

Global Steel Trade Monitor

Steel Exports Report: Taiwan

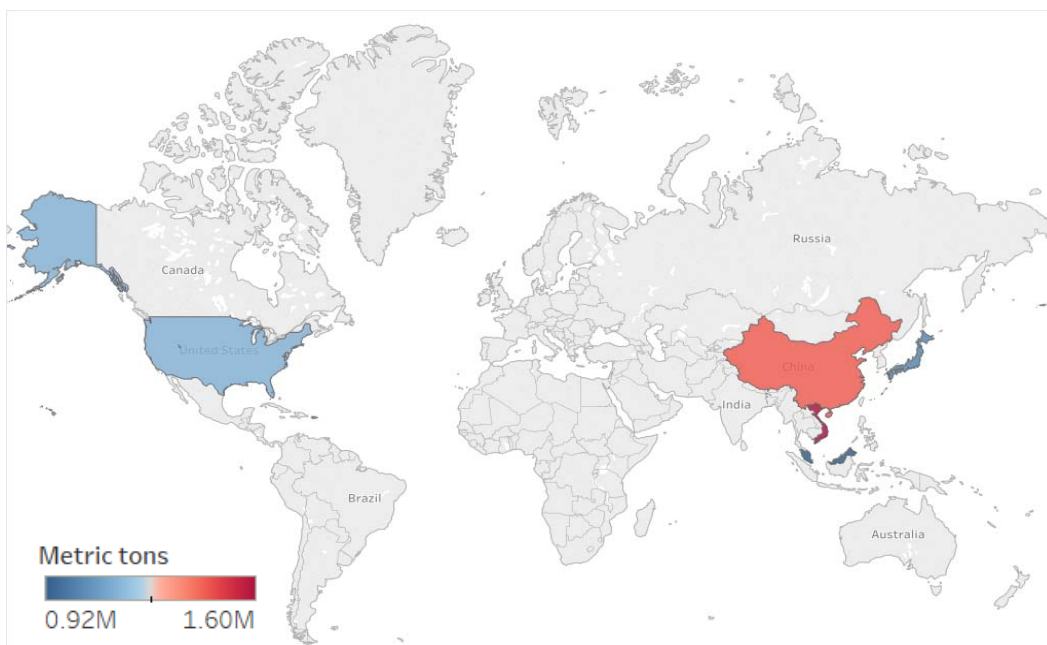
Background

May 2018

Taiwan is the world's thirteenth-largest steel exporter. In 2017, Taiwan exported 12.0 million metric tons of steel, a one percent decrease from 12.2 million metric tons in 2016. Taiwan's exports represented about 3 percent of all steel exported globally in 2016, based on available data. The volume of Taiwan's 2017 steel exports was one-sixth that of the world's largest exporter, China, and nearly one-third that of the second-largest exporter, Japan. In value terms, steel represented just 3.5 percent of the total amount of goods Taiwan exported in 2017.

Taiwan exports steel to more than 190 countries and territories. The five countries highlighted in the map below represent the top markets for Taiwan's exports of steel, receiving more than 900 thousand metric tons each and accounting for 51 percent of Taiwan's steel exports in 2017.

Taiwan's Exports of Steel Mill Products - 2017



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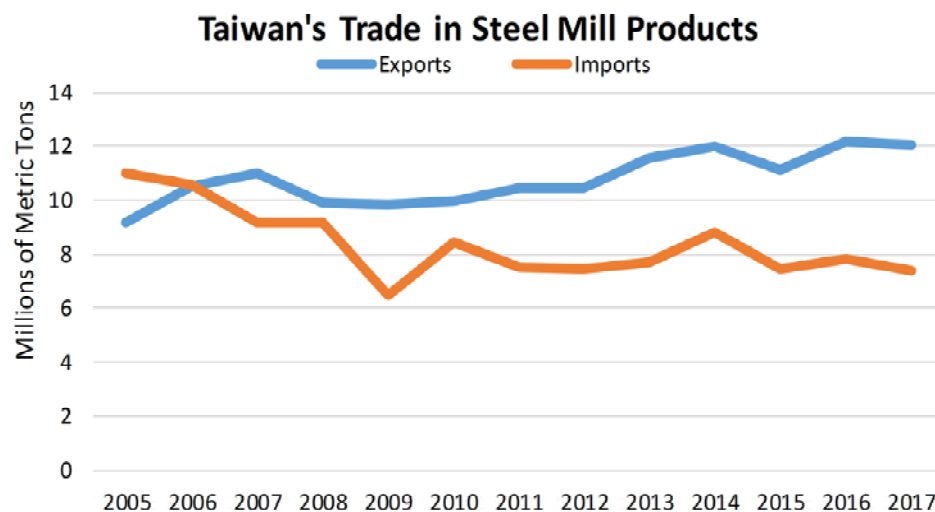
Quick Facts:

