

Global Steel Trade Monitor

Steel Imports Report: Turkey

December 2016

Background

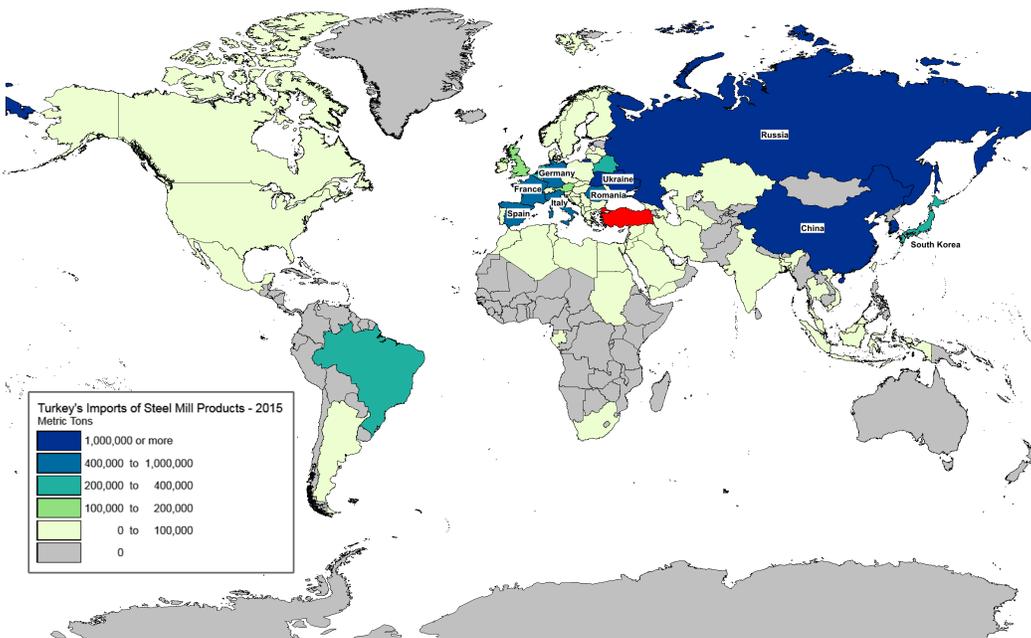
Turkey is the world's seventh largest steel importer. In year to date 2016 (through September), further referred to as YTD 2016, Turkey imported 12.2 million metric tons of steel, a 6.5 percent increase from 11.4 million metric tons in YTD 2015. Turkey's imports represented about 4 percent of all steel imported globally in 2015. In value terms, steel represented just 4.4 percent of the total amount of goods Turkey imported in 2015.

Turkey imports steel from more than 100 countries and territories. The 9 countries labeled in the map below represent the top import sources for Turkey's imports of steel, with each sending more than 400 thousand metric tons and together accounting for 82 percent of Turkey's steel imports in 2015.

Quick Facts:

- World's 7th largest steel importer: 12.2 million metric tons (YTD 2016)
- 10% steel import growth since Q3 2014
- Import penetration down to 47.8% in YTD 2016 from 48.1% in YTD 2015
- YTD import volume up 6.5% while import value down 11.2%
- Top three import sources: Russia, China, Ukraine
- Largest producers: Erdemir Group, İçdaş, Habaş
- 6 trade remedies in effect against imports of steel mill products

Turkey's Imports of Steel Mill Products - 2015



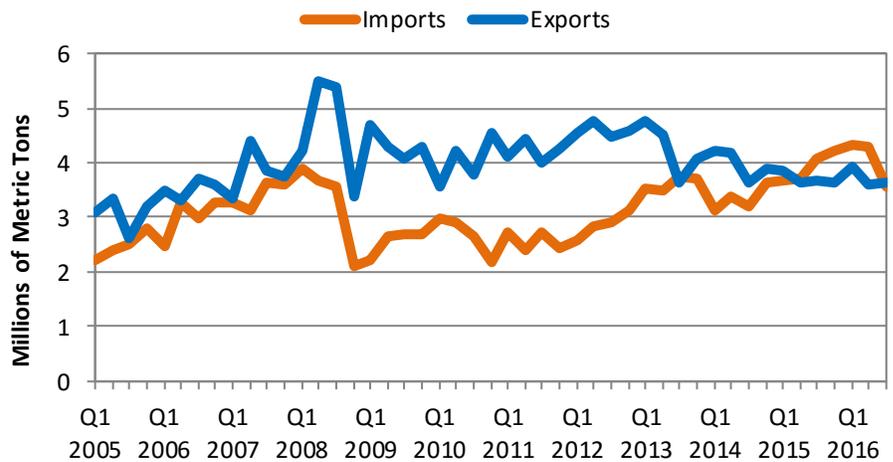
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Steel Imports Report: Turkey

