

Global Steel Trade Monitor

Steel Exports Report: Brazil

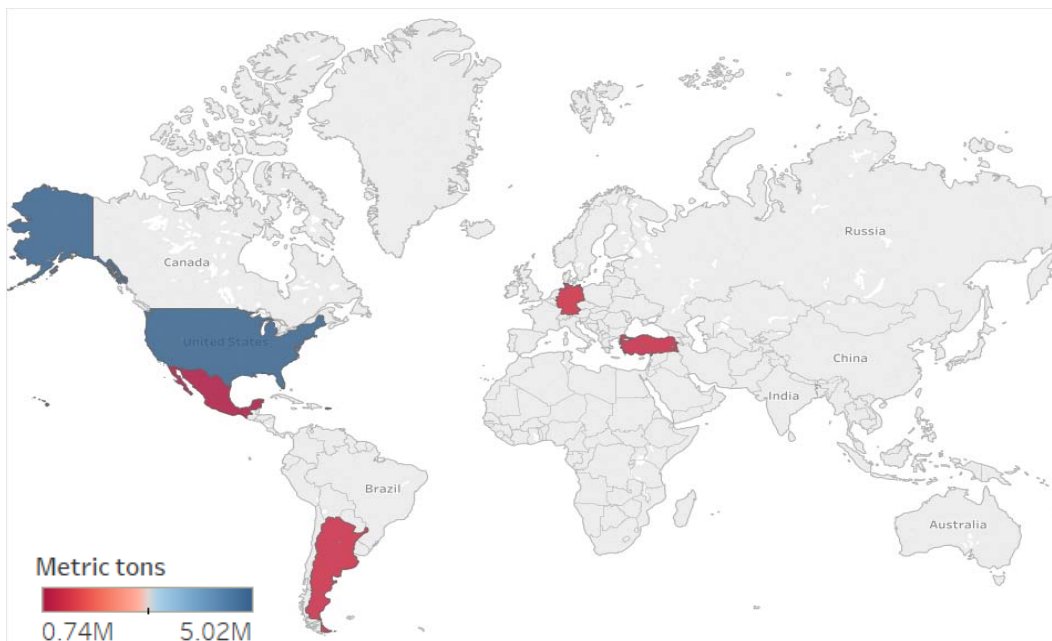
April 2018

Background

Brazil is the tenth-largest steel exporter in the world. Brazil exported 15.3 million metric tons of steel in 2017, up 14 percent from 2016 levels. Brazil's exports represented about 3 percent of all steel exported globally in 2016, based on available data. The volume of Brazil's 2017 steel exports was slightly less than 1/5th of the volume of the world's largest exporter, China. Brazil is the only South American country in the top 20 of steel exporters. In value terms, steel represented just 3.7 percent of the total goods Brazil exported in 2017.

Brazil exports steel to more than 90 countries and territories. The five countries highlighted in the map below represent the top markets for Brazil's exports of steel, receiving more than 500 thousand metric tons each and accounting for about 59 percent of Brazil's steel exports in 2017.

Brazil's Exports of Steel Mill Products - 2017



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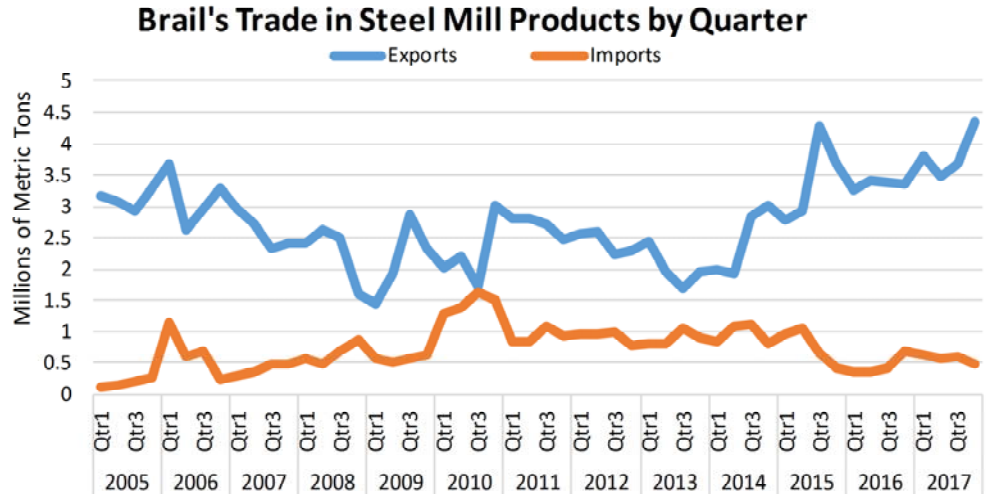
Quick Facts:

