



Global Steel Trade Monitor

Steel Exports Report: **Canada**

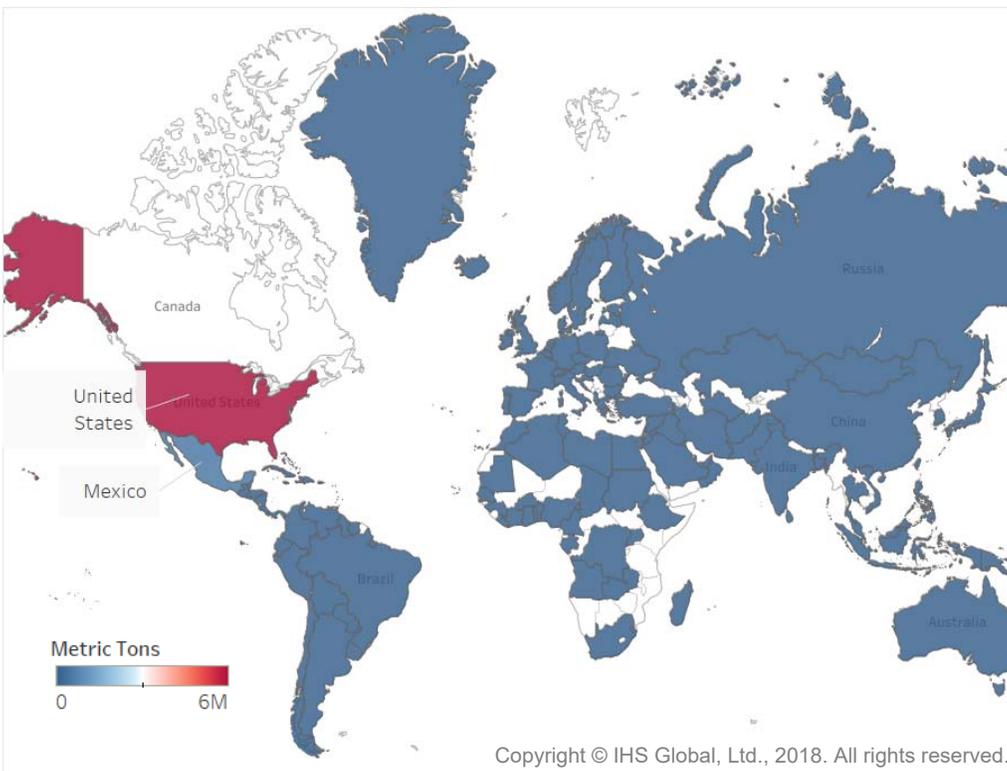
April 2018

Background

Canada is the world's nineteenth-largest steel exporter. In 2017, Canada exported 6.7 million metric tons of steel, a 9 percent increase from 6.1 million metric tons in 2016. Canada's exports represented about 1.3 percent of all steel exported globally in 2016, based on available data. By volume, Canada's 2017 steel exports represented roughly one-tenth the volume of the world's largest exporter, China. In value terms, steel represented 1.5 percent of the total goods Canada exported in 2017.

Canada exports steel to over 125 countries and territories. The United States and Mexico represent the top markets for Canada's exports of steel, receiving more than 400 thousand metric tons each and accounting for 97 percent of Canada's steel exports in 2017.

Canada's Exports of Steel Mill Products - 2017



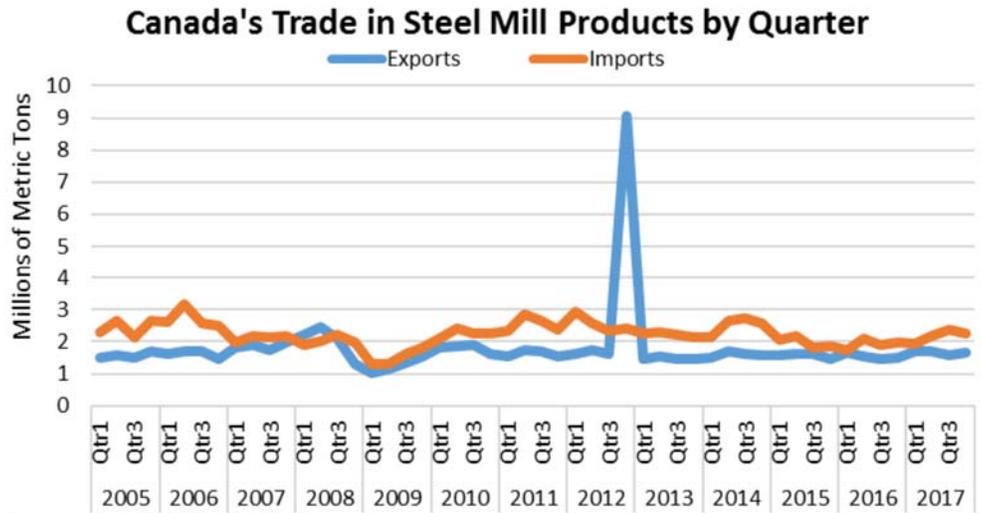
Quick Facts:

