

Global Steel Trade Monitor

Steel Imports Report: South Korea

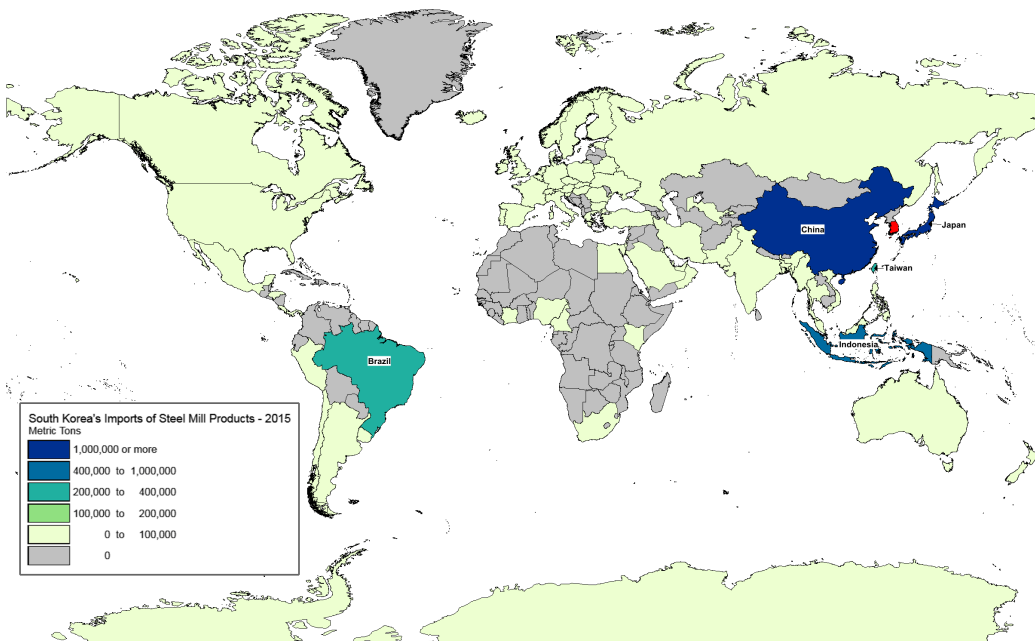
December 2016

Background

South Korea is the world's third-largest steel importer. In year to date 2016 (through September), South Korea imported 17.9 million metric tons of steel — a 11.2 percent increase from 16.1 million metric tons in YTD 2015. South Korea's imports represented 6 percent of all steel imported globally in 2015. South Korea's steel imports were roughly 60 percent the size of the largest steel importer, the United States, in 2015. In value terms, steel represented just 3 percent of the total amount of goods imported into South Korea in 2015.

South Korea imports steel from over 110 countries and territories. The 5 countries labeled in the map below represent the top import sources for South Korea's imports of steel, with each sending more than 200 thousand metric tons and together accounting for 97 percent of South Korea's steel imports in 2015.

South Korea's Imports of Steel Mill Products - 2015



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

Quick Facts:

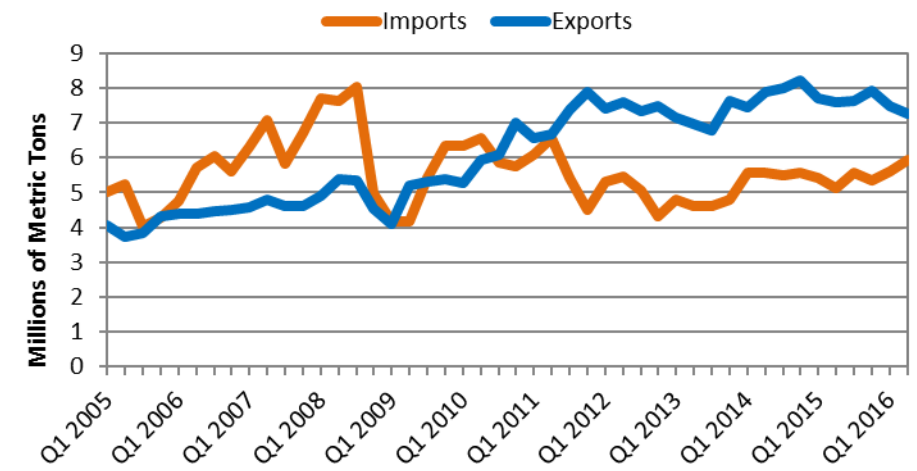
- World's third-largest steel importer: 17.9 million metric tons (YTD 2016)
- 53% steel import growth since Q1 2009
- Import penetration up from 35.8% in YTD 2015 to 38.7% in YTD 2016
- YTD import volume up 11.2% while import value down 11.5%
- Top three import sources: China, Japan, and Indonesia
- Largest producers: POSCO and Hyundai Steel Co.
- 5 trade remedies in effect against imports of steel mill products