- World's tenth-largest steel exporter: 15.3 million metric tons (2017)
- 78% growth in steel exports since 2009
- 2017 export volume up 14% and export value up 44%
- Top three markets: United States, Germany, Argentina
- Exports as a share of production up from 44.3% in 2016 to 44.5% in 2017
- Largest producers: Gerdau, ArcelorMittal, USIMINAS, CSN
- 22 trade remedies in effect in 8 countries and the European Union involving steel mill imports from Brazil

Steel Exports Report: **Brazil**

Steel Trade Balance

Brazil has maintained a consistent trade surplus in steel products. Decreasing exports and increasing imports caused the trade surplus to narrow by half in 2010 to 3.1 million metric tons. The trade surplus has bounced back and has increased 320 percent between 2010 and 2017.



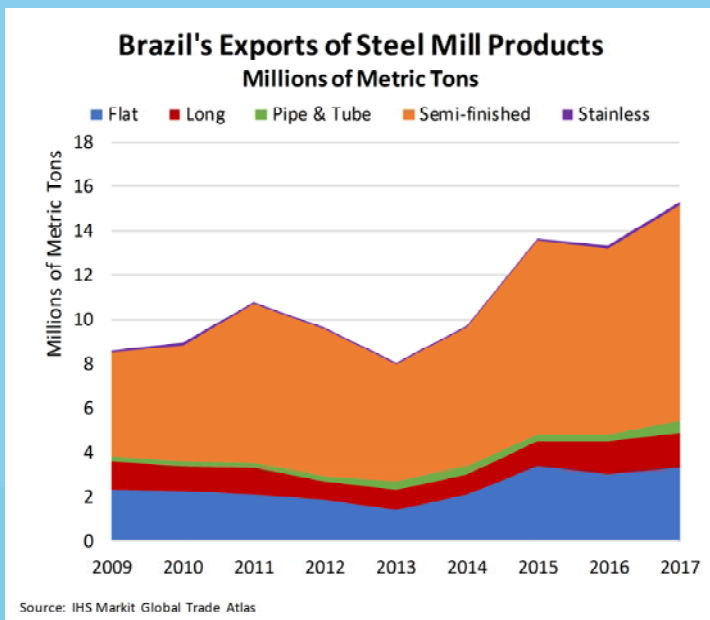
Source: IHS Markit Global Trade Atlas

Brazil's surplus now sits at 13 million metric tons for 2017, a gain of 13 percent from the previous year. The increase in the trade surplus can be attributed to an decline in exports which were higher by 14 percent in 2017.