- World's 19th-largest steel exporter: 6.7 million metric tons (2017)
- 31% growth in steel exports since 2009
- Year-on-year export volume up 9% while export value up 24%
- Top markets: United States and Mexico
- Exports as a share of production up slightly from 48.3% in 2016 to 48.9% in 2017
- Largest producers: ArcelorMittal, Essar Steel Algoma

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Steel Trade Balance

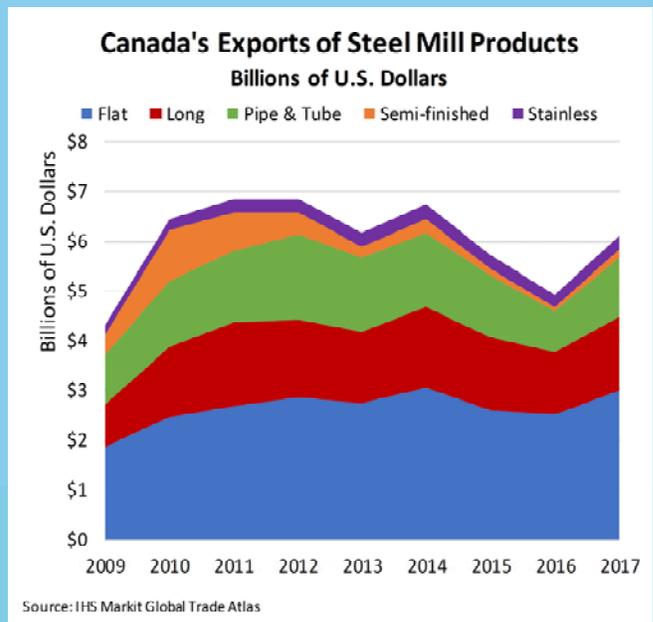
With the exception of three quarters, Canada has maintained a moderate trade deficit in steel products since 2005. Rising exports in the first half of 2008 and a spike in exports in Q4 2012 (resulting from a bulk shipment of semi-finished steel to Egypt) caused the deficit to briefly become a surplus. Since their recent low points in 2009, imports grew 44 percent by 2017, while exports grew 31 percent. In 2017, Canada's steel trade deficit amounted to -2.08 million metric tons — a 32 percent increase from -1.57 million metric tons in 2016.



Export Volume, Value, and Product

The volume of Canada's steel exports has remained relatively flat since 2013 at an average of 6.3 million metric tons per year. Exports in 2017 increased by 9 percent to 6.7 million metric tons from 6.1 million metric tons in 2016. In value terms, Canada's steel exports increased by 24 percent to \$6.1 billion from \$4.9 billion in 2016.

Flat products accounted for 55 percent of Canada's steel exports by volume in 2017 at 3.6 million metric tons. Long products represented the second-largest category at 26 percent (1.7 million metric tons), followed by pipe and tube at 15 percent (984 thousand metric tons), semi-finished steel at 4 percent (238 thousand metric tons), and stainless steel at 1 percent (54 thousand metric tons).