Steel Imports Report: South Korea

Steel Trade Balance

Prior to 2009, South Korea had a trade deficit in steel products. Imports fell in 2009, bringing steel exports and imports into balance. Between Q1 2009 and Q3 2016, South Korea's exports increased 90 percent, significantly outpacing imports which, over the same period, increased by 53 percent. As such, South Korea has posted a steel trade surplus since Q3 2010, amounting to 1.4 million metric tons in YTD 2016.

South Korea's Trade in Steel Mill Products by Quarter

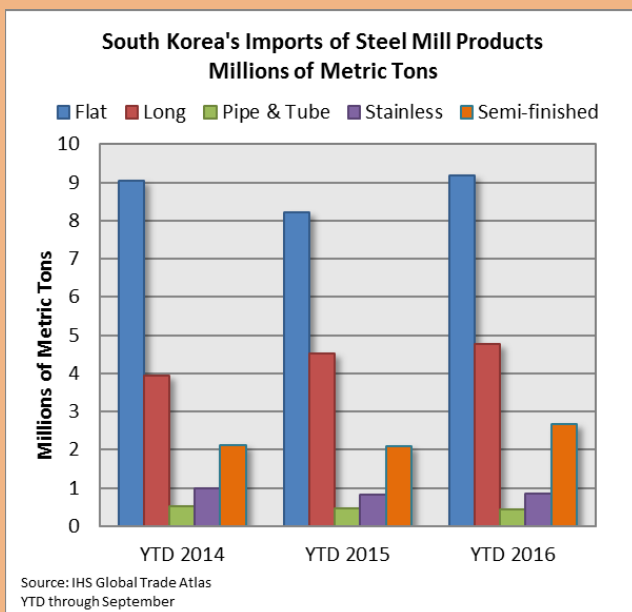


Source: IHS Global Trade Atlas

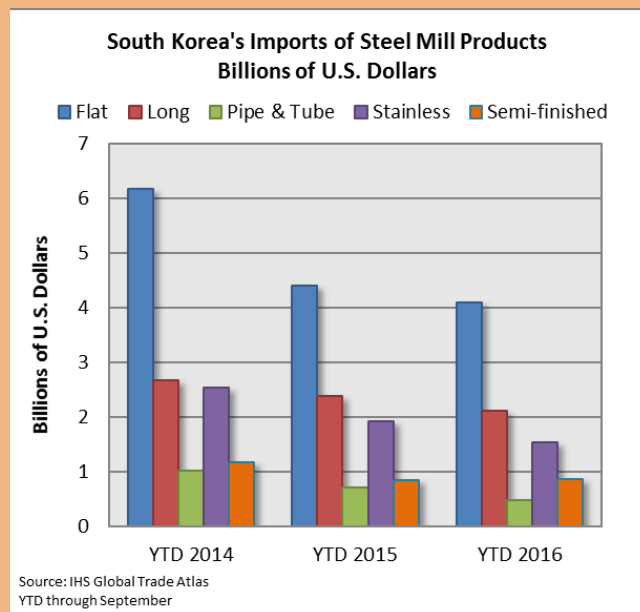
Import Volume, Value, and Product

The volume of South Korea's steel imports decreased nearly every year between 2010 and 2015. In YTD 2016, however, imports have increased by 11.2 percent to 17.9 million metric tons from 16.1 million metric tons in YTD 2015. By contrast, the value of South Korea's YTD 2016 imports has declined by 11.5 percent to \$9.1 billion from \$10.3 billion in YTD 2015, which can be attributed to a significant drop in global steel prices.

Flat products account for just over half of South Korea's steel imports. In YTD 2016, South Korea imported 9.2 million metric tons of flat products. Long products have accounted for 27 percent, or 4.8 million metric tons, of South Korea's steel imports in YTD 2016, followed by semi-finished steel (15% or 2.7 million metric tons), stainless (5% or 849 thousand metric tons), and pipe and tube products (2% or 443 thousand metric tons).