- World's thirteenth-largest steel exporter: 12.0 million metric tons (2017)
- 22% steel export growth since 2009
- Exports as a share of production down 55.9% in 2016 to 53.6% in 2017
- Year-on-year export volume down 1% while export value up 27%.
- Top three markets: Vietnam, China, United States
- Top Producers: China Steel Corp, Dragon Steel Corp, Tung Ho Steel
- 40 trade remedies in effect in 11 countries and the European Union involving steel mill imports from Taiwan

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Steel Trade Balance

Rising exports and falling imports caused Taiwan's steel trade deficit to become a steel trade surplus between 2006 and 2007. Imports continued to fall in the wake of the global recession, hitting a low point in 2009. From 2009 to 2017, imports have increased 14 percent but were still down 33 percent from 2005 levels. Exports increased 22 percent between 2009 and 2017. In 2017, Taiwan's steel trade surplus amounted to 4.3 million metric tons, up from 4.3 million metric tons in 2016.

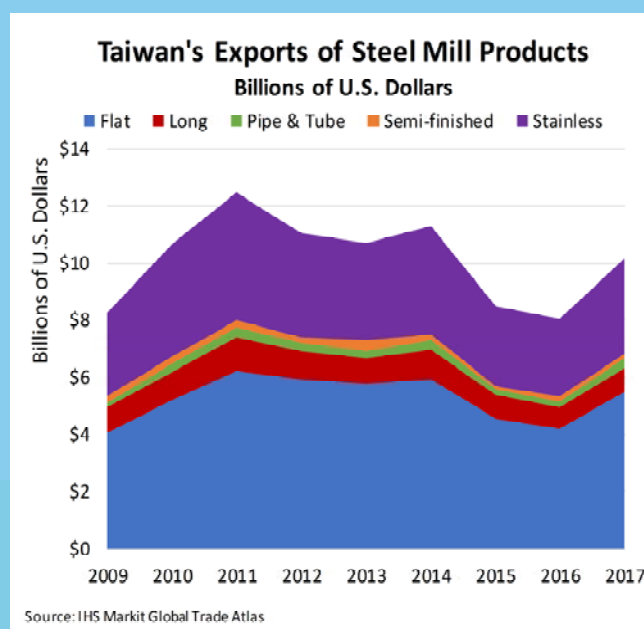
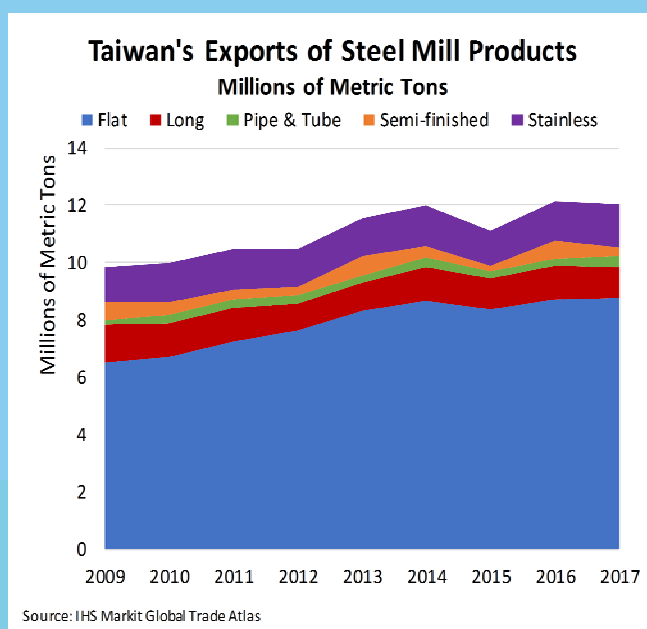