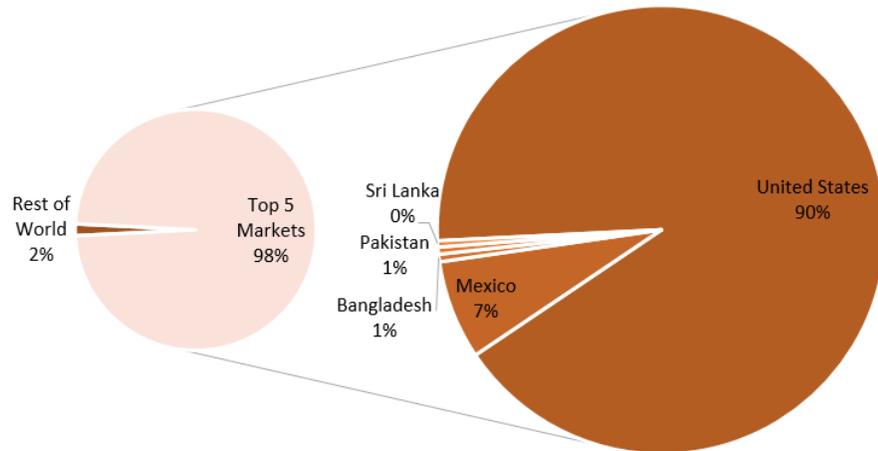


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Exports by Top Market

Exports to Canada's top 5 steel markets represented 98 percent of Canada's steel export volume in 2017 at 6.5 million metric tons (mmt). Furthermore, the top two markets for Canada's exports, the United States and Mexico, by themselves accounted for 97 percent of exports by volume. Canada sent 90 percent of its steel exports to the United States in 2017 (6.0 mmt) and 7 percent to Mexico (468 thousand metric tons). Of note, with the exception of 2012, the United States and Mexico have ranked first and second as top export markets for Canada's shipments of steel since 2000.

Canada's Steel Exports - Top 5 Markets
2017 - Percent of Volume



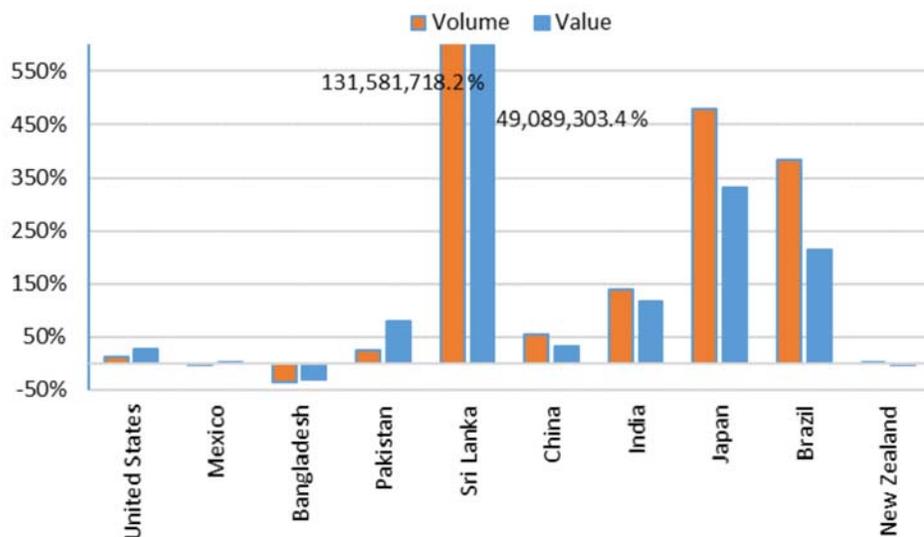
Source: IHS Markit Global Trade Atlas

Trends in Exports to Top Markets

Between 2016 and 2017, the volume of Canada's steel exports decreased to two of its top 10 steel export markets. Exports to Bangladesh showed the largest decrease from 2016, down 35 percent, followed by exports to Mexico (down 2.8%). Export volumes increased significantly to Sri Lanka (up 131,581,718% from 2016), Japan (up 479%), Brazil (up 383%) and India (up 140%).

Over the same period, export values decreased to two of Canada's top 10 steel export markets relative to 2016: Bangladesh (down 30.1%) and New Zealand (down 1.6%). Meanwhile, exports increased significantly by value to Sri Lanka (up 49,089,303 %), Japan (up 332%), Brazil (up 213%) and India (up 118%).

