



# Global Steel Trade Monitor

## Steel Imports Report: China

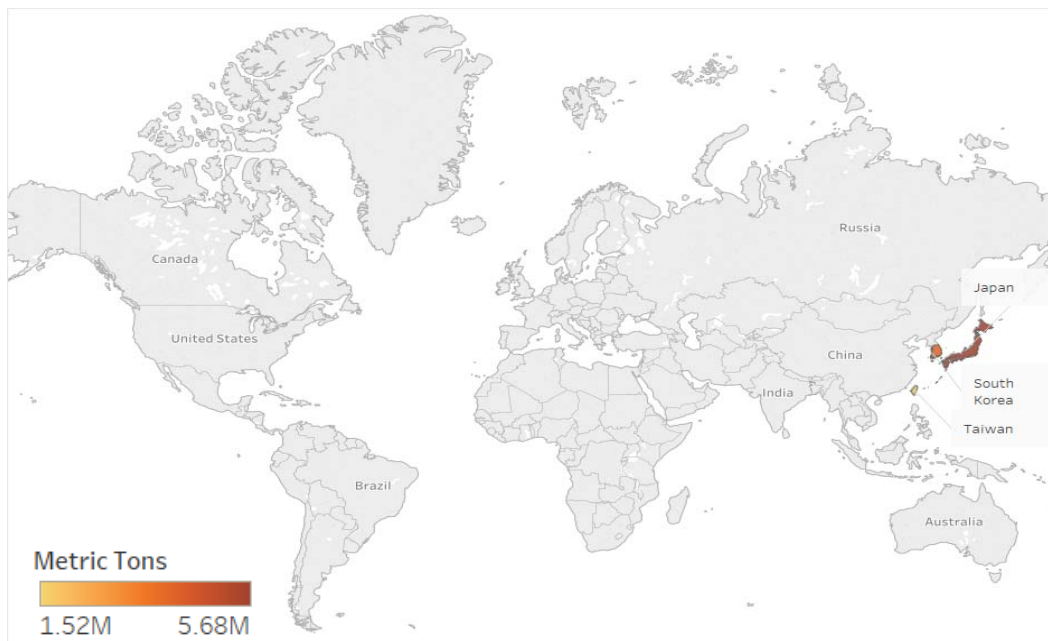
April 2018

### Background

China is the world's eighth largest steel importer. In 2017, China imported 13.8 million metric tons of steel, a 2 percent increase from 13.4 million metric tons in 2016. China's imports represented about 4 percent of all steel imported globally in 2016. The volume of China's 2017 steel imports was less than half that of the world's largest importer, the United States. In value terms, steel represented just 0.8 percent of the total goods imported into China in 2017.

In 2017, China imported steel from over 75 countries and territories. The three countries highlighted in the map below represent the top import sources for China's imports of steel, with each sending more than 1 million metric tons to China and together accounting for 88 percent of China's steel imports in 2017.

### China's Imports of Steel Mill Products - 2017



Data Source: Global Trade Atlas; Copyright © IHS Global Inc. 2018. All rights reserved.

### Quick Facts:

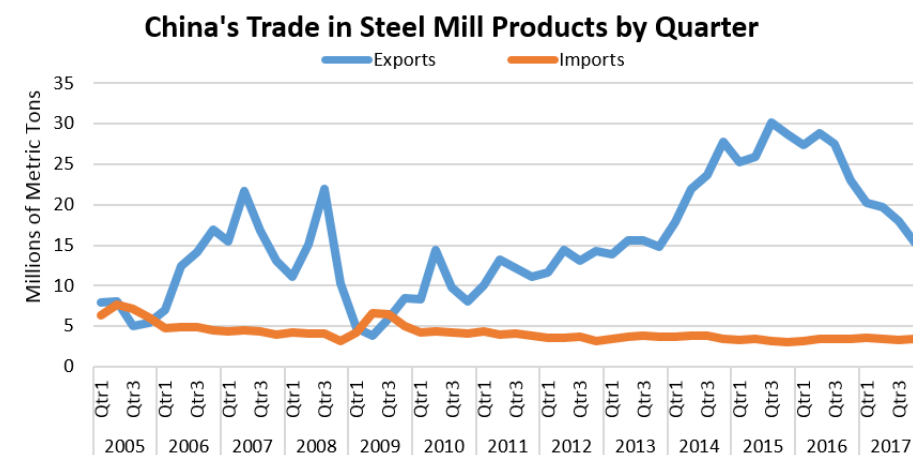
- World's eighth largest steel importer: 13.8 million metric tons (2017)
- 38% steel import decline since 2009
- Year-on-year import volume up 2% while import value up 18%
- Import penetration down from 3.9% in 2009 to 1.8% in 2017
- Top three import sources: Japan, South Korea, Taiwan
- Largest producers: China Baowu Group and HBIS Group
- 10 trade remedies in effect against imports of steel mill products