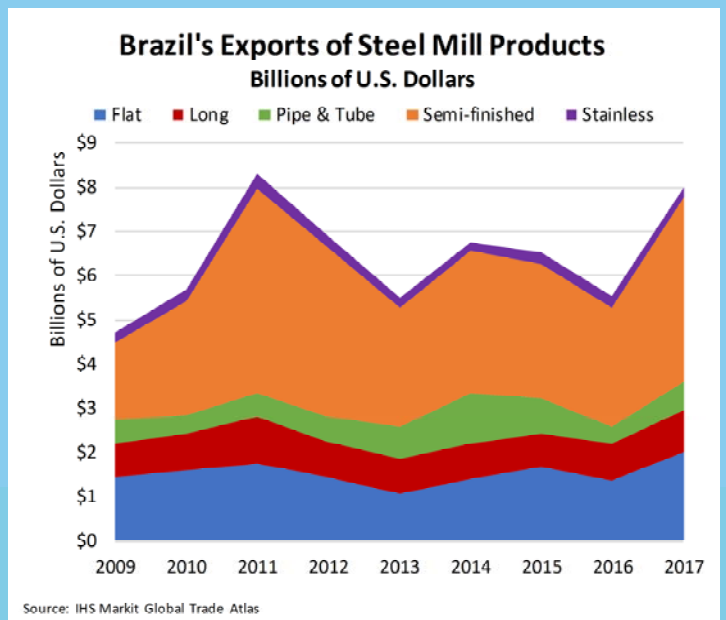
Export Volume, Value, and Product

The volume of Brazil's steel exports reached a peak in 2017 at 15.3 million metric tons rising 14 percent from 2016. Similarly, Brazil's steel exports in value terms reached a record high amount of \$8 billion in 2017, increasing 44 percent from \$5.5 billion in 2016.

Semi-finished steel accounted for 64 percent of Brazil's steel exports by volume in 2017 at 9.8 million metric tons. Flat products represented the second-largest category at 22 percent (3.3 million metric tons), followed by long products at 10 percent (1.6 million metric tons), pipe and tube at 3 percent (518 thousand metric tons), and stainless steel at 1 percent (108 thousand metric tons).



Source: IHS Markit Global Trade Atlas



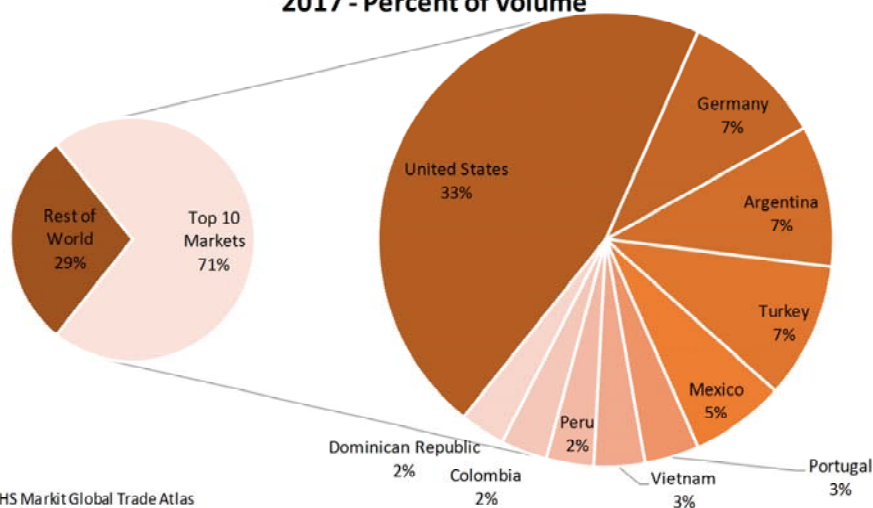
Source: IHS Markit Global Trade Atlas

Steel Exports Report: **Brazil**

Exports by Top Market

Exports to Brazil's top 10 steel markets represented 71 percent of Brazil's steel export volume in 2017 at 10.9 million metric tons (mmt). The United States received the largest share of Brazil's exports with 33 percent (5 mmt), followed by Germany at 7 percent (1.1 mmt), Argentina at 7 percent (1.1 mmt), and Turkey at 7 percent (1.1 mmt).