Source: IHS Global Trade Atlas
YTD through September



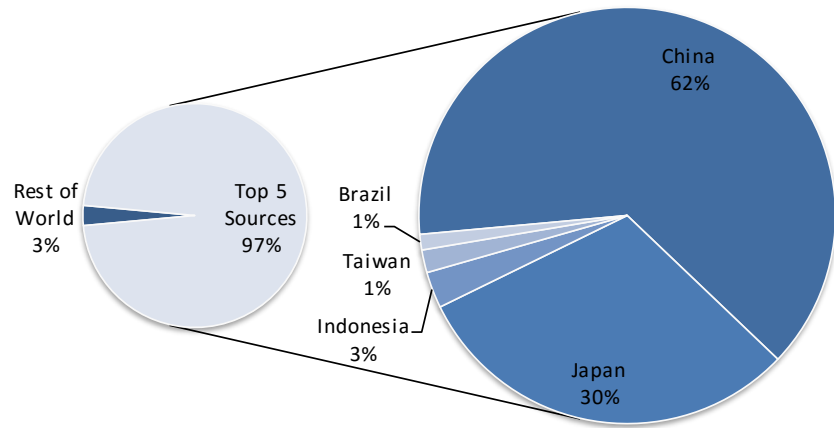
Source: IHS Global Trade Atlas
YTD through September

Steel Imports Report: South Korea

Imports by Top Source

The top 5 source countries for South Korea's steel imports represented 97 percent of the total steel import volume in YTD 2016 at 17.4 million metric tons (mmt). China accounted for the largest share of South Korea's imports by source country at 62 percent (11.1 mmt), followed by Japan at 30 percent (5.3 mmt) and Indonesia at 3 percent (0.5 mmt).

South Korea's Steel Imports - Top 5 Sources
YTD 2016 - Millions of Metric Tons



The United States ranked 17th as a source for South Korea's imports in YTD 2016. South Korea has imported 13.2 thousand metric tons from the U.S. in YTD 2016 — a 27 percent decline from 18.1 thousand metric tons in YTD 2015.

Source: IHS Global Trade Atlas
YTD through September

Trends in Imports from Top Sources

While the volume of South Korea's steel imports increased from nine of South Korea's top ten steel import sources between YTD 2015 and YTD 2016, the overall value of South Korea's imports decreased from seven of the top ten, reflecting the decline in global steel prices.

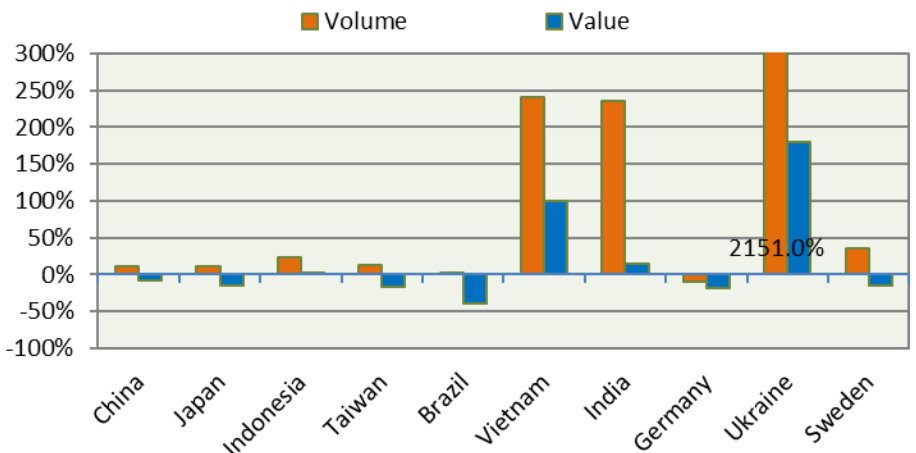
Considerable decreases in steel value between YTD 2015 and YTD 2016 included South Korea's imports from Brazil (down 38.8%), Germany (down 18.9%), and Taiwan (down 16%). The largest increases in value during the same period occurred from Ukraine (up 180.8%) and Vietnam (up 99.7%).

Imports from Ukraine and Vietnam also showed the largest increase in volume, up 215.1 percent and 240.8 percent, respectively, followed closely by imports from India (up 236.4%).