# Steel Imports Report: **China**

## Steel Trade Balance

In 2005, China's steel exports and imports were virtually in balance. Since then, however, China's exports have increased dramatically, growing 219 percent between 2009 and 2017 alone, while imports decreased by 38 percent over the same period.

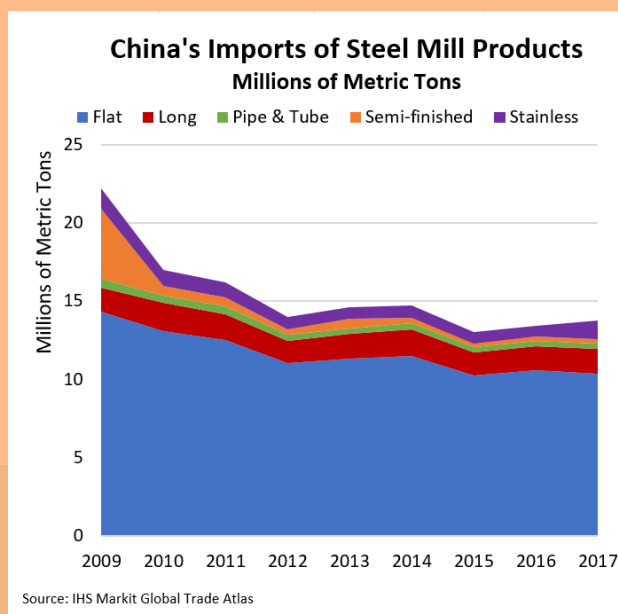
China has posted a steel trade surplus every year since 2006. In 2017, this surplus amounted to 59 million metric tons, a 36 percent decrease since 2016.



## Import Volume, Value, and Product

China's level of steel imports has been trending downwards in recent years. However, in 2017 the volume of China's steel imports increased by 2 percent to 13.8 million metric tons from 13.4 million metric tons in 2016. The value of China's 2016 steel imports increased 18 percent to \$15 billion from \$12.7 billion in 2016, which can be attributed to a significant rise in global steel prices.

Flat products account for the largest share of China's steel imports. In 2017, China imported 10.3 million metric tons of flat products — 75 percent of total steel imports. Long products accounted for 12 percent, or 1.6 million metric tons, of China's imports, followed by stainless products (9% or 1.2 million metric tons), pipe and tube (3% or 351 thousand metric tons), and semi-finished steel (2% or 283 thousand metric tons).

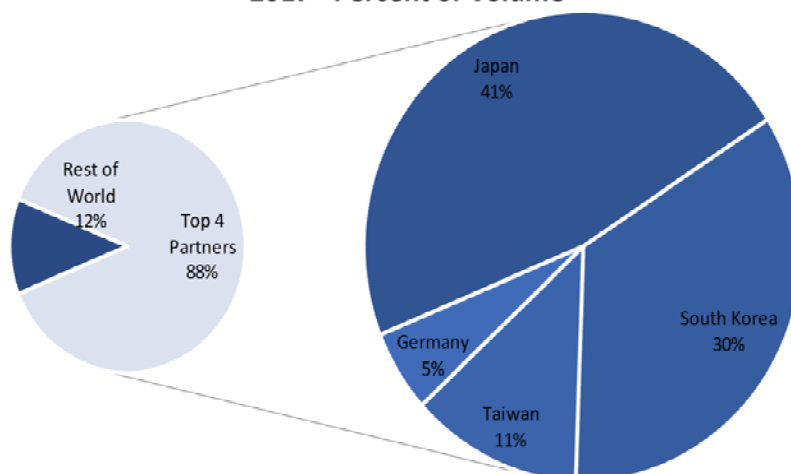


# Steel Imports Report: **China**

## Imports by Top Source

The top 4 source countries for China's steel imports represented 88 percent of the total steel import volume in 2017 at 12.1 million metric tons (mmt). Japan accounted for the largest share of China's imports by source country at 41 percent (5.7 mmt), followed by South Korea at 30 percent (4.2 mmt), Taiwan at 11 percent (1.5 mmt), and Germany at 5 percent (0.7 mmt).