Brazil's Steel Exports - Top 10 Markets
2017 - Percent of Volume



Source: IHS Markit Global Trade Atlas

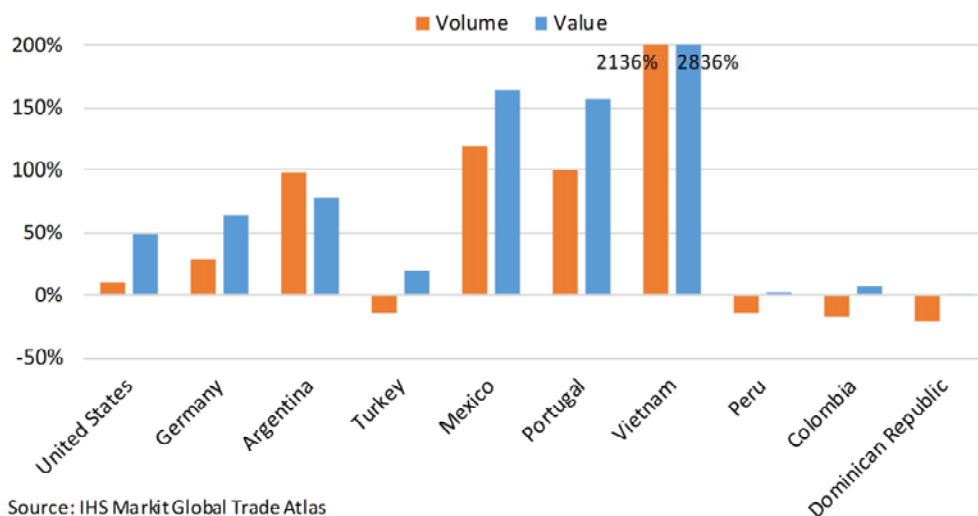
The United States has ranked first as a destination for Brazil's steel exports for most of the last decade.

Trends in Exports to Top Markets

The volume of Brazil's steel exports increased to six of the country's top 10 steel export markets in 2017. Exports increased the most to Vietnam (up 2136%), followed by Mexico (up 120%), Portugal (up 99%), Argentina (up 98%), Germany (up 29%), and the United States (up 10%). Brazil's exports decreased to the Dominican Republic (down 20%), Colombia (down 18%), Turkey (down 15%), and Peru (down 15%).

