



Global Steel Trade Monitor

Steel Imports Report: Czech Republic

May 2018

Background

The Czech Republic is the world's twentieth-largest steel importer. In 2017, the Czech Republic imported 7.0 million metric tons of steel, a 6 percent increase from 6.6 million metric tons in 2016. The Czech Republic's imports represented about 2 percent of all steel imported globally in 2016, based on available data. The volume of the Czech Republic's 2017 steel imports was about one-fifth the size of the world's largest importer, the United States. In value terms, steel represented just 3.9 percent of the total goods imported into the Czech Republic in 2017.

The five countries highlighted in the map below represent 71 percent of the Czech Republic's top steel import sources in 2017. Each of the top five sent more than 400 thousand metric tons to the Czech Republic, with the top three alone sending more than 1 million metric tons each.

Czech Republic's Imports of Steel Mill Products - 2017



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Quick Facts:

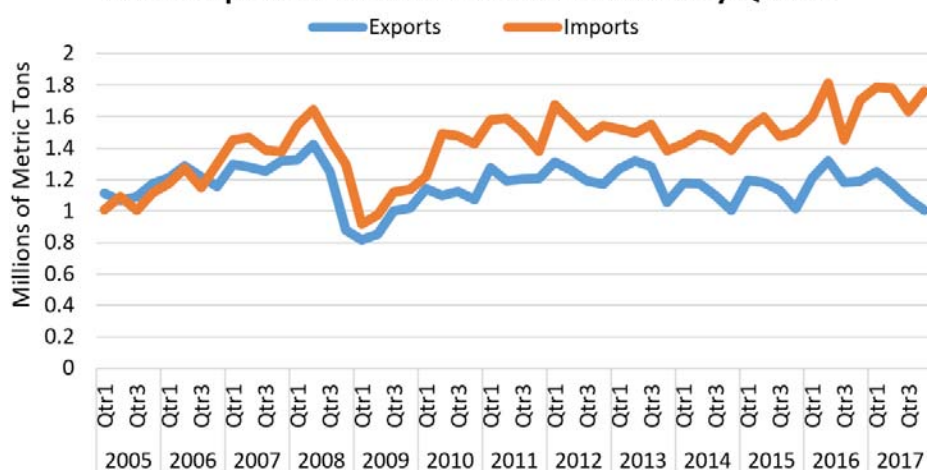
- World's 20th-largest steel importer: 7.0 million metric tons (2017)
- 68% steel import growth since 2009
- Year-on-year import volume up 6% while import value up 27%
- Top three import sources: Germany, Poland, Slovakia
- Import penetration up to 99.3% in 2017 from 94.2% in 2016
- Largest producers: ArcelorMittal Ostrava, Trinecke Zelezarny, Vitkovice Steel, ZDB Dratovna
- 36 European Union trade remedies in effect against imports of steel mill products

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Steel Trade Balance

The Czech Republic has had a steel trade deficit since the end of 2006. The Czech Republic switched from a steel trade surplus to a trade deficit in Q4 2006. Imports and exports both declined in 2008-2009, following the global recession. Imports increased 68 percent between 2009 and 2017, while exports increased by 22 percent, and the trade deficit has gradually widened. In 2017, the steel trade deficit amounted to -2.5 million metric tons, growing from -1.7 million metric tons in 2016.