The only decrease in the volume of South Korea's imports occurred from Germany, down 8.9 percent from YTD 2015.

Outside the top 10 import sources, other significant changes in South Korea's import volume included imports from Australia (up 55% from YTD 2015), Belgium (down 43%), and Luxembourg (up 890%).

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



Source: IHS Global Trade Atlas
YTD through September

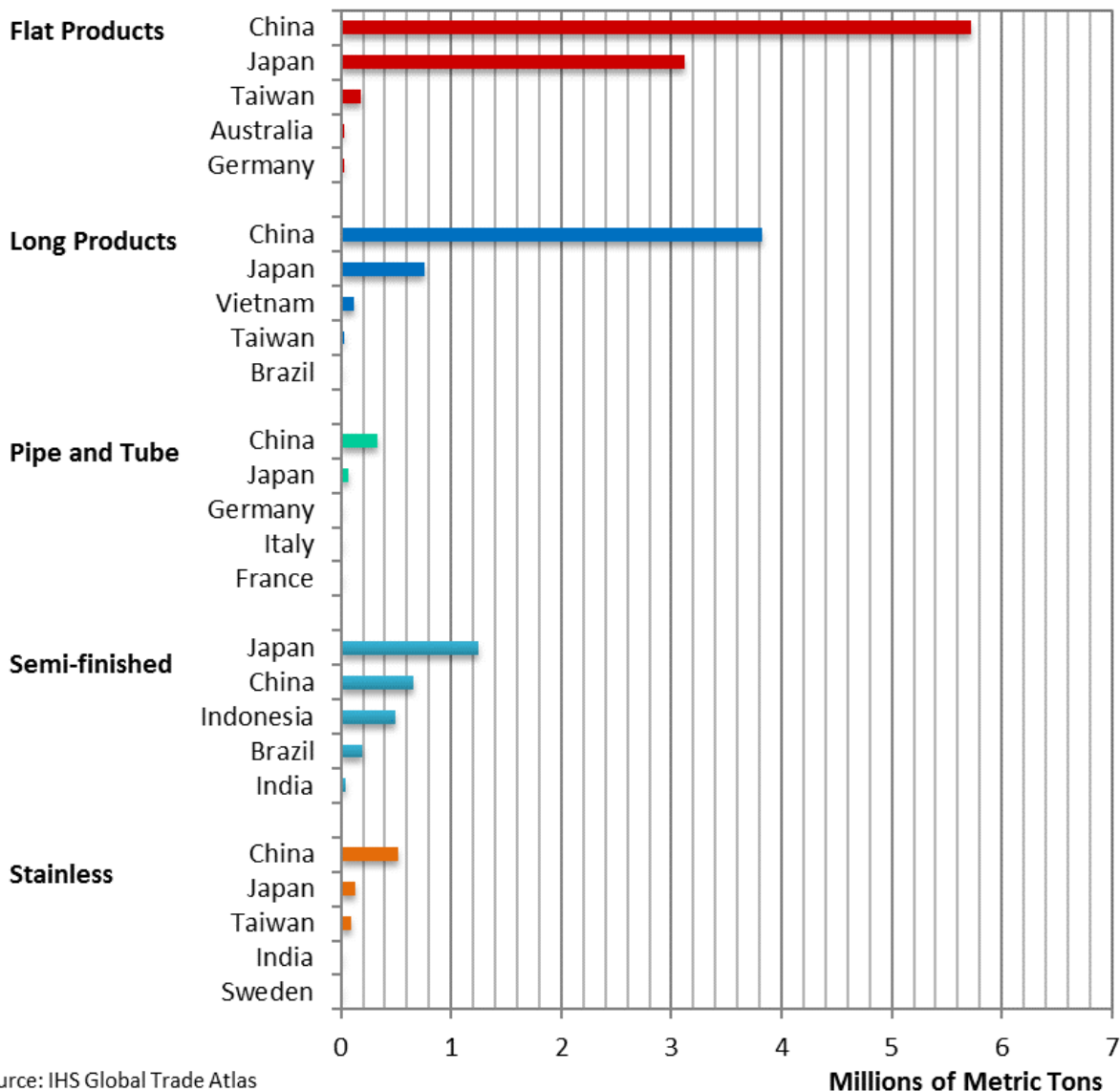
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Top Sources by Steel Product Category

South Korea's top import sources by volume vary across types of steel products, though China and Japan hold the first and second spots for all products. In YTD 2016, China accounted for the largest share of South Korea's imports of flat products at 62 percent (5.7 million metric tons), long products at 80 percent (3.8 million metric tons), pipe and tube products at 75 percent (331 thousand metric tons), and stainless products at 61 percent (519 thousand metric tons).

