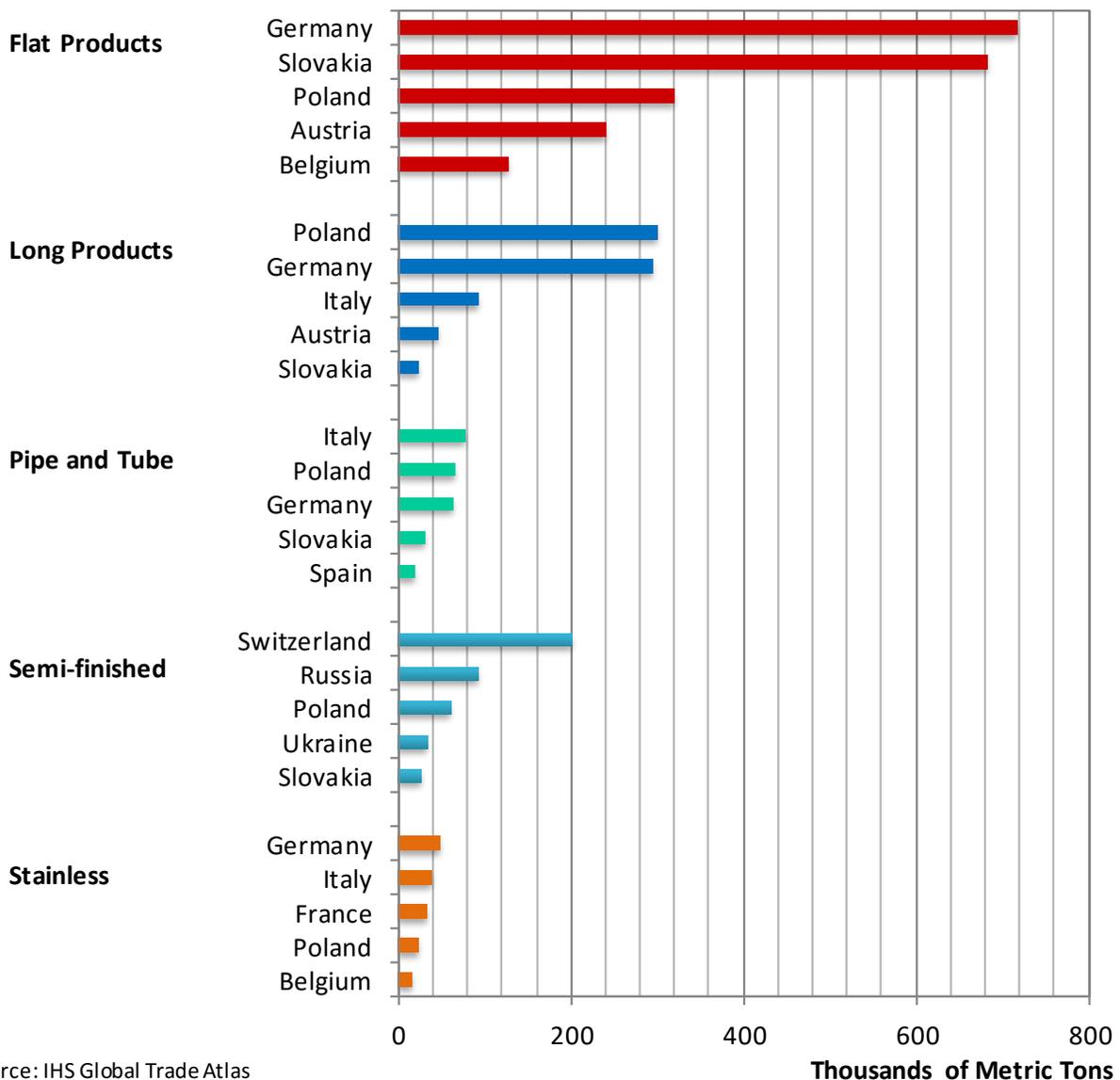
Top Sources by Steel Product Category

The top source countries for the Czech Republic imports by volume vary across types of steel products. The Czech Republic imported the largest share of flat products from Germany in YTD 2016 at 25 percent (719 thousand metric tons), followed by closely Slovakia at 24 percent (684 thousand metric tons).