The value of steel exports increased to all of Brazil's top 10 markets in 2017. Among significant value increases, Vietnam saw the largest increase in value, up 2836 percent in 2017, followed by Mexico (up 163%), Portugal (up 156%), Argentina (up 78%), Germany (up 65%), and the United States (up 49%).

Percent Change in Exports to Top 10 Markets (2016 to 2017)



Source: IHS Markit Global Trade Atlas

Other notable changes in steel exports by volume outside of the top 10 markets were to South Korea (up 65%) and Spain (down 43%).

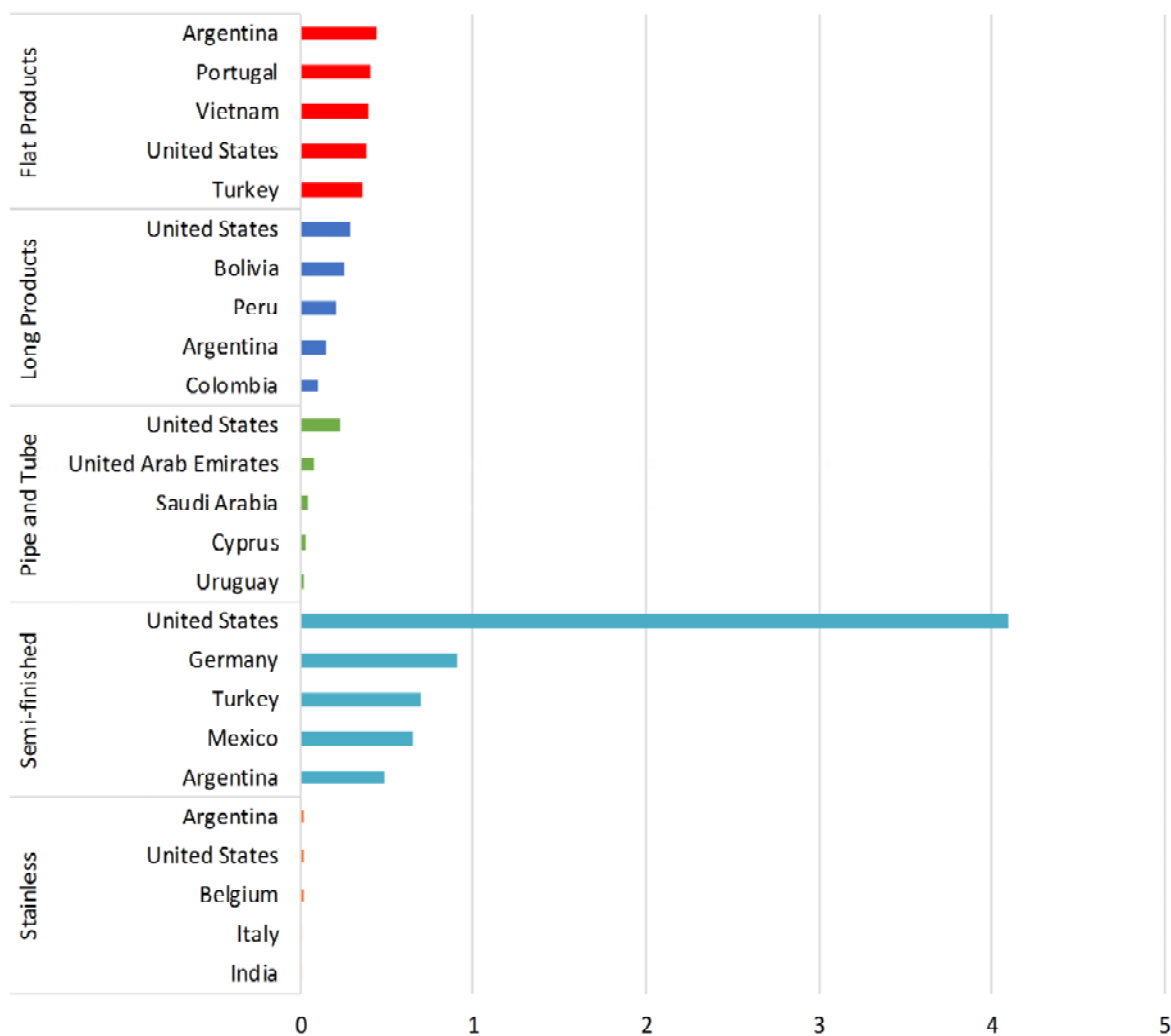
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Top Markets by Steel Product Category