Czech Republic's Trade in Steel Mill Products by Quarter

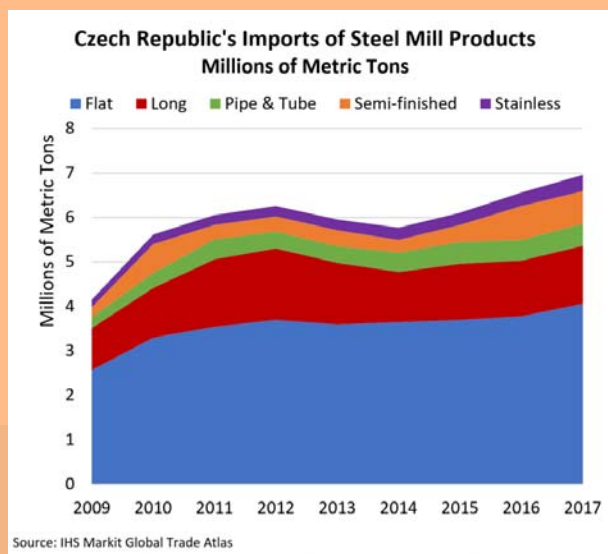


Source: IHS Markit Global Trade Atlas

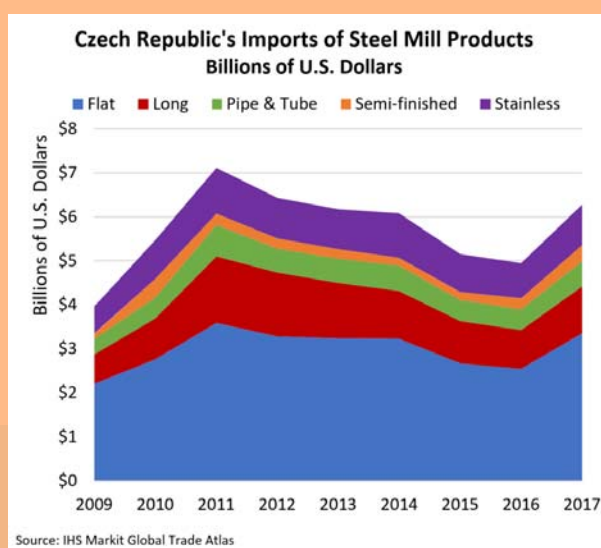
Import Volume, Value, and Product

The Czech Republic's volume of steel imports has averaged 6.2 million metric tons since 2010. Imports increased in 2016 by 8 percent to 6.6 million metric tons from 6.1 million metric tons in 2015. Steel imports increased another 6 percent to 7.0 million metric tons in 2017. The value of the Czech Republic's steel imports increased by 27 percent to \$6.3 billion in 2017 from \$5 billion in 2016.

In 2017, flat products accounted for the largest share of the Czech Republic's steel imports at 58 percent, or 4.1 million metric tons. Long products accounted for 19 percent, or 1.3 million metric tons, of the Czech Republic's imports, followed by semi-finished products at 11 percent (733 thousand metric tons), pipe and tube products at 7 percent (502 thousand metric tons), and stainless steel at 5 percent (356 thousand metric tons).



Source: IHS Markit Global Trade Atlas



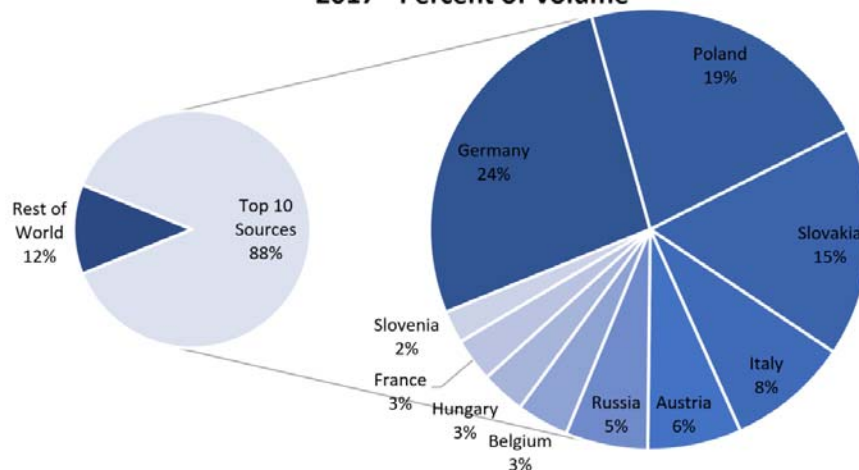
Source: IHS Markit Global Trade Atlas

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Imports by Top Source

The top 10 source countries for the Czech Republic's steel imports represented 88 percent of the total steel import volume in 2017 at 6.1 million metric tons (mmt). Germany accounted for the largest share of the Czech Republic's imports by source country at 24 percent (1.6 mmt), followed by Poland at 19 percent (1.3 mmt), Slovakia at 15 percent (1.0 mmt), Italy at 8 percent (0.5 mmt), and Austria at 6 percent (0.4 mmt).