Japan accounted for the largest share of South Korea's semi-finished imports in YTD 2016 at 46 percent (1.2 million metric tons) and the second-largest shares of South Korea's imports of flat products at 34 percent (3.1 million metric tons), long products at 16 percent (762 thousand metric tons), pipe and tube at 15 percent (68 thousand metric tons), and stainless products at 16 percent (132 thousand metric tons).

South Korea's Top 5 Import Sources by Product - YTD 2016



Source: IHS Global Trade Atlas
YTD through September

Steel Imports Report: South Korea

South Korea's Export Market Share from Top Source Countries

In 2015, the share of steel exports sent to South Korea from its top import sources decreased or remained the same in all cases except exports from Indonesia and Taiwan. In 2015, the share of Indonesia's steel exports to South Korea increased 10.1 percentage points, while Taiwan's increased 0.2 percentage points.

Countries with notable decreases in their share of steel exports to South Korea included China (down 1.9 percentage points from 2014), Brazil (down 1.4 percentage points), and Japan (down 1.3 percentage point).

Among South Korea's top import sources, China, Japan, and Indonesia sent the largest shares of their steel exports to South Korea. Flat products accounted for the largest share of steel exports to South Korea

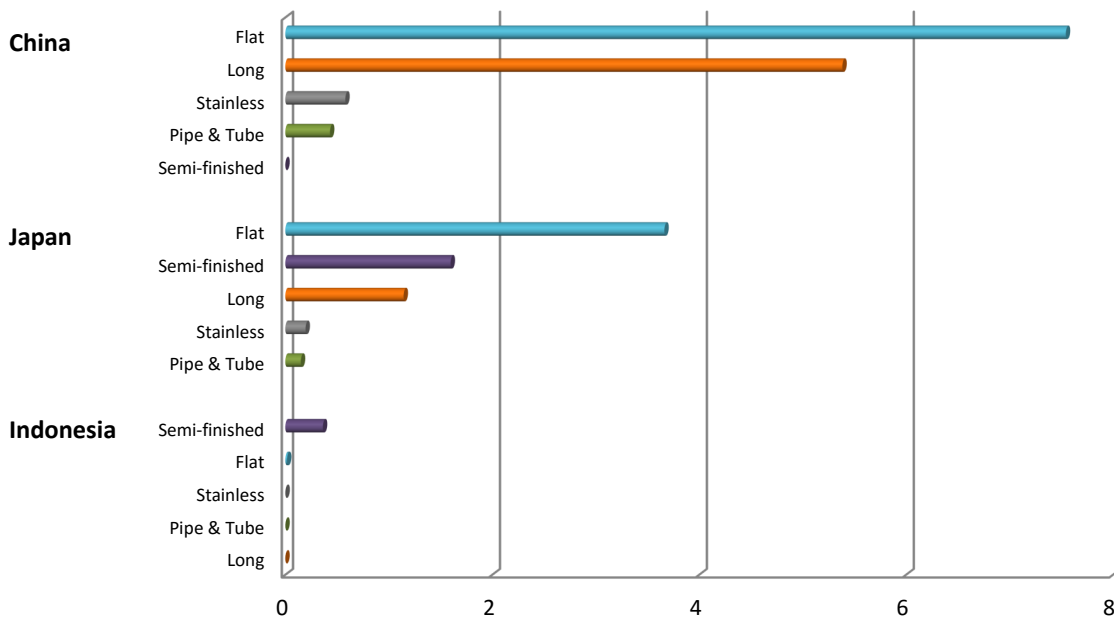
from China and Japan in 2015, at 54 percent each (7.5 million metric tons and 3.7 million metric tons, respectively). Nearly all of Indonesia's exports to South Korea consisted of semi-finished steel in 2015, at 95 percent (363 thousand metric tons).