Brazil's top export markets by volume vary across types of steel products, though the United States held the top spot in three of the five product categories in 2017. The United States received the largest share of Brazil's exports of long products at 18 percent (286 thousand metric tons), pipe and tube products at 45 percent (234 thousand metric tons), and semi-finished steel at 42 percent (4 million metric tons). The U.S. also ranked second as a destination for Brazil's stainless product exports (17% or 19 thousand metric tons).

Argentina received the largest share of Brazil's flat and stainless product exports in 2017 at 13 percent (440 thousand metric tons) and 17 percent (19 thousand metric tons), respectively.

Brazil's Top 5 Export Markets by Product - 2017



Source: IHS Markit Global Trade Atlas

Millions of Metric Tons

Steel Exports Report: **Brazil**

Brazil's Import Market Share in Top Destinations

In 2017, the import market share for Brazil's steel products increased in nine of Brazil's top 10 export destinations. Countries with notable increases in their share of steel imports from Brazil included Argentina (up 8.8 percentage points), Portugal (up 5.1 percentage points), and Peru (up 1.8 percentage points). Mexico was the only destination to show a decrease in its share of imports from Brazil, down 0.6 percentage points.

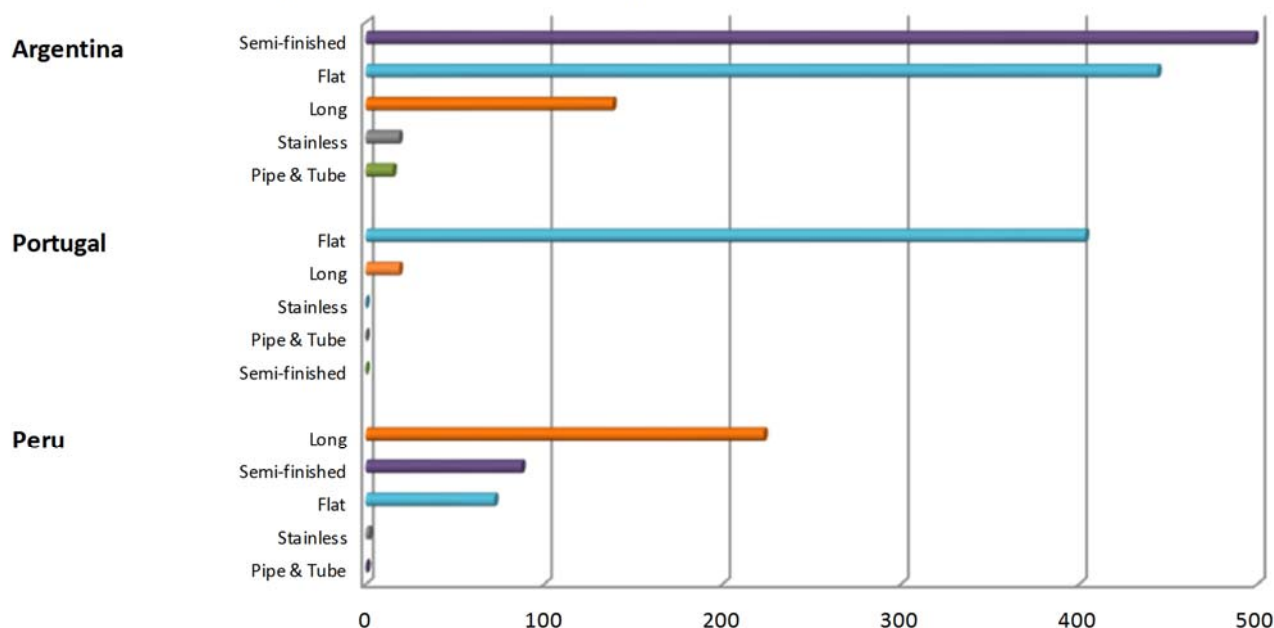
Among Brazil's top export markets, Argentina, Portugal, and Peru received the highest shares of their total steel imports from Brazil at 72 percent, 14 percent, and 20 percent, respectively. In 2017, semi-finished steel accounted for the largest share of steel imports from Brazil in

Argentina at 45 percent (498 thousand metric tons), while flat products accounted for 96 percent (403 thousand metric tons) of Portugal's imports from Brazil and long products accounted for 58 percent (223 thousand metric tons) of Peru's imports from Brazil.

Brazil's Steel Import Market Share				
Top 10 Export Destinations	Share of Imports from Brazil - 2016	Brazil's Rank in 2016	Share of Imports from Brazil - 2017	Brazil's Rank in 2017
United States	13.0%	2	13.5%	2
Germany	0.5%	22	1.3%	15
Argentina	63.3%	1	72.1%	1
Turkey	3.1%	10	3.5%	10
Mexico	1.7%	9	1.2%	11
Portugal	9.1%	2	14.1%	2
Vietnam*	0.1%	12	N/A	N/A
Peru	18.3%	2	20.2%	2
Colombia	14.7%	3	15.1%	4
Dominican Republic*	45.3%	1	N/A	N/A

Source: IHS Markt Global Trade Atlas, based on Import data per reporting country
 *2017 Data from Vietnam and Dominican Republic unavailable