Czech Republic's Steel Imports - Top 10 Sources
2017 - Percent of Volume



Source: IHS Markit Global Trade Atlas

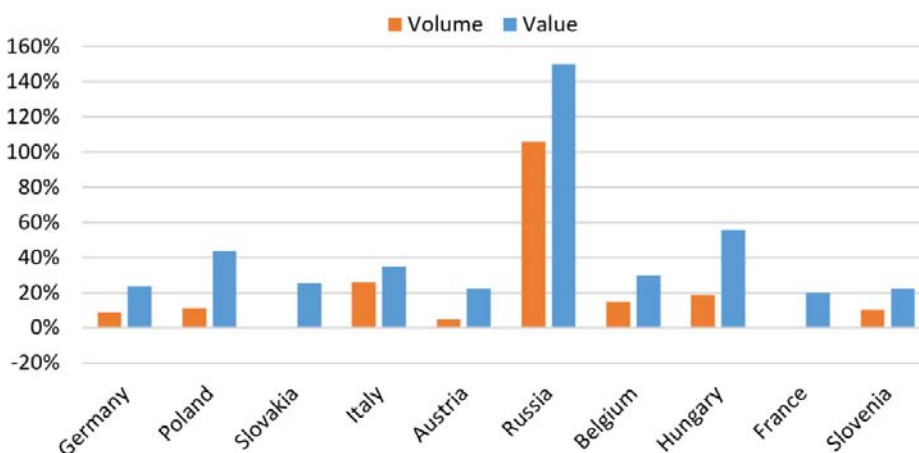
The United States ranked 38th as a source for the Czech Republic's steel imports in 2017 at just 0.02 percent (1.6 thousand metric tons).

Trends in Imports from Top Sources

Between 2016 and 2017, the volume of steel imports increased from eight of the Czech Republic's top 10 source countries. Imports from Russia jumped 106 percent by volume from 2016, followed by imports from Italy (up 26%), Hungary (up 19%), Belgium (up 15%), and Poland (up 11%). Imports from Slovakia and France were the only two top 10 source countries with decreases, down 0.1 percent and .02 percent, respectively.

The overall value of the Czech Republic's imports increased from all of its top 10 sources in 2017, reflecting the increase in global steel prices. Imports from Russia showed the largest increase in value in 2017, up 150 percent, followed by import values from Hungary (up 56%), Poland (up 44%), Italy (up 35%), and Belgium (up 30%).

Percent Change in Imports from Top 10 Sources (2016 to 2017)



Source: IHS Markit Global Trade Atlas

Outside of the top 10 sources, other significant volume changes included the Czech Republic's imports from 20th-ranked Switzerland (down 87%) and 25th-ranked Serbia (up 232%).