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



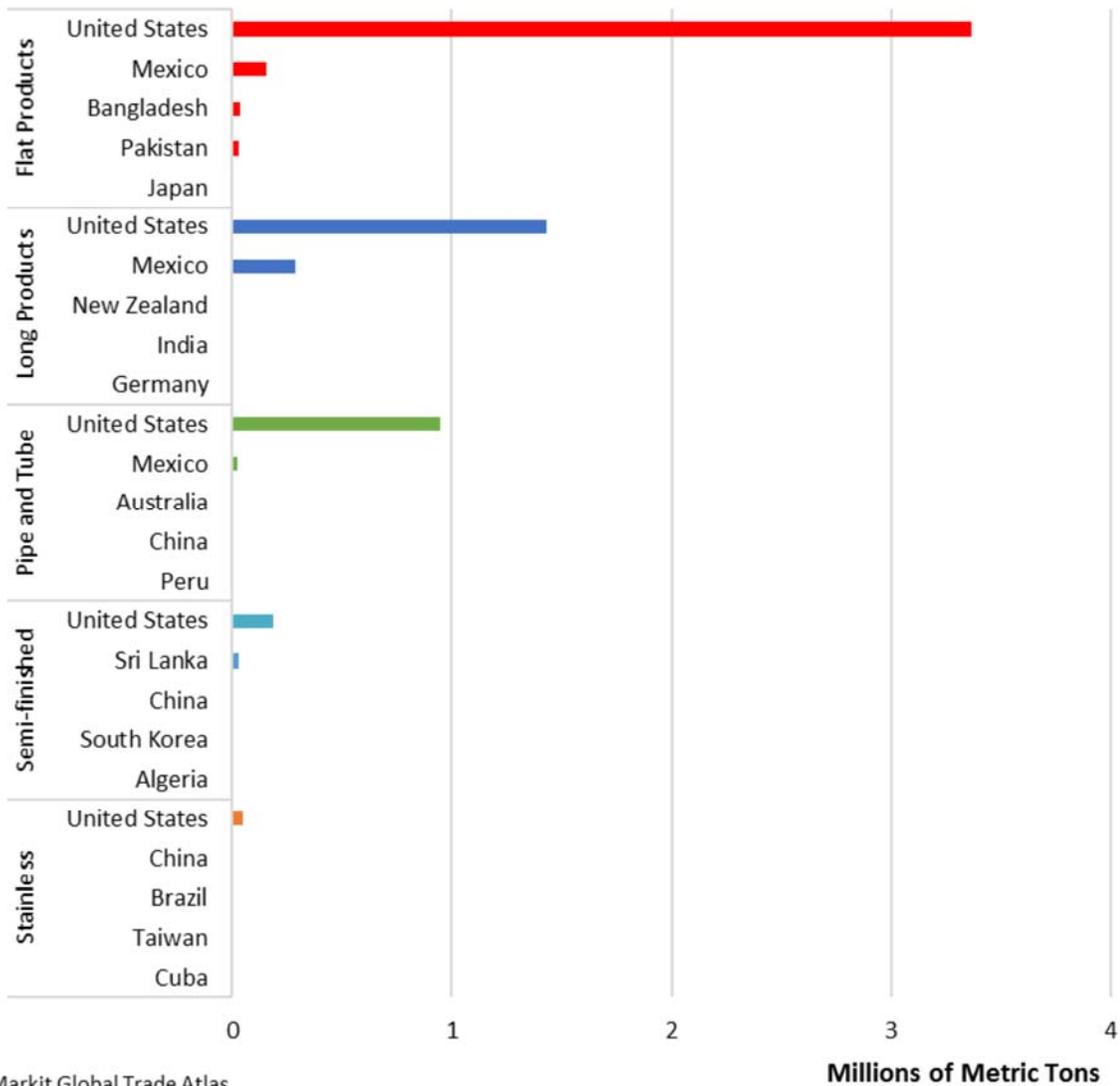
Source: IHS Markit Global Trade Atlas

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Top Markets by Steel Product Category

Canada's top export markets by volume vary across types of steel products, though the United States held the top spot in every product category and accounted for over 80 percent of exports in four of the five categories. In 2017, Canada sent 93 percent (3.4 million metric tons) of its flat product exports to the United States, 82 percent (1.4 million metric tons) of long product exports, 96 percent (946 thousand metric tons) of pipe and tube exports, 79 percent (187 thousand metric tons) of semi-finished exports, and 91 percent (49 thousand metric tons) of stainless exports.

Canada's Top 5 Export Markets by Product - 2017



Source: IHS Markit Global Trade Atlas

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Canada's Import Market Share in Top Destinations

In 2017, the import market share for Canada's steel products remained mostly unchanged in the majority of Canada's top 10 export destinations for which data are available. The share of imports from Canada in the United States, Mexico and New Zealand decreased by less than 1.5 percentage points. At the same time, import shares in India and Brazil increased by 0.1 percent while in China and Japan import shares remained constant relative to 2016. Only Sri Lanka had a notable increase in the share of steel imports from Canada (up 2 percentage points from 2016).