Source: IHS Markit Global Trade Atlas

Export Volume, Value, and Product

Between 2009 and 2016, Taiwan's exports of steel mill products increased by 23 percent, from 10 million metric tons in 2009 to 12.2 million metric tons in 2016. In 2017, Taiwan's steel exports decreased by 1 percent to 12.0 million metric tons. The value of Taiwan's 2017 steel exports increased by 27 percent to \$10.2 billion from \$8.0 billion in 2016, which can be attributed to an increase in global steel prices.

Flat products accounted for a significant share of Taiwan's steel exports in 2017 at 73 percent or 8.8 million metric tons. Stainless products accounted for 12 percent, or 1.5 million metric tons, of Taiwan's exports of steel in 2017, followed by long products at 9 percent (1.1 million metric tons), pipe and tube products at 3 percent (393 thousand metric tons) and semi-finished products at 2 percent (281 thousand metric tons).



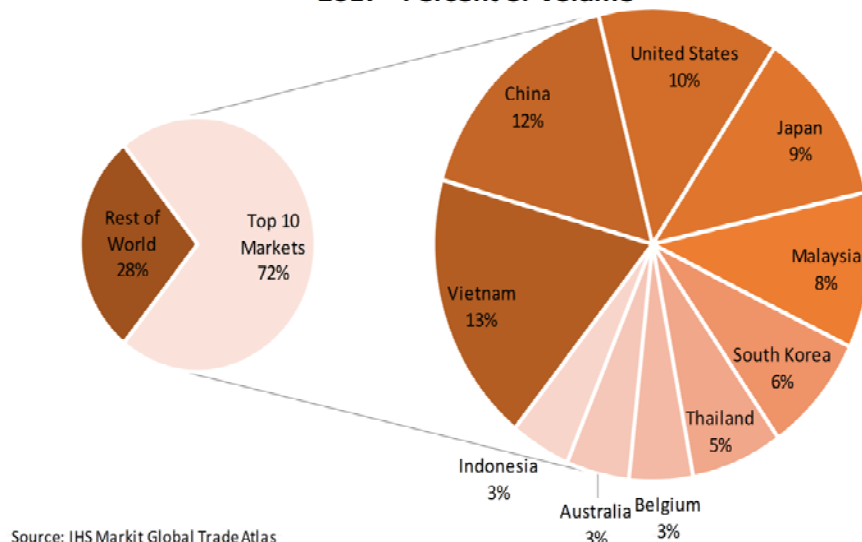
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Exports by Top Market

Exports to Taiwan's top 10 steel markets represented 72 percent of Taiwan's steel export volume in 2017 at 8.6 million metric tons (mmt). Vietnam accounted for the largest share of Taiwan's exports with 13 percent (1.6 mmt), followed by China at 12 percent (1.4 mmt), the United States at 10 percent (1.2 mmt), Japan at 9 percent (1.0 mmt), and Malaysia at 8 percent (0.9 mmt).

The United States has ranked among the top destinations for Taiwan's steel exports for most of the last decade.