In YTD 2016, Poland represented the largest share of long product imports at 33 percent (301 thousand metric tons), followed by Germany at 32 percent (297 thousand metric tons). Italy represented the largest share of pipe and tube imports at 22 percent (79 thousand metric tons). Switzerland represented the largest share of semi-finished imports at 46% (202 thousand metric tons). Germany represented the largest share of stainless imports at 22% (49 thousand metric tons).

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

Czech Republic's Top 5 Import Sources by Product - YTD 2016



Source: IHS Global Trade Atlas
YTD through September

Steel Imports Report: Czech Republic

Czech Republic's Export Market Share from Top Source Countries

In 2015, the share of steel exports sent to the Czech Republic from its top import sources increased or remained unchanged from nine of the top 10 sources. The share of steel exports to the Czech Republic from Germany, Poland, Italy, Austria, Belgium, Switzerland, Hungary, and the Netherlands all increased by less than one percentage point, while the share of exports to the Czech Republic from France remained unchanged from 2014. Slovakia's export share to the Czech Republic decreased by less than one percentage point.

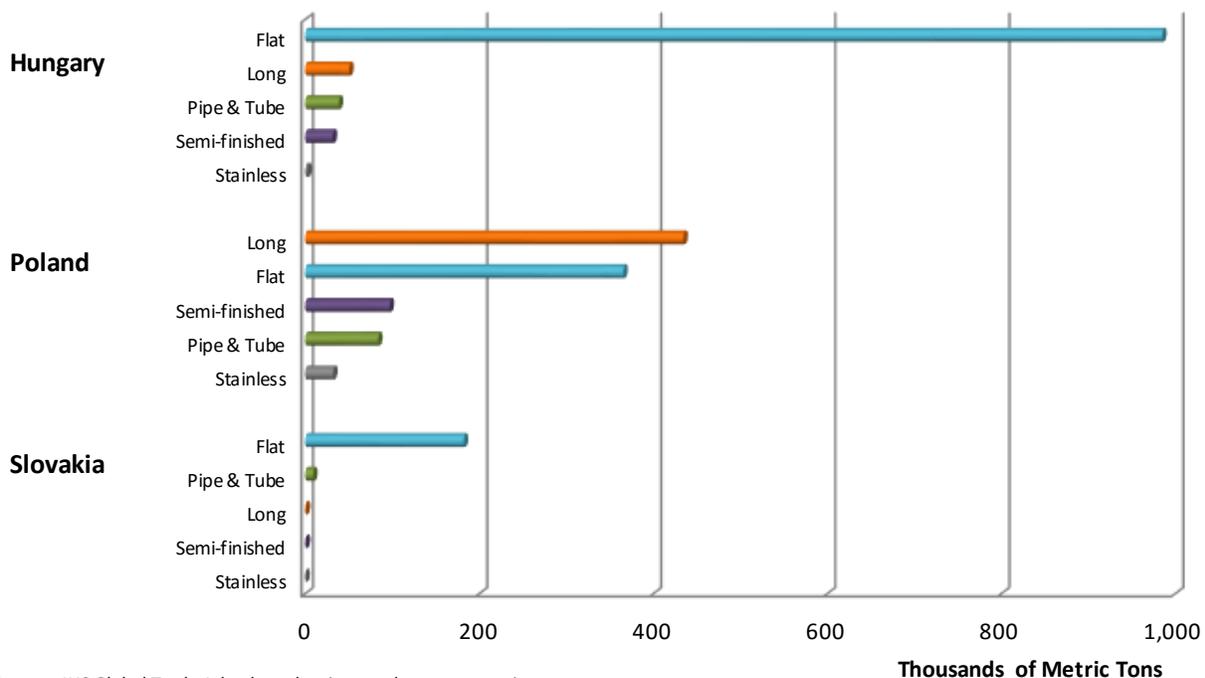
Czech Republic's Steel Export Market Share				
Top 10 Import Sources (2015)	Share of Exports to the Czech Republic - 2014	Czech Republic's Rank in 2014	Share of Exports to the Czech Republic's - 2015	Czech Republic's Rank in 2015
Germany	5.1%	5	5.3%	5
Slovakia	23.5%	1	23.4%	1
Poland	20.5%	2	20.8%	2
Italy	2.3%	11	2.6%	11
Austria	5.3%	4	6.0%	3
Belgium	1.1%	12	1.2%	10
France	1.5%	13	1.5%	11
Switzerland	2.3%	5	2.6%	5
Hungary	13.5%	3	13.8%	3
Netherlands	0.9%	15	1.0%	13

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

Among the Czech Republic's top sources, Slovakia, Poland, and Hungary sent the largest share of exports to the Czech Republic at 23.4 percent, 20.8 percent, and

13.8 percent, respectively. In 2015, flat products accounted for the largest share of steel exports to the Czech Republic from both Slovakia and Hungary at 89 percent (985 thousand metric tons) and 94 percent (182 thousand metric tons) of exports, respectively. Long products accounted for the largest share of exports to the Czech Republic from Poland at 43 percent (435 thousand metric tons).