Steel Trade Balance

Until 2015, Turkey had maintained a nearly continuous trade surplus in steel. In 2013, exports started to decline while imports continued to climb. By mid-2014 steel exports and imports neared equilibrium and since Q2 2015, Turkey's imports have outpaced exports, growing 10 percent between Q3 2014 and Q3 2016, while exports decreased by 0.5 percent. These changes in import and export growth resulted in a record high steel trade deficit of -1 million metric tons in YTD 2016.

Turkey's Trade in Steel Mill Products by Quarter

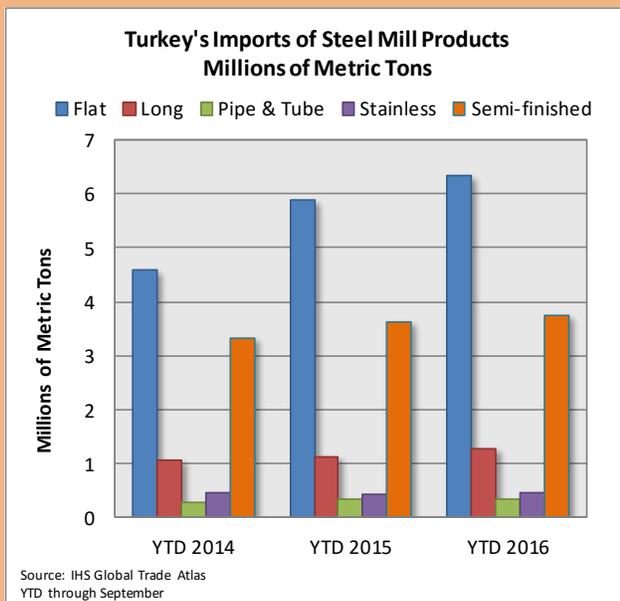


Source: IHS Global Trade Atlas

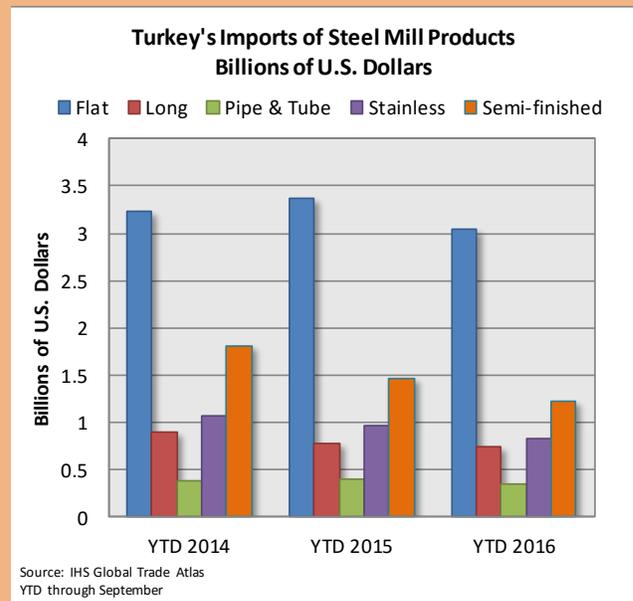
Import Volume, Value, and Product

In 2015, Turkey's steel imports amounted to 15.6 million metric tons, an increase of 17 percent from 13.4 million metric tons in 2014. In YTD 2016, the volume of Turkey's steel imports increased by 6.5 percent to 12.2 million metric tons. By contrast, the value of Turkey's YTD 2016 steel imports declined by 11.2 percent to \$6.2 billion from \$7 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 Turkey's steel imports at 52 percent, or 6.3 million metric tons. Semi-finished products accounted for 31 percent, or 3.7 million metric tons, of Turkey's imports of steel in YTD 2016 followed by long products (10% or 1.3 million metric tons), stainless (4% or 465 thousand metric tons), and pipe and tube products (3% or 329 thousand metric tons).