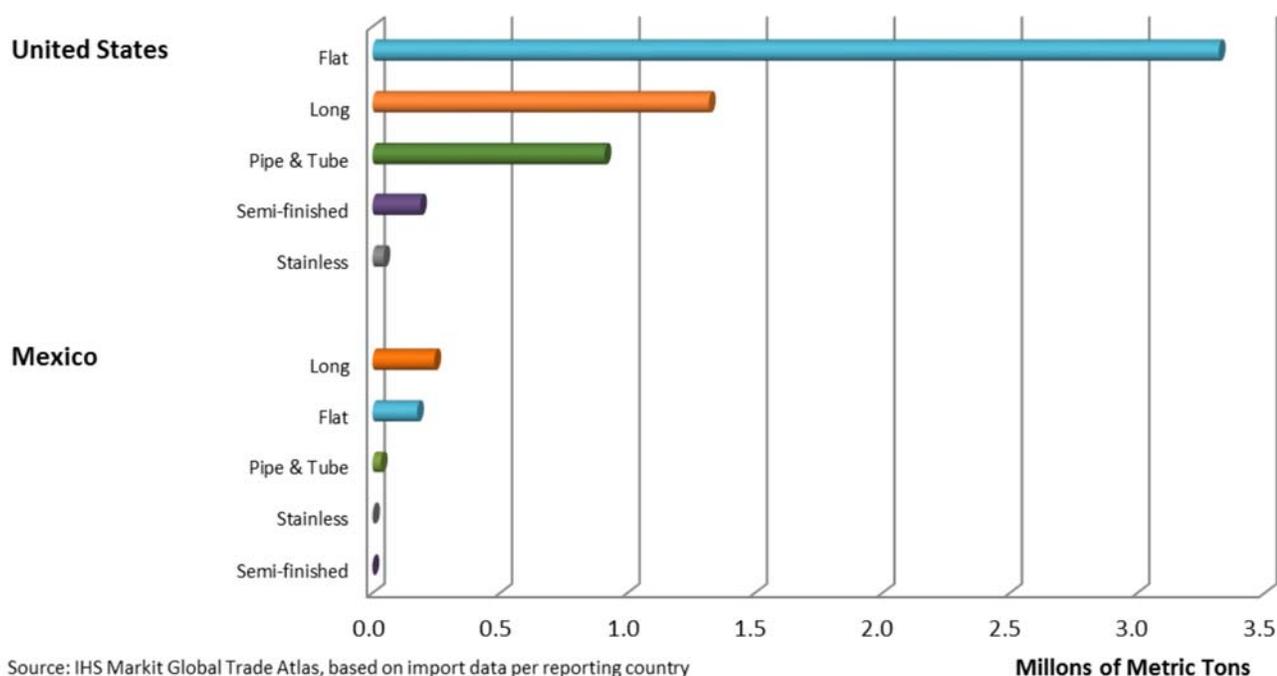
Among Canada's top export markets, the United States and Mexico received the highest shares of their total steel imports from Canada, and in the remaining six countries, Canada accounted for 2 percent of imports or less. In 2017, flat products accounted for the largest share of steel imports from Canada in the United States at 57 percent (3.3 million metric tons), while long products accounts for the largest share of steel imports from Canada to Mexico at 54 percent (243 thousand metric tons).

Canada's Steel Import Market Share				
Top 10 Export Destinations (2017)	Share of Imports from Canada - 2016	Canada's Rank in 2016	Share of Imports from Canada - 2017	Canada's Rank in 2017
United States	17.3%	1	16.7%	1
Mexico	5.5%	5	4.2%	5
Bangladesh	N/A	N/A	N/A	N/A
Pakistan	0.8%	12	N/A	N/A
Sri Lanka	0.0%	42	2.0%	9
China	0.1%	27	0.1%	28
India	0.1%	28	0.2%	26
Japan	0.0%	27	0.0%	17
Brazil	0.1%	41	0.1%	38
New Zealand	0.8%	10	0.7%	10

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

*Data for Bangladesh unavailable for 2016-2017. Data for Pakistan unavailable for 2017.