Steel Imports Report: Czech Republic

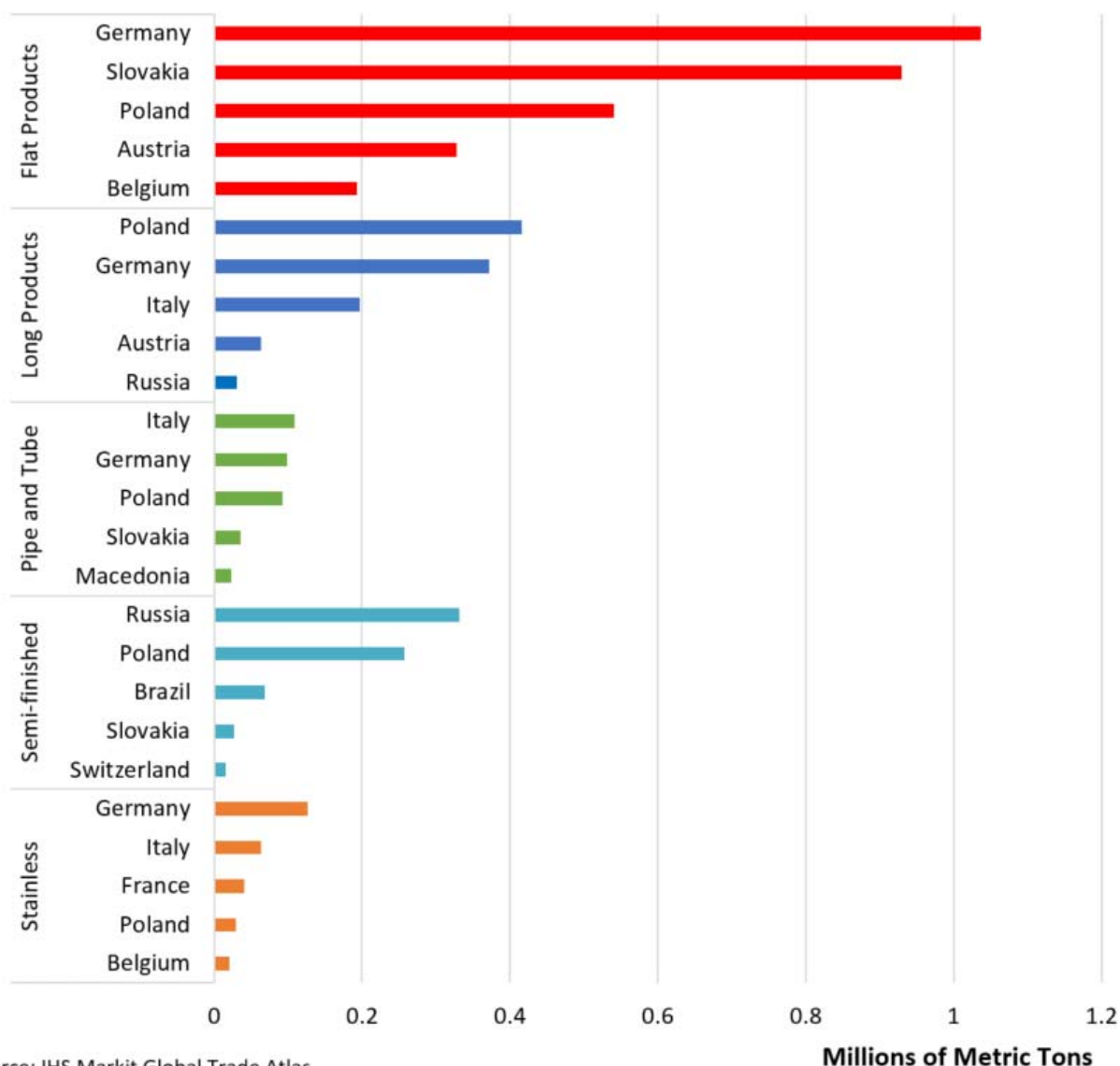
Top Sources by Steel Product Category

The top source countries for the Czech Republic's imports by volume vary across types of steel products. The Czech Republic imported the largest share of flat products from Germany in 2017 at 26 percent (1 million metric tons), followed by closely Slovakia at 23 percent (930 thousand metric tons). Germany also represented the largest share of the Czech Republic's stainless imports at 36 percent (127 thousand metric tons).

In 2017, Poland represented the largest share of long product imports at 32 percent (416 thousand metric tons), followed by Germany at 29 percent (371 thousand metric tons). Italy represented the largest share of pipe and tube imports at 22 percent (108 thousand metric tons), while Russia represented the largest share of semi-finished imports at 45 percent (332 thousand metric tons).

The United States was not a top-five import source for any product category.

Czech Republic's Top 5 Import Sources by Product - 2017



Source: IHS Markit Global Trade Atlas

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Czech Republic's Export Market Share from Top Source Countries

In 2017, the share of steel exports sent to the Czech Republic from its top import sources increased or remained relatively unchanged from six of the top 10 sources. The share of steel exports to the Czech Republic from Italy, Poland, Russia, Slovenia, and Belgium all increased by less than one percentage point from 2016. Slovakia's export share to the Czech Republic decreased the most, down 3.2 percentage points. The share of steel exports from Hungary, France, Austria, and Germany all decreased by less than one percentage point.

Among the Czech Republic's top sources, Poland, Slovakia, and Slovenia sent the largest shares of exports to the Czech Republic at 20.8 percent, 19.7 percent, and 14.9 percent, respectively. In 2017, flat products accounted for the largest share of steel exports to the Czech Republic from Poland, Slovakia, and Slovenia at 42 percent (520 thousand metric tons), 90 percent (906 thousand metric tons), and 87 percent (139 thousand metric tons) of exports, respectively.