Source: IHS Global Trade Atlas
YTD through September



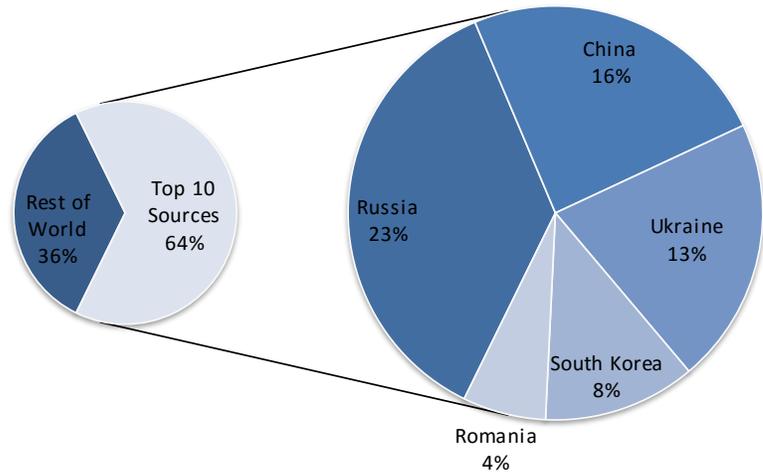
Source: IHS Global Trade Atlas
YTD through September

Steel Imports Report: Turkey

Imports by Top Source

The top 5 source countries for Turkey's steel imports represented 64 percent of the total steel import volume in YTD 2016 at 7.8 million metric tons (mmt). Russia accounted for the largest share of Turkey's imports by source country at 23 percent (2.9 mmt), followed by China at 16 percent (1.9 mmt), Ukraine at 13 percent (1.6 mmt), and South Korea at 8 percent (0.9 mmt).

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



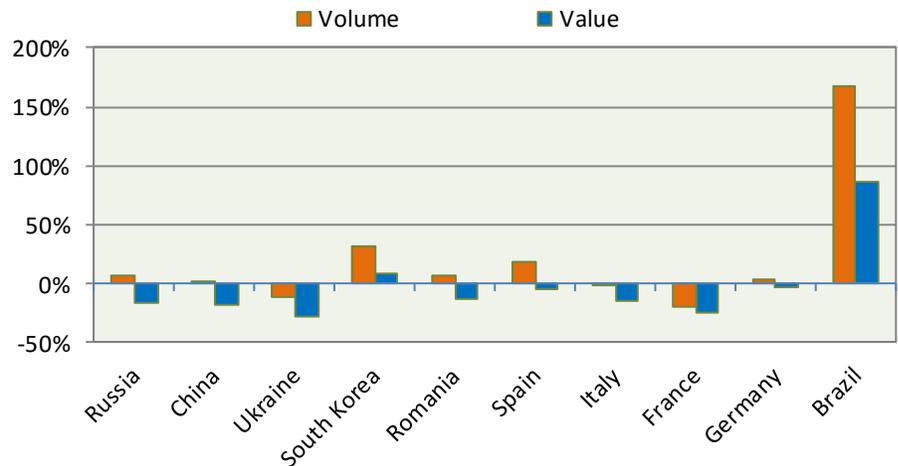
Source: IHS Global Trade Atlas
YTD through September

The United States ranked 40th as a source for Turkey's steel imports in YTD 2016. Turkey imported 6.8 thousand metric tons from the U.S. in YTD 2016 — a 17 percent decline from 8.2 thousand metric tons in YTD 2015.

Trends in Imports from Top Sources

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

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



Source: IHS Global Trade Atlas
YTD through September

Considerable decreases in steel value between YTD 2015 and YTD 2016 included Turkey's imports from Ukraine (down 28.6%) and France (down 23.8%). Turkey's imports from Brazil and South Korea were the only two sources to show increases in value, up 86.6 percent and 8.7 percent, respectively.

Turkey's imports from Brazil and South Korea also showed the greatest increases in volume between YTD 2015 and YTD 2016, up 167.3 percent and 31.3 percent, respectively. Sizeable increases in Turkey's steel import volume also occurred from Spain (up 17.9%) and Romania (up 7.2%). Imports from France, Ukraine, and Italy decreased in value from YTD 2016, down 20.3 percent, 10.6 percent, and 0.2 percent, respectively.