Steel Export Composition of Top Market-Share Countries - 2015

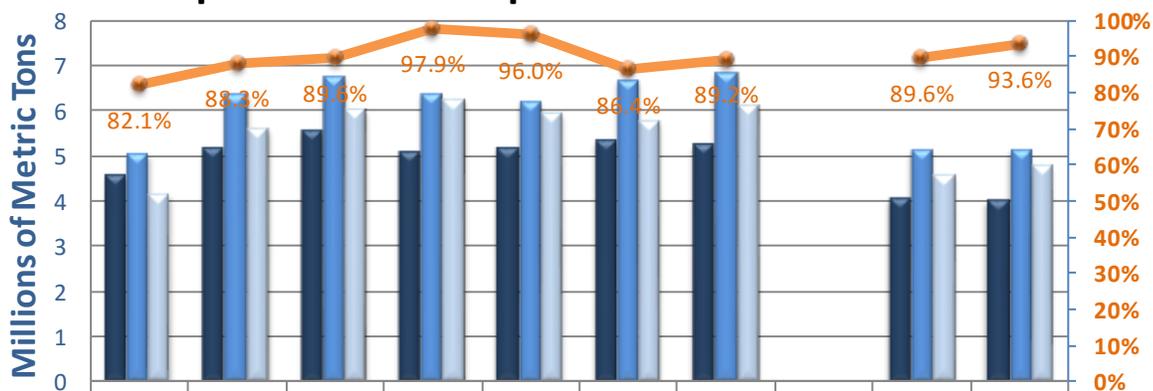


Source: IHS Global Trade Atlas, based on import data per reporting country

Steel Imports Report: Czech Republic

Overall Production and Import Penetration

Czech Republic's Steel Import Penetration



	2009	2010	2011	2012	2013	2014	2015		YTD 2015	YTD 2016
Production	4.6	5.2	5.6	5.1	5.2	5.4	5.3		4.0	4.0
Apparent Consumption	5.1	6.4	6.8	6.4	6.2	6.7	6.8		5.1	5.1
Imports	4.2	5.6	6.1	6.3	5.9	5.8	6.1		4.6	4.8
Import Penetration	82.1%	88.3%	89.6%	97.9%	96.0%	86.4%	89.2%		89.6%	93.6%

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

Crude steel production in the Czech Republic increased 22 percent between 2009 and 2011 before decreasing by 7 percent between 2011 and 2013. Production in 2015, decreased by 1.8 percent to 5.3 million metric tons, and in YTD 2016, production remained unchanged and has amounted to roughly 75 percent of the production total for all of 2015. Apparent consumption (a measure of steel demand) was outpaced by production in every year. Import penetration levels remained above 85 percent every year except 2009. In YTD 2016, import penetration increased by 4 percentage points to 93.6 percent from 89.6 percent in YTD 2015, due to increasing imports.

Top Producers

Of the Czech Republic's steel production in 2015, the largest amount was produced by Trinecke Zelezarny as, followed by ArcelorMittal Ostrava as, and Vitkovice Steel as. Carbon steel products were the most commonly produced product by the Czech Republic's top producers. Steel production is concentrated in a single region: Moravian-Silesian Region.

Czech Republic's Top Steel Producers in 2015		
Company	Production (mmt)	Main Products
Trinecke Zelezarny as	2.5 mmt	Carbon steel, slabs, bars, wire rod
ArcelorMittal Ostrava as	2 mmt	Carbon steel, grain-oriented electrical steel, billets
Vitkovice Steel as	1.1 mmt	Carbon steel plates, alloy steel plates
ZDB Dratovna as	N/A	Carbon steel wire, spring steel

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

Steel Imports Report: **Czech Republic**

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 the Czech Republic, 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 December 1, 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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