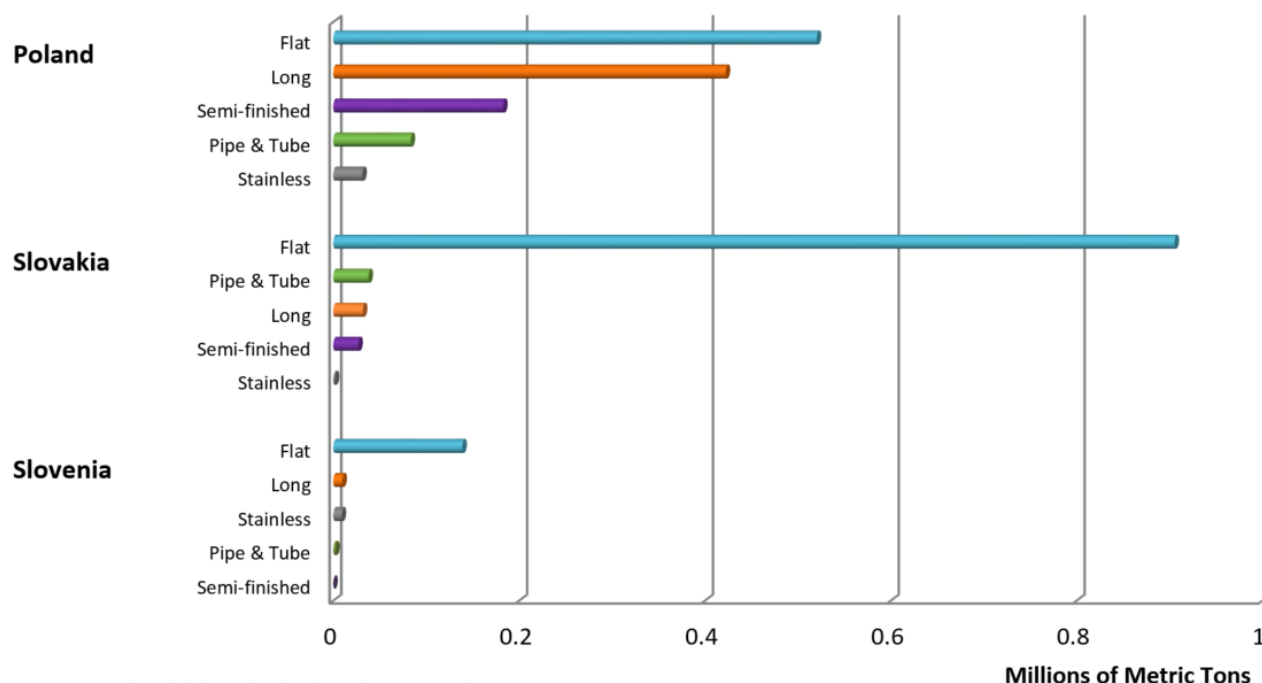
Czech Republic's Steel Export Market Share				
Top 10 Import Sources	Share of Exports to Czech Republic- 2016	Czech Republic's Rank in 2016	Share of Exports to Czech Republic - 2017	Czech Republic's Rank in 2017
Germany	5.6%	6	5.6%	6
Poland	20.4%	2	20.8%	2
Slovakia	22.9%	1	19.7%	2
Italy	2.6%	10	3.3%	9
Austria	5.8%	3	5.6%	3
Russia	1.5%	17	1.9%	15
Belgium	1.2%	10	1.3%	10
Hungary	12.0%	5	11.1%	5
France	1.4%	12	1.1%	12
Slovenia	14.7%	2	14.9%	2