Steel Import Composition of Top Market-Share Countries - 2017

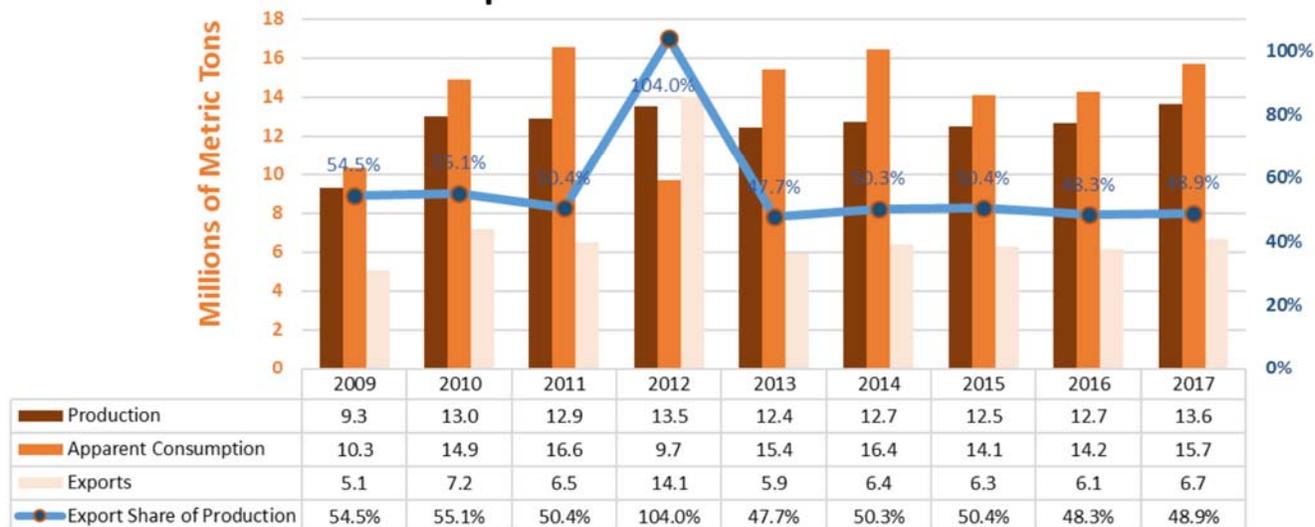


Source: IHS Markit Global Trade Atlas, based on import data per reporting country

Millions of Metric Tons

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Canada's Export Share of Steel Production



Sources: World Steel Association; IHS Markit Global Trade Atlas

Overall Production and Export Share of Production

Canada's crude steel production averaged 12.5 million metric tons between 2009 and 2017. Production in 2017 was up 7 percent to 13.6 million metric tons from 12.7 million metric tons in 2016. Apparent consumption (a measure of steel demand) has outpaced production for much of the period, excluding 2012 when a spike in exports pushed demand down. The gap between demand and production narrowed significantly in 2015, to 1.6 million metric tons where it remained in 2016. In 2017, this gap expanded slightly to 2.1 million metric tons. Exports as a share of production maintained an average of 50.7 percent since 2009, excluding 2012 when a spike in semi-finished exports to Egypt caused the share to hit 104 percent. In 2017, exports as a share of production increased to 48.9 percent from 48.3 percent in 2016.

Top Producers

Steel production in Canada is dominated by foreign-owned companies. The largest producer, Luxembourg-based ArcelorMittal, alone accounts for roughly half of Canadian steel production through its two subsidiaries.

Canada's Top Steel Producers			
Rank	Company	Capacity (mmt)	Main Products
1	ArcelorMittal Dofasco	4.5 (shipments)	Hot-rolled sheet, cold-rolled sheet, galvanized
2	ArcelorMittal Long Products Canada	2 (production)	Semi-finished, reinforcing bars, bars, wire rod, wire
3	Essar Steel Algoma	2.8	Hot-rolled sheet, cold-rolled sheet, plates
4	Evraz	N/A	Plate, coil, OCTG
5	Gerdau	N/A	Long products
6	U.S. Steel Canada	N/A	Hot-rolled sheet, cold-rolled sheet, galvanized

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

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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. Currently, there are no antidumping duties or countervailing measures in place on imports of steel mill products from Canada. The table below provides statistics on the current global steel mill safeguards in place.

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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