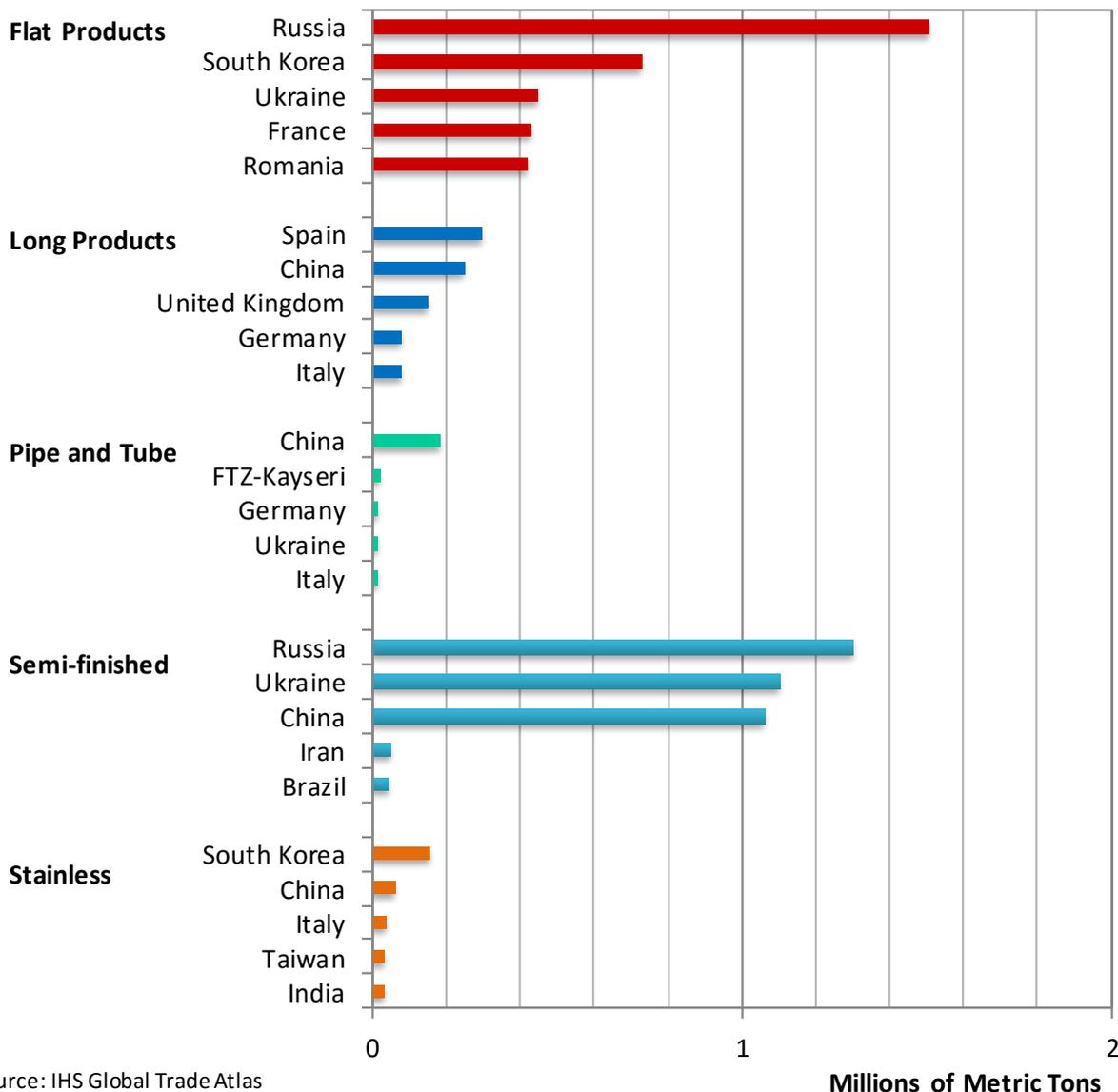
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Top Sources by Steel Product Category

The top source countries for Turkey’s imports by volume vary across types of steel products. Russia accounted for the largest share of Turkey’s imports of flat products in YTD 2016 at 24 percent (1.5 million metric tons) and semi-finished products at 35 percent (1.3 million metric tons).

Spain accounted for the largest share of Turkey’s imports of long products at 23 percent (298 thousand metric tons), while South Korea held the largest share of Turkey’s imports of stainless products at 33 percent (155 thousand metric tons). China represented the largest share of pipe and tube imports at 56 percent (185 thousand metric tons) and the second largest share of Turkey’s imports of long products at 19 percent (249 thousand metric tons) and stainless products at 14 percent (65 thousand metric tons).