**China's Steel Imports - Top 4 Sources**  
2017 - Percent of Volume



Source: IHS Markit Global TradeAtlas

The United States ranked eleventh as a source for China's steel imports in 2017. China imported 80 thousand metric tons from the U.S. in 2017 — a 25 percent increase from 64 thousand metric tons in 2016.

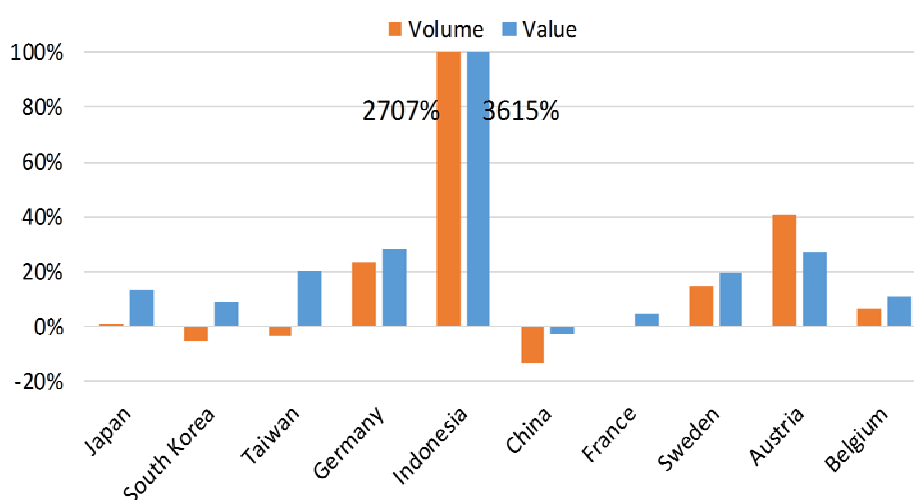
## Trends in Imports from Top Sources

The volume of China's steel imports decreased from seven of China's top 10 steel import sources between 2016 and 2017. The overall value of China's imports increased from nine of the top 10, at a noticeably higher growth rate, however, reflecting the increase in global steel prices.

Considerable increases in steel import volume between 2016 and 2017 included China's imports from Indonesia (up 2707% from 2016), Austria (up 41%), and Germany (up 23%). Only imports from China, South Korea, and Taiwan decreased in volume, down 13 percent, 5 percent, and 3 percent, respectively.

Imports from Indonesia, Germany, and Austria also showed the greatest increases in value between 2016 and 2017, up 3615 percent, 28 percent, and 27 percent, respectively. China's imports from China showed the only decrease in volume, with imports down 3 percent by volume. (Note: China's imports from China are due to products being produced in China, exported from China, and then re-entering China.)