South Korea's Steel Export Market Share				
Top 10 Import Sources	Share of Exports to S. Korea - 2014	South Korea's Rank in 2014	Share of Exports to S. Korea - 2015	South Korea's Rank in 2015
China	14.1%	1	12.2%	1
Japan	17.4%	1	16.1%	1
Indonesia	9.2%	5	19.3%	2
Taiwan	3.1%	10	3.3%	9
Brazil	3.4%	6	2.0%	11
Germany	0.3%	33	0.3%	33
Vietnam	1.8%	11	N/A	N/A
France	0.4%	26	0.4%	26
Russia	1.2%	20	0.2%	50
Belgium	0.6%	20	0.3%	25

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

Note: 2015 data for Vietnam not available

Steel Export Composition of Top Market-Share Countries - 2015



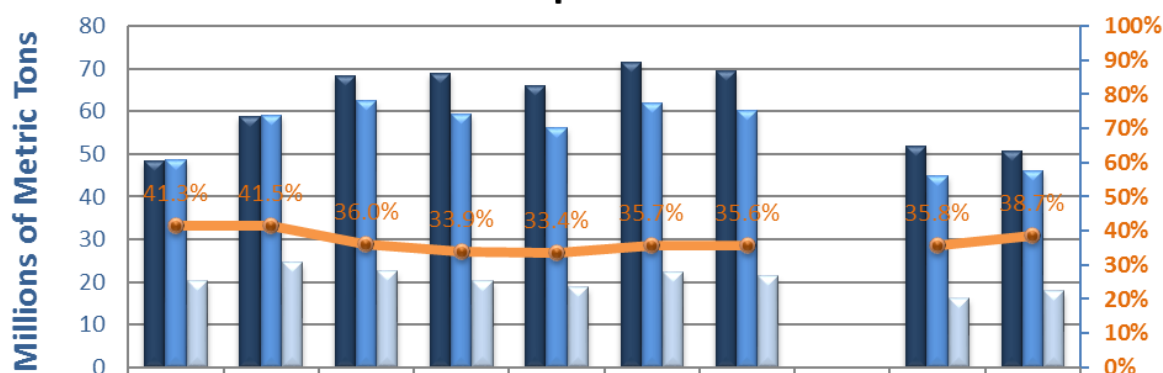
Source: IHS Global Trade Atlas, based on import data per reporting country

Millions of Metric Tons

Steel Imports Report: South Korea

Overall Production and Import Penetration

South Korea's Steel Import Penetration



	2009	2010	2011	2012	2013	2014	2015	YTD 2015	YTD 2016
Production	48.6	58.9	68.5	69.1	66.1	71.5	69.7	51.9	51.0
Apparent Consumption	48.7	59.1	62.6	59.4	56.3	62.2	60.3	45.0	46.3
Imports	20.1	24.5	22.6	20.1	18.8	22.2	21.5	16.1	17.9
Import Penetration	41.3%	41.5%	36.0%	33.9%	33.4%	35.7%	35.6%	35.8%	38.7%

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

Between 2009 and 2012, South Korea's crude steel production grew by 42 percent. Since 2012, South Korea's production fluctuated but grew overall by 1 percent to 69.7 million metric tons in 2015. YTD 2016 production was down 2 percent from YTD 2015. Apparent consumption (a measure of steel demand) went from being in balance with production in 2009 and 2010 to falling behind production by 9 million metric tons in 2015. The gap between production and apparent consumption narrowed by 2.2 million metric tons between YTD 2015 and YTD 2016. Between 2009 and 2015, South Korea's import penetration decreased 5.7 percentage points. Import penetration in YTD 2016 has increased nearly 3 percentage points to 38.7 percent due imports growing faster than demand.

Top Producers

South Korea's steel production is concentrated among a small number of companies, with the country's top 3 producers accounting for 65.8 million metric tons, or 94 percent, of total 2015 production, based on available data.

South Korea's Top Steel Producers in 2015			
Rank	Company	Production (mmt)	Main Products
1	POSCO	42	Hot-rolled, cold-rolled, plate, stainless, electrical, wire rods
2	HYUNDAI Steel Company	20.5	Beams, reinforcing bars, hot-rolled, plates
3	Dongkuk Steel Mill Co, Ltd	3.3	Plates, sections, bars

Source: World Steel Association; Hoovers; MarketLine

Steel Imports Report: **South Korea**

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

South Korea’s Trade Remedies in Effect Against Steel Mill Imports				
Country	AD	CVD	Suspension Agreements and Undertakings	Total
China	1			1
India	1			1
Japan	2			2
Spain	1			1
TOTAL	5	0	0	5

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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