Turkey's Top 5 Import Sources by Product - YTD 2016



Source: IHS Global Trade Atlas
YTD through September

Steel Imports Report: Turkey

Turkey's Export Market Share from Top Source Countries

In 2015, the share of steel exports sent to Turkey from its top import sources increased in all of Turkey's import source countries except France and Belgium. In 2015, the share of France's steel exports to Turkey decreased 1.5 percentage points from 2014 while Belgium's decreased by 0.2 percentage points.

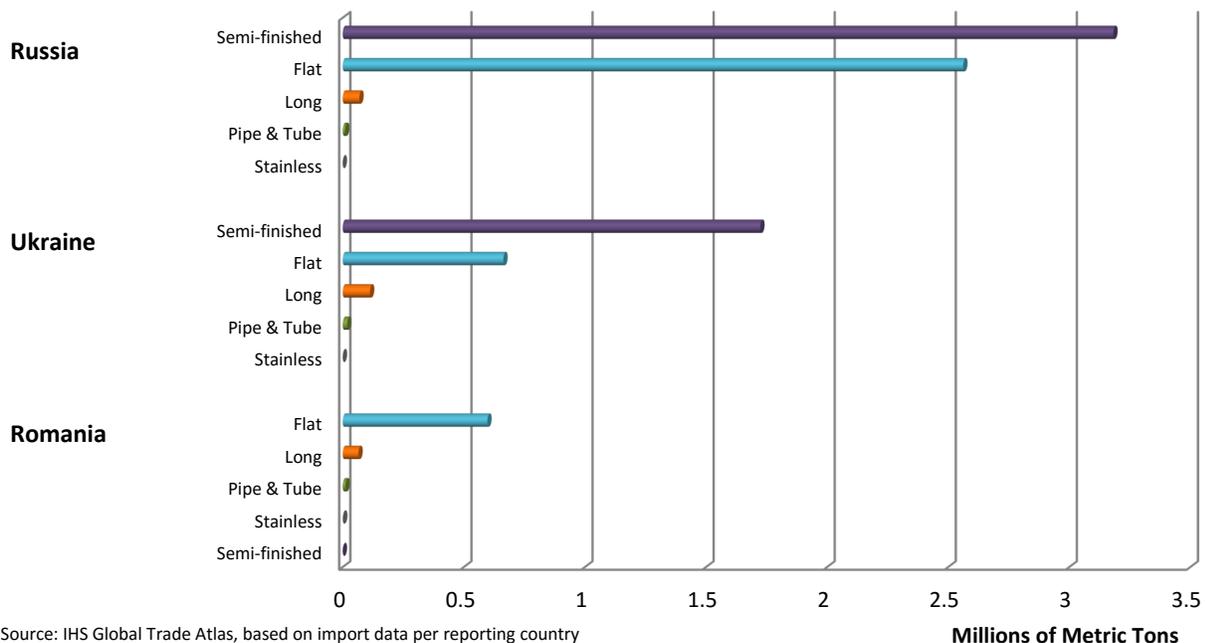
Turkey's Steel Export Market Share				
Top 10 Import Sources	Share of Exports to Turkey - 2014	Turkey's Rank in 2014	Share of Exports to Turkey - 2015	Turkey's Rank in 2015
Russia	16.2%	1	19.6%	1
China	1.4%	22	2.8%	9
Ukraine	13.5%	1	14.2%	2
South Korea	1.8%	11	3.4%	9
France	7.4%	5	5.9%	5
Romania	20.4%	1	26.5%	1
Italy	3.3%	9	4.0%	6
Spain	5.5%	7	6.1%	7
Germany	1.4%	17	2.1%	13
Belgium	2.7%	5	2.5%	6

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

Romania and Russia had the largest increases in their shares of exports to Turkey in 2015, up 6.1 and 3.4 percentage points, respectively.

Among Turkey's top sources, Russia, Ukraine, and Romania each sent the largest shares of their total steel exports to Turkey. Semi-finished products accounted for the largest share of steel exports to Turkey from Russia and Ukraine in 2015, at 55 percent (3.2 million metric tons) and 68 percent (1.7 million metric tons), respectively. Flat products ranked first in Romania's exports to Turkey at 88 percent (597 thousand metric tons), and second in both Russia's and Ukraine's exports to Turkey at 44 percent (2.6 million metric tons) and 26 percent (663 thousand metric tons), respectively.