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



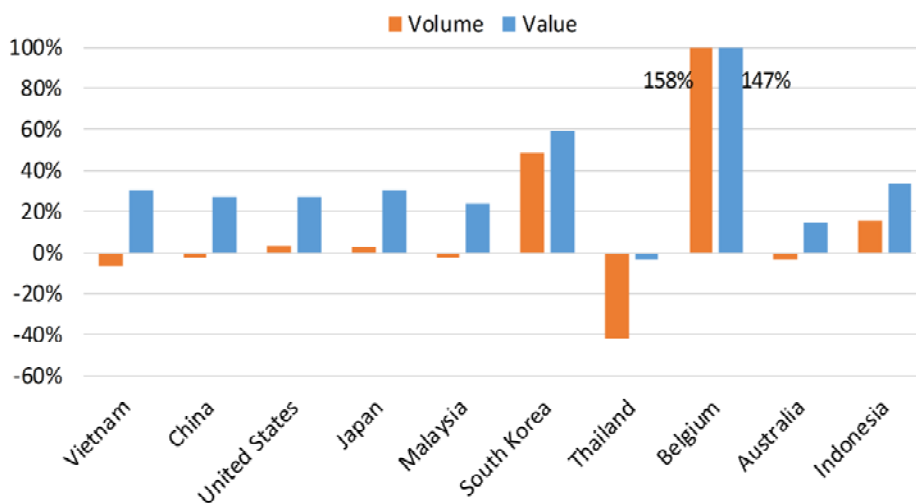
Source: IHS Markit Global Trade Atlas

Trends in Exports to Top Markets

Between 2016 and 2017, the volume of Taiwan's steel exports increased to five of the country's top 10 steel export markets. Exports increased the most to Belgium (up 158% from 2016), followed by South Korea (up 48%), and Indonesia (up 16%). Taiwan's exports to Thailand showed the largest decrease in volume in 2017, down 42 percent from 2016.

Nine out of ten markets for Taiwan's steel exports showed an increase in value between 2016 and 2017. Similar to the volume increases, Belgium showed the largest increase in export value, up 147 percent from 2016, followed by South Korea (up 59%), and Indonesia (up 34%). The rest of Taiwan's top 10 markets increased in value between 15 and 30 percent, with the exception of Thailand, which decreased 4 percent in value terms from 2016.

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



Source: IHS Markit Global Trade Atlas

Outside of the top 10 markets, other substantial volume changes included Taiwan's exports to 16th-ranked United Kingdom (up 92%), 12th-ranked Spain (up 46%), and 11th-ranked Philippines (down 22%).

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Top Markets by Steel Product Category

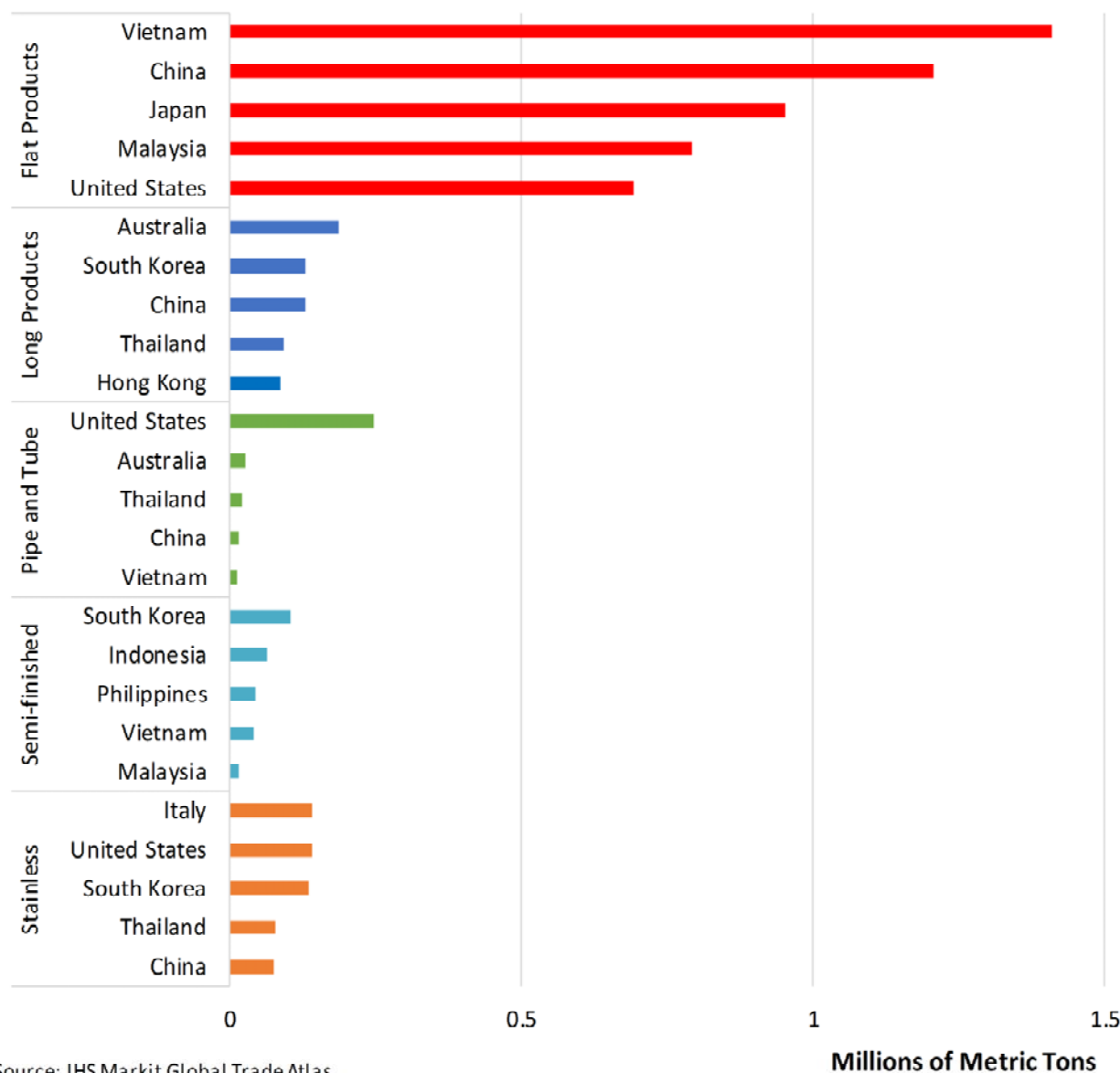
Taiwan's top export markets by volume vary across types of steel products. Vietnam accounted for the largest share of Taiwan's exports of flat products in 2017 at 16 percent (1.4 million metric tons), followed by China at 14 percent (1.2 million metric tons).