**Percent Change of China Imports from Top 10 Markets (2016 to 2017)**



Source: IHS Markit Global TradeAtlas

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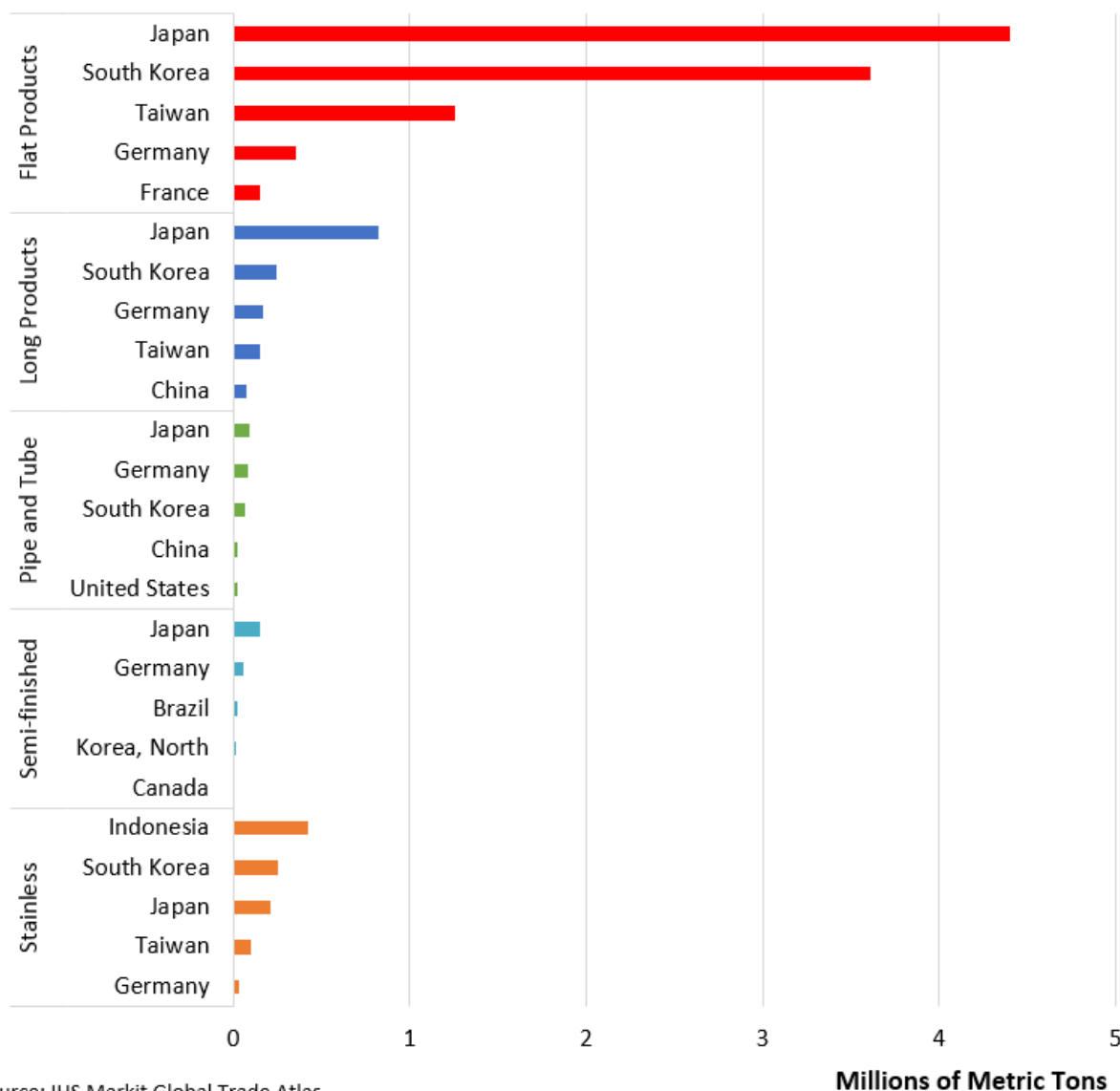
## Top Sources by Steel Product Category

The top source countries for China's imports by volume vary across types of steel products, though Japan help the top spot for imports in four of the five product categories. Japan accounted for 43 percent (4.4 million metric tons) of China's imports of flat products in 2017, followed by South Korea at 35 percent (3.6 million metric tons) and Taiwan at 12 percent (1.3 million metric tons).

In 2017, China imported half of its long product imports from Japan (825 thousand metric tons), 25 percent of its pipe and tube imports from Japan (89 thousand metric tons), 54 percent of its semi-finished imports from Japan (154 thousand metric tons). China imported 36 percent of its stainless imports from Indonesia (421 thousand metric tons).

Pipe and tube was the only product category for which the United States was a top-five source in 2017.

**China's Top 5 Import Sources by Product - 2017**



Source: IHS Markit Global Trade Atlas

# Steel Imports Report: **China**

## China's Export Market Share from Top Source Countries

In 2017, the share of steel exports sent to China from its top import sources either increased or remained almost same in the majority of cases. In 2017, the share of South Korea's steel exports to China showed the largest decrease (down 1.4 percentage points), followed by Taiwan (down 0.2 percentage points) and Sweden (down 0.1 percentage points). Japan and Austria saw the largest increases in their share of steel exports to China, increasing 1.3 percentage points and 0.4 percentage points, respectively. Of note, China only ranks in the top 10 as an export destination in four of its top import sources.