Steel Import Composition of Top Market-Share Countries - 2017

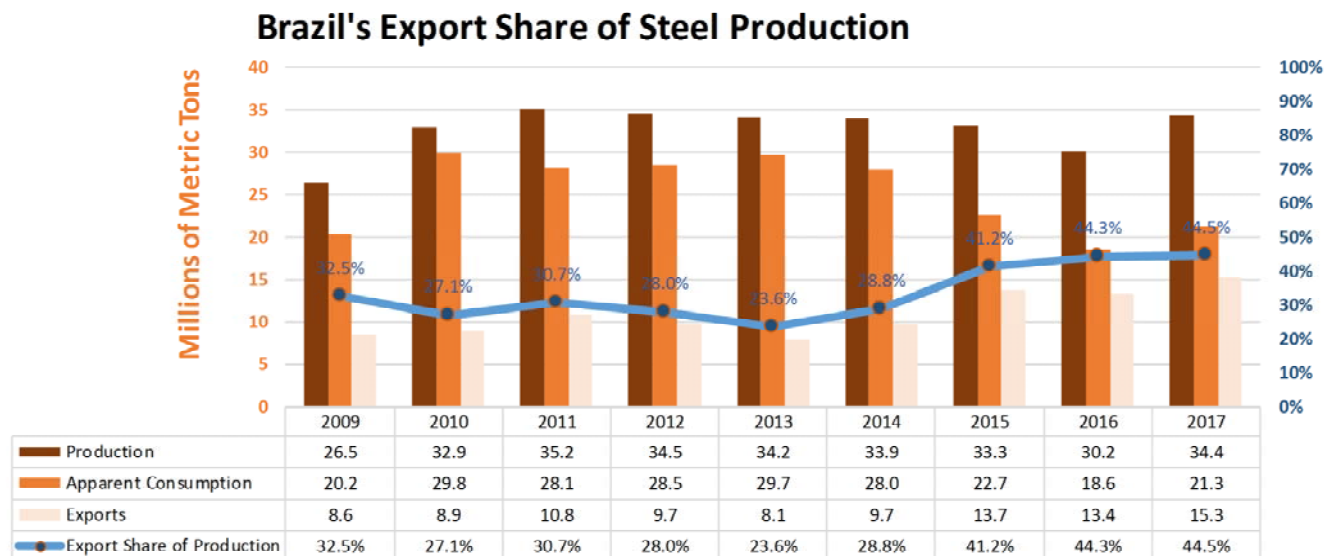


Source: IHS Markt Global Trade Atlas, based on import data per reporting country

Thousands of Metric Tons

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Overall Production and Export Share of Production



Sources: World Steel Association; IHS Markit Global Trade Atlas

After several years of decline, in 2017, Brazil's crude steel production increased by 14 percent to 34.4 million metric tons from 30.2 million metric tons in 2016. Apparent consumption (a measure of steel demand) also increased for the first time since 2013 and at the same rate as production, up 14 percent from 2016. Production has consistently outpaced demand, and the gap between the two has increased 107 percent since 2009 to a total of 13 million metric tons in 2017. Brazil's steel exports as a share of production remained nearly unchanged between 2016 and 2017 at 44%. This is the highest share since 2009, up 12 percentage points.

Top Producers

Steel production in Brazil is concentrated among four large companies — the majority of which are domestically-owned. Despite large reserves of iron ore in the country, Brazilian steel production uses a mix of iron ore-based blast furnaces and scrap metal-based electric arc furnaces.

Brazil's Top Steel Producers 2017			
Rank	Company	Capacity (mmt)	Main Products
1	Gerdau SA	26 (worldwide)	Long products, semi-finished
2	ArcelorMittal Brasil	11.3	Long products, flat products
3	Usinas Siderurgicas de Minas Gerais SA (USIMINAS)	9.5	Cold-rolled, strip, heavy plates, galvanized
4	Companhia Siderurgica Nacional (CSN)	5.6	Hot-rolled, cold-rolled, galvanized, coated sheets

Sources: Brazil Steel Institute; Company websites

Steel Exports Report: **Brazil**

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 Brazil.

Steel Mill Trade Remedies in Effect Against Brazil				
Country	AD	CVD	Suspension Agreements and Undertakings	Total
Argentina	1			1
Canada	2			2
European Union	1			1
India	1			1
Mexico	1			1
Taiwan	1			1
Thailand	1			1
Turkey	1			1
United States	9	4		13
TOTAL	18	4	0	22

Source: World Trade Organization, through June 30, 2017

Global Steel Mill Safeguards in Effect	
Country	Product(s)
India	1) Hot-rolled steel in coils; 2) Hot-rolled steel flat sheets and plates
Indonesia	1) Flat-rolled products of iron or non-alloy steel; 3) I and H sections of other alloy steel; 4) Bars and rods, hot-rolled, in irregularly wound coils
Malaysia	1) Hot-rolled steel plate; 2) Steel concrete reinforcing bar; 3) Steel wire rod and deformed bar in coil
Morocco	1) Cold-rolled sheets and plated or coated sheets; 2) Reinforcing bars and wire rods
Philippines	Steel angle bars
South Africa	Hot-rolled steel flat products
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; 3) Structural hot-rolled H-beams with alloy
Vietnam	Semi-finished and certain finished products of alloy and non-alloy steel

Source: World Trade Organization, through February 28, 2018

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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