Australia was the largest market for Taiwan's exports of long products in 2017 at 17 percent (188 thousand metric tons).

The United States was the largest market for Taiwan's exports of pipe and tube products in 2017 at 63 percent (248 thousand metric tons).

South Korea was the largest market for semi-finished exports at 37 percent (104 thousand metric tons), while Italy accounted the largest share of stainless exports at 10 percent (143 thousand metric tons).

Taiwan's Top 5 Export Markets by Product - 2017



Source: IHS Markit Global Trade Atlas

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Taiwan's Import Market Share in Top Destinations

In 2017, the import market share for Taiwan's steel products increased in five of Taiwan's top export destinations for which data are available. The share of steel imports from Taiwan increased the most in Belgium and South Korea, each up 1.6 percentage points from 2016, followed by Malaysia (up 1.2 percentage points) and Australia (up 1.1 percentage points). The share of imports from Taiwan showed the largest decrease in Thailand (down 1.3 percentage points), while the shares in China, the United States, and Japan decreased by less than one percentage point in 2017.

Among Taiwan's top export markets, China, Japan, and Malaysia received more than 10 percent of their total steel imports from Taiwan. In 2017, flat products accounted by far

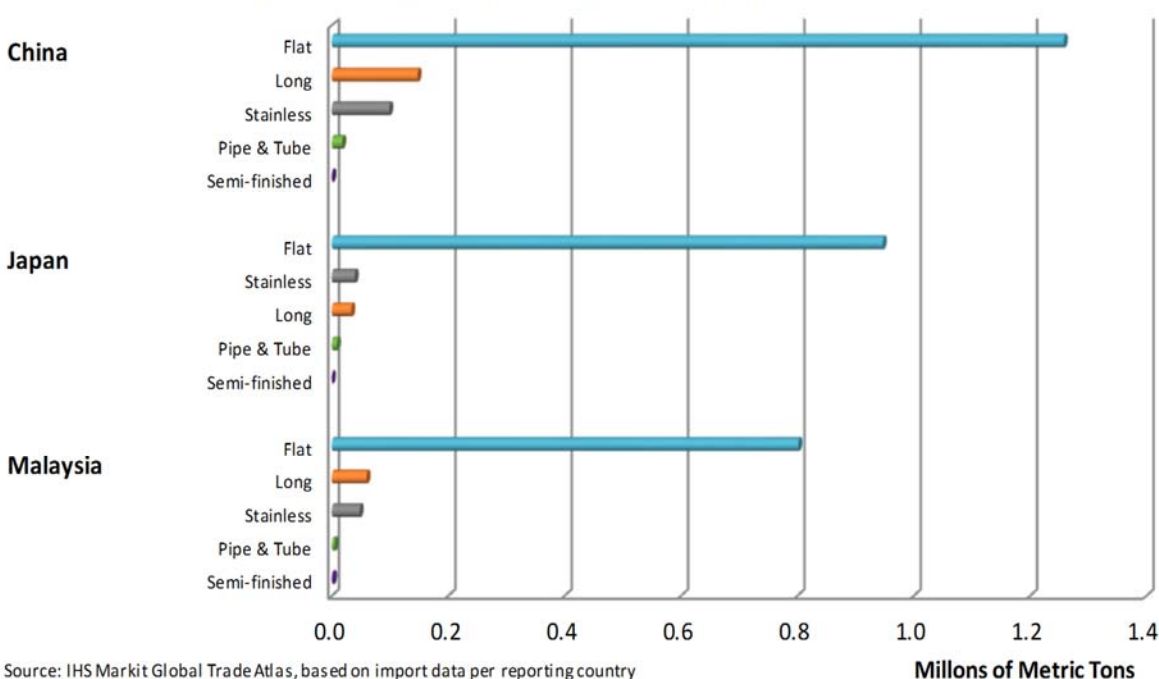
for the largest share of steel imports from Taiwan in each China (83% or 1.3 million metric tons), Japan (92% or 947 thousand metric tons), and Malaysia (87% or 802 thousand metric tons).

| Taiwan's Steel Import Market Share | | | | |
|------------------------------------|-------------------------------------|-----------------------|-------------------------------------|-----------------------|
| Top 10 Export Destinations | Share of Imports from Taiwan - 2016 | Taiwan's Rank in 2016 | Share of Imports from Taiwan - 2017 | Taiwan's Rank in 2017 |
| Vietnam* | 0.0% | N/A | N/A | N/A |
| China | 11.7% | 3 | 11.1% | 3 |
| United States | 3.3% | 9 | 3.3% | 9 |
| Japan | 17.3% | 3 | 16.9% | 2 |
| Malaysia | 10.8% | 4 | 12.1% | 3 |
| South Korea | 2.0% | 4 | 3.6% | 3 |
| Thailand | 5.4% | 4 | 4.1% | 5 |
| Belgium | 0.9% | 15 | 2.5% | 9 |
| Australia | 6.2% | 4 | 7.2% | 3 |
| Indonesia | 2.7% | 7 | 3.5% | 7 |

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

* Vietnam 2017 import data unavailable

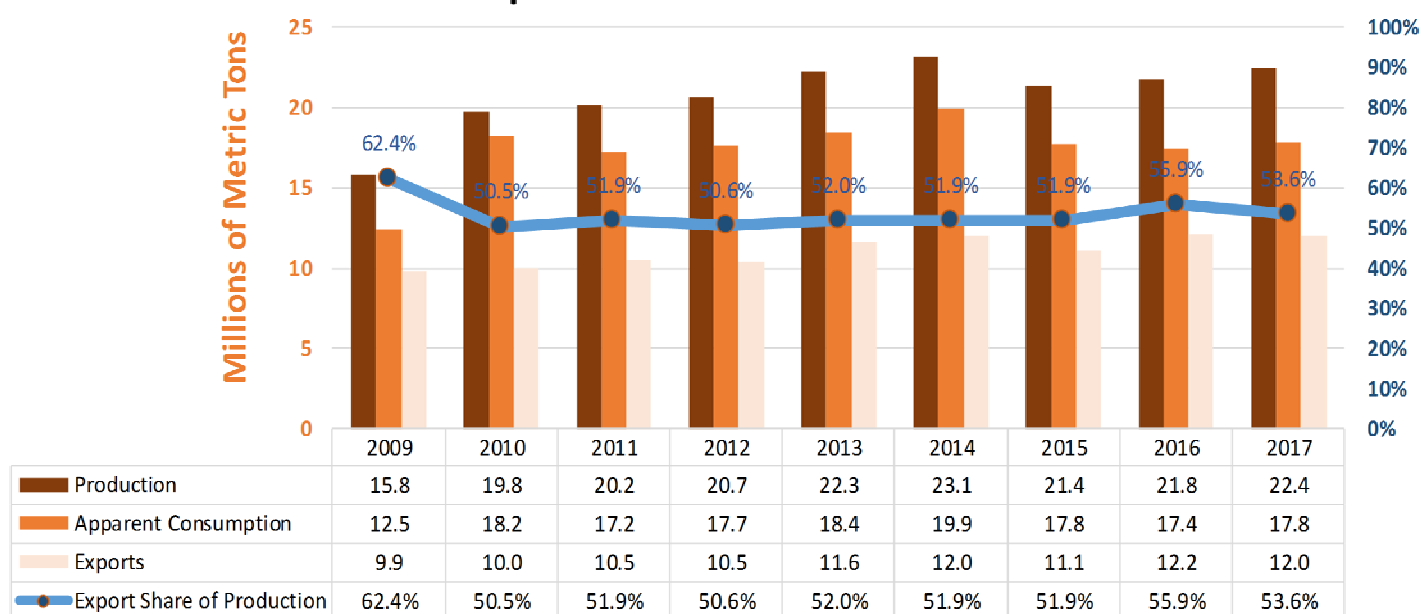
Steel Import Composition of Top Market-Share Countries - 2017