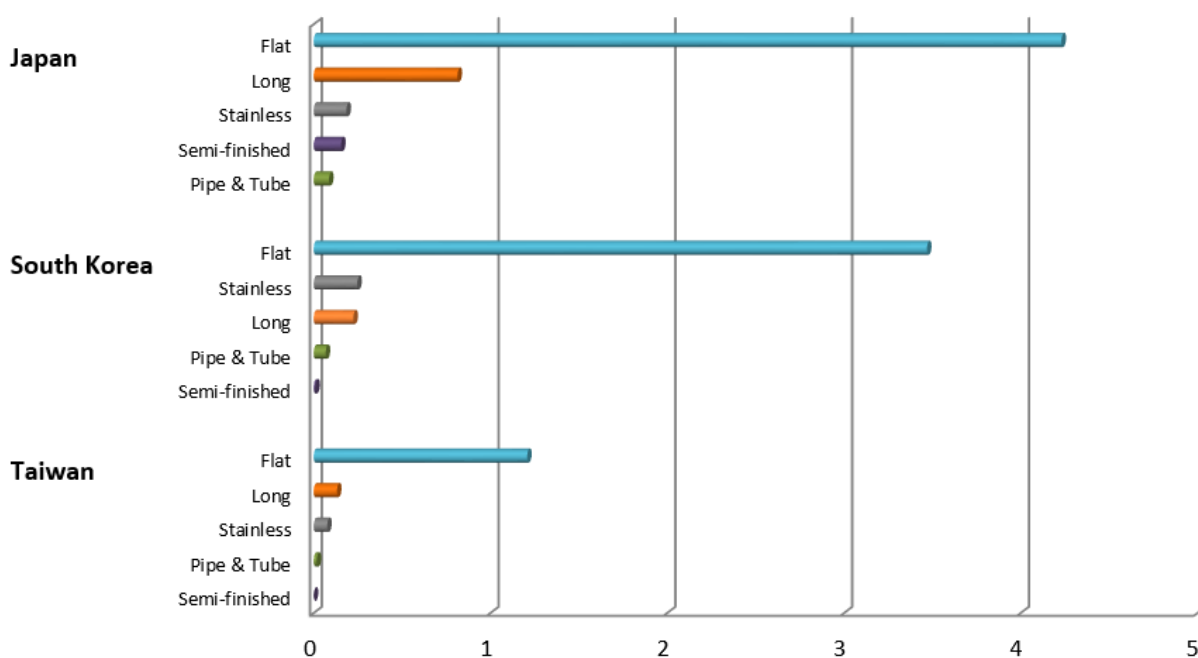
China's Steel Export Market Share				
Top 10 Import Sources	Share of Exports to China - 2016	China's Rank in 2016	Share of Exports to China - 2017	China's Rank in 2017
Japan	13.3%	3	14.6%	3
South Korea	14.4%	1	13.0%	1
Taiwan	12.1%	2	11.9%	2
Germany	2.2%	13	2.7%	12
Indonesia*	1.8%	12	N/A	N/A
France	1.0%	17	1.0%	14
Sweden	2.7%	13	2.7%	12
Austria	0.9%	21	1.2%	18
Belgium	0.8%	13	0.8%	18
United States	0.8%	4	0.9%	5

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

\* Note: Indonesia 2017 Data unavailable

Among China's top import sources, Japan, South Korea, and Taiwan sent the largest shares of their total steel exports to China. In 2017, flat products accounted overwhelmingly for the largest share of steel exports to China from all three sources. Flat products accounted for 77 percent (4.2 million metric tons) of Japan's steel exports to China, 86 percent (3.5 million metric tons) of South Korea's exports, and 84 percent (1.2 million metric tons) of Taiwan's exports.