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

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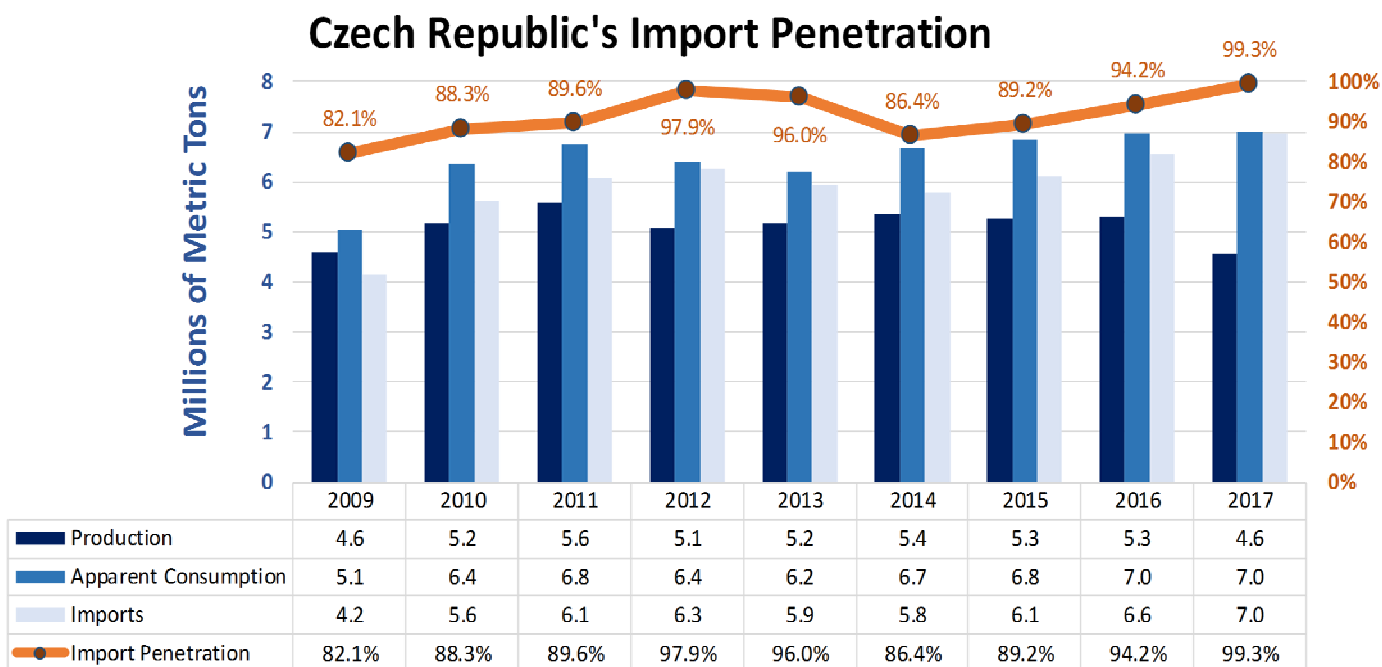
Steel Export Composition of Top Market-Share Countries - 2017



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

Steel Imports Report: Czech Republic

Overall Production and Import Penetration



Sources: World Steel Association; IHS MarkIt Global Trade Atlas

After increasing 13 percent between 2009 and 2010, annual crude steel production in the Czech Republic averaged 5.3 million metric tons between 2010 and 2016. Production in 2017 decreased from 2016 levels to 4.6 million metric tons, a 14 percent decline. Apparent consumption (a measure of steel demand) has been exceeded by production every year since 2009. The gap between production and demand grew to its highest level in 2017 at 2.5 million metric tons. Import penetration levels have historically remained above 85 percent and peaked at 97.9 percent in 2012. In 2017, import penetration increased by nearly 5 percentage points to 99.3 percent from 94.2 percent in 2016, due to increasing imports and declining exports.

Top Producers

Of the Czech Republic's steel production in 2017, the largest production capacity was held by ArcelorMittal Ostrava, followed by Trinecke Zelezarny and Vitkovice Steel. Carbon steel products were the most commonly produced product by the Czech Republic's top producers. Steel production is concentrated in a single region: Moravian-Silesian Region.

Czech Republic's Top Steel Producers in 2017		
Company	Capacity (mmt)	Main Products
ArcelorMittal Ostrava	3 mmt	Carbon steel, slabs, bars, wire rod
Trinecke Zelezarny	2.6 mmt	Carbon steel, grain-oriented electrical steel, billets
Vitkovice Steel	N/A	Carbon steel plates, alloy steel plates
ZDB Dratovna	N/A	Carbon steel wire, spring steel

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 the European Union, which includes the Czech Republic, has against imports of steel mill products from various countries. The European Union has no steel mill safeguards in effect.

European Union Trade Remedies in Effect Against Steel Mill Imports				
Country	AD	CVD	Suspension Agreements and Undertakings	Total
Belarus	2			2
Brazil	1			1
China	13	2		15
India	1	2		3
Iran	1			1
Japan	1			1
Russia	5		1	6
South Korea	1		1	2
Taiwan	1			1
Ukraine	2			2
United States	1		1	2
TOTAL	29	4	3	36

Source: World Trade Organization, through December 31, 2017

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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