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Overall Production and Export Share of Production

Taiwan's Export Share of Steel Production



Sources: World Steel Association; IHS Markit Global Trade Atlas

Taiwan's crude steel production increased steadily between 2009 and 2014, growing by a total of 7.3 million metric tons. In 2015, production decreased by 7 percent to 21.4 million metric tons from 23.2 million metric tons in 2014. From 2016 to 2017, production increased 3 percent to 22.4 million metric tons. Production has consistently outpaced apparent consumption (a measure of steel demand) by an average of 2 million metric tons between 2009 and 2016. In 2017, the gap between production and demand widened to a peak of 4.6 million metric tons. Between 2009 and 2010, Taiwan's steel exports as a share of production fell by nearly 12 percentage points as production increased while exports held steady. Since then, the export share has remained above 50 percent and reached 53.6 percent in 2017.

Top Producers

Taiwan has several steel producers, a mix of public, state-owned, and foreign-owned companies. The largest producer, China Steel Corp, accounts for 10 mmt of steel, or about half of total steel production in 2017. The second largest steel producer, Dragon Steel, has been a wholly owned subsidiary of China Steel Corporation since 2008.

Taiwan's Top Steel Producers

| Rank | Company | Capacity (mmt) | Main Products |
|------|-------------------------------|-----------------|-------------------------------------|
| 1 | China Steel Corp. | 10 (production) | Steel plates, bars, wire rods |
| 2 | Dragon Steel Corp. | 6 | H beams, billets, steel plates |
| 3 | Tung Ho Steel Enterprise Corp | 2.2 | Reinforcing bar, sections, plates |
| 4 | Walsin Lihwa Corp | 0.7 | Billets, slabs, wire rod |
| 5 | Tang Eng Iron Works Co Ltd | 0.3 | Billets, hot- and cold- rolled coil |

Sources: 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. The table below provides statistics on the current number of trade remedies various countries have against steel mill products from Taiwan.

| Steel Mill Trade Remedies in Effect Against Taiwan | | | | |
|----------------------------------------------------|-----------|----------|----------------------------------------|-----------|
| Country | AD | CVD | Suspension Agreements and Undertakings | Total |
| Australia | 6 | | | 6 |
| Brazil | 3 | | | 3 |
| Canada | 3 | | | 3 |
| European Union | 1 | | | 1 |
| India | 1 | | | 1 |
| Indonesia | 3 | | | 3 |
| Malaysia | 1 | | | 1 |
| Mexico | 1 | | | 1 |
| Thailand | 6 | | | 6 |
| Turkey | 1 | | | 1 |
| United States | 12 | 1 | | 14 |
| Vietnam | 1 | | | 1 |
| TOTAL | 39 | 1 | 0 | 40 |

Source: World Trade Organization, through June 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; 2) I and H sections of other alloy steel; 3) 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/>.