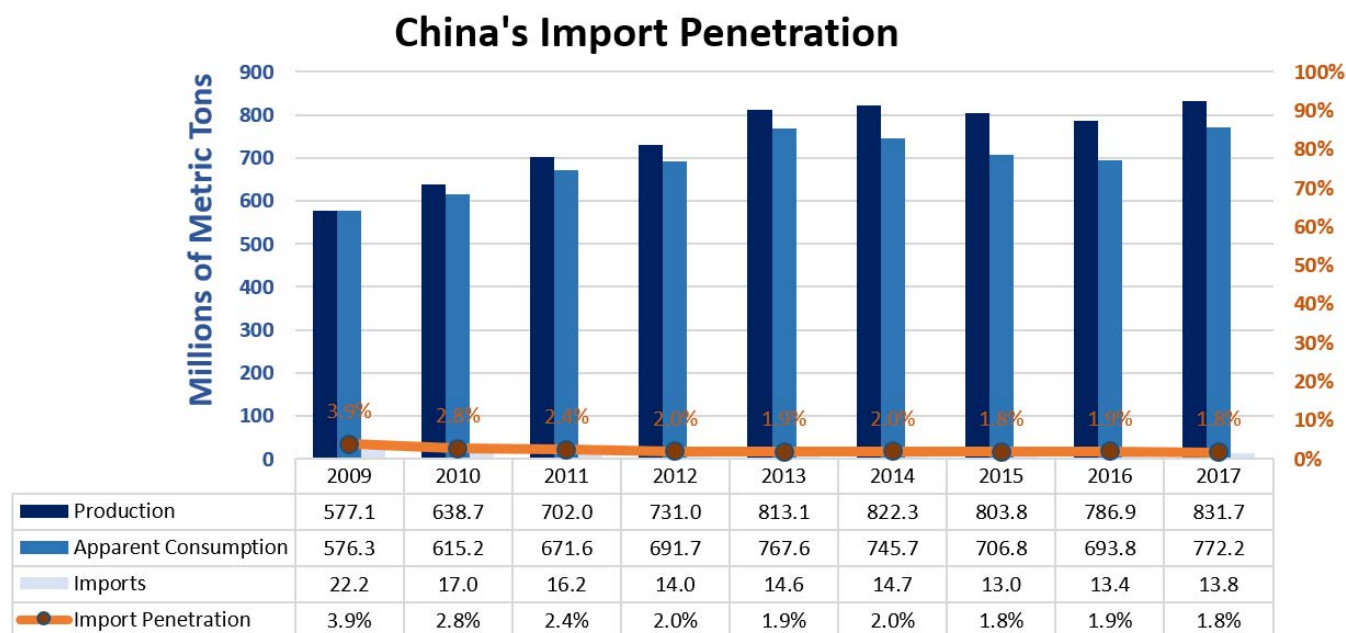
## Steel Export Composition of Top Market-Share Countries - 2017



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

# Steel Imports Report: China

## Overall Production and Import Penetration



Sources: World Steel Association; IHS Markit Global Trade Atlas

China's crude steel production increased by 36 percent between 2009 and 2016, and it has increased since then, up 6 percent to 831.7 million metric tons in 2017. The gap between production and apparent consumption (a measure of steel demand), which was nearly non-existent in 2009, has grown steadily larger. By 2017, China's production outpaced the country's demand by 59.5 million metric tons. Imports have little effect on domestic demand, as shown by a steadily decreasing import penetration level that amounted to 1.8 percent in 2017.

## Top Producers

China Baowu Group (the result of a merger between Baosteel Group and Wuhan Steel Group) is China's largest steel-producing company. China's steel production is spread out across many companies, with the country's top 9 producers accounting for only 291.3 million metric tons, or 36 percent of total 2016 production, based on available data.

China's Top Steel Producers in 2016			
Rank	Company	Production (mmt)	Main Products
1	China Baowu Group	63.8	Billets, tubes, pipes, bars, plates
2	HBIS Group (Hesteel)	46.2	Plates, sheets, wire rod, bars, sections
3	Shagang Group	33.3	Rebar, wire rod, slabs, coils
4	Ansteel Group	33.2	Wire rod, pipe, plates, cold-rolled
5	Shougang Group	26.8	Plates, strips, wire, pipes
6	Shandong Steel Group	23	H-beams, strip, plates, bars
7	Maanshan Steel	18.6	Sheets, sections, wire, bars
8	Jianlong Group	16.5	Sheets, strips, rebar, billets, pipes
9	Valin Group	15.5	Pipe & tube, wire, wire rod
10	Benxi Steel	14.4	Coils, sheets, plates

Source: World Steel Association; Hoover's; Bloomberg; 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 China has against imports of steel mill products from various countries. China has no steel mill safeguards in effect.

<b>China’s Trade Remedies in Effect Against Steel Mill Imports</b>				
<b>Country</b>	<b>AD</b>	<b>CVD</b>	<b>Suspension Agreements</b>	<b>Total</b>
European Union	3			3
Japan	4			4
South Korea	1			1
United States	2			2
<b>TOTAL</b>	<b>10</b>	<b>0</b>	<b>0</b>	<b>10</b>
Source: World Trade Organization, through June 30, 2017				

# Steel Imports Report: Glossary

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**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.

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**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/>.