Steel Export Composition of Top Market-Share Countries - 2015



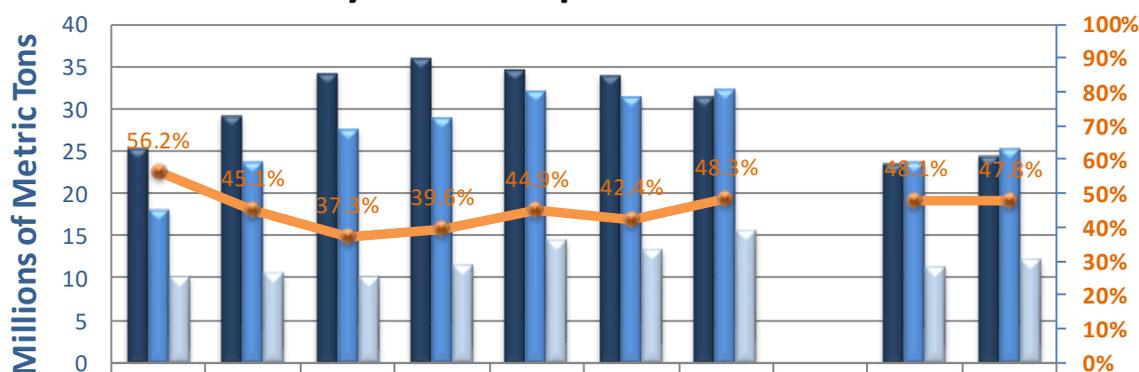
Source: IHS Global Trade Atlas, based on import data per reporting country

Millions of Metric Tons

Steel Imports Report: Turkey

Overall Production and Import Penetration

Turkey's Steel Import Penetration



	2009	2010	2011	2012	2013	2014	2015	YTD 2015	YTD 2016
Production	25.3	29.1	34.1	35.9	34.7	34.0	31.5	23.5	24.4
Apparent Consumption	18.2	23.8	27.6	29.0	32.1	31.5	32.4	23.7	25.4
Imports	10.2	10.7	10.3	11.5	14.4	13.4	15.6	11.4	12.2
Import Penetration	56.2%	45.1%	37.3%	39.6%	44.9%	42.4%	48.3%	48.1%	47.8%

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

Turkey's crude steel production increased to 24.4 million metric tons in YTD 2016, from YTD 2015's total of 23.5 million metric tons. The gap between production and apparent consumption (a measure of steel demand), which stood at 7.1 million metric tons or 28 percent of production in 2009, shrank steadily over the next six years. By 2015, Turkey's consumption outpaced the country's production by over 800 thousand metric tons. Between YTD 2015 and YTD 2016, crude steel production grew by 4.1 percent, while apparent consumption increased by 7.2 percent, outpacing production by just over 1 million metric tons. In YTD 2016, Turkey's steel import penetration level decreased slightly to 47.8 percent from 48.1 percent in YTD 2015.

Top Producers

Though steel production in Turkey began with the emergence of state-owned companies in the 1930s, steel works were all privatized by 2002. The majority of Turkey's crude steel production uses electric arc furnace technology, and long products make up the majority of Turkey's finished steel production.

Turkey's Top Steel Producers in 2015			
Rank	Company	Production (mmt)	Main Products
1	Erdemir Group	8.9	Flat products, wire rod, pipe
2	İçdaş	3.7 (2014)	Billets, reinforcing bars, wire rod
3	Habaş	3	Carbon, stainless, hot-rolled
4	İsdemir (owned by Erdemir)	N/A	Hot-rolled flat, billets, reinforcing bars, profiles, structural steel
5	Çolakoğlu Metalurji	N/A	Billets, slabs, hot-rolled coil, hot-rolled sheet, reinforcing bars
6	Kardemir	N/A	Billets, profiles, reinforcing bars

Sources: World Steel Association; Turkish Steel Producers Association; Hoover's; Company websites

Steel Imports Report: Turkey

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

Turkey's Trade Remedies in Effect Against Steel Mill Imports				
Country	AD	CVD	Suspension Agreements and Undertakings	Total
China	3			3
Malaysia	1			1
Taiwan	1			1
Vietnam	1			1
TOTAL	6	0	0	6

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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