

Global Steel Trade Monitor

Steel Imports Report: Mexico

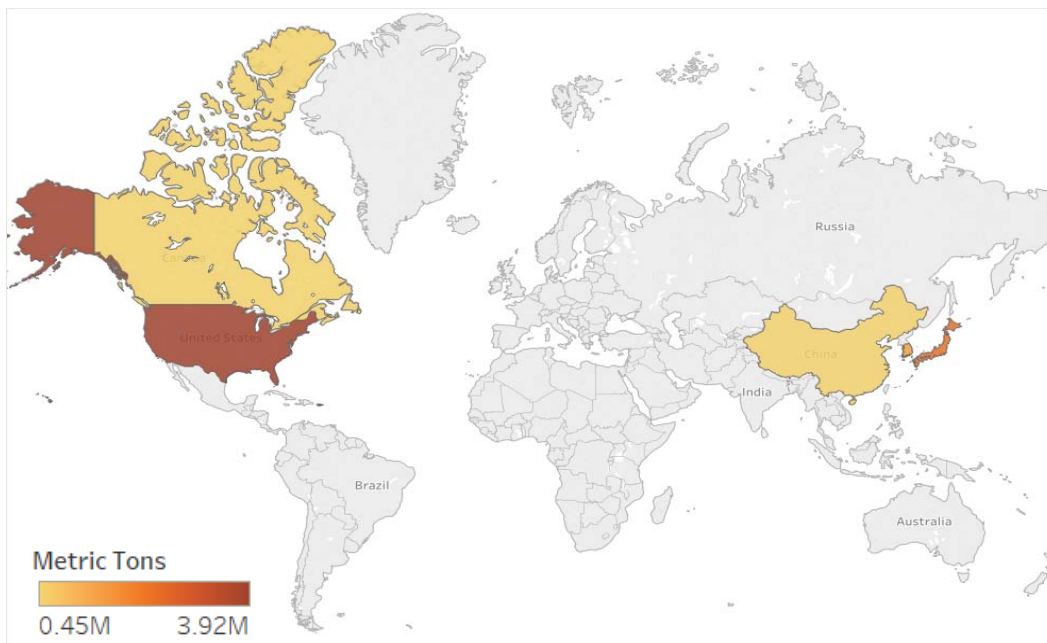
March 2018

Background

Mexico is the world's eleventh-largest steel importer. In 2017, Mexico imported 10.8 million metric tons of steel, a 12 percent increase from 9.6 million metric tons in 2016. Mexico's imports represented about 2 percent of all steel imported globally in 2016. The volume of Mexico's 2017 steel imports was about a third the size of the world's largest importer, the United States. In value terms, steel represented just 2.5 percent of the total goods imported into Mexico in 2017.

Mexico imports steel from nearly 100 countries and territories. The five countries highlighted in the map below represent the top import sources for Mexico's imports of steel, with each sending more than 400 thousand metric tons to Mexico and together accounting for 80 percent of Mexico's steel imports in 2017.

Mexico's Imports of Steel Mill Products - 2017



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

Quick Facts:

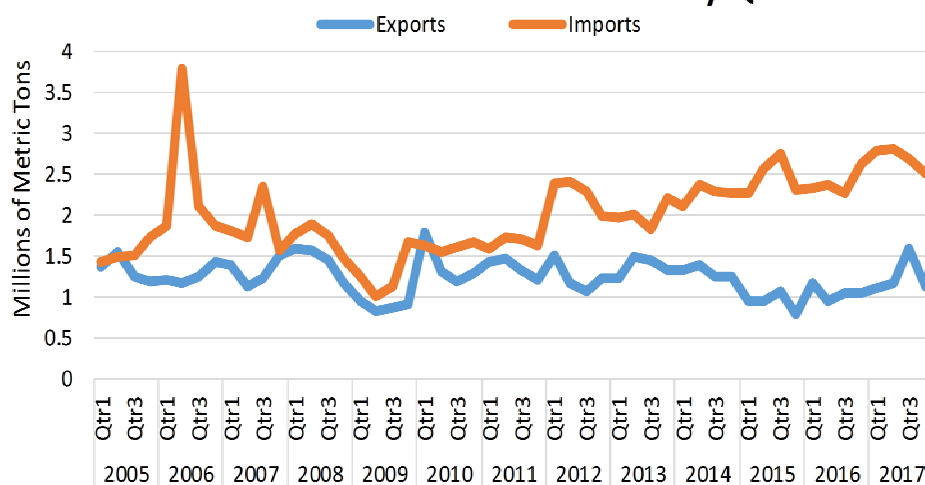
- World's 11th-largest steel importer: 10.8 million metric tons (2017)
- 75% steel import growth since 2005
- 2017 import volume up 12% while import value up 19%
- Import penetration up from 39.5% in 2016 to 42% in 2017
- Top three import sources: United States, Japan, South Korea
- Largest producers: AHMSA, Ternium S.A, ArcelorMittal, Deacero
- 31 trade remedies in effect against imports of steel mill products

Steel Imports Report: Mexico

Steel Trade Balance

Between 2005 and 2017, there was only one period when Mexico had a steel trade surplus, Q1 2010. Other than that quarter, Mexico maintained a continuous trade deficit. Between 2005 and 2017, imports have grown 75 percent, while exports have decreased 6 percent, causing the trade deficit to widen. Mexico's steel trade deficit amounted to -5.7 million metric tons in 2017, a 7 percent increase from -5.4 million metric tons in 2016.

Mexico's Trade in Steel Mill Products by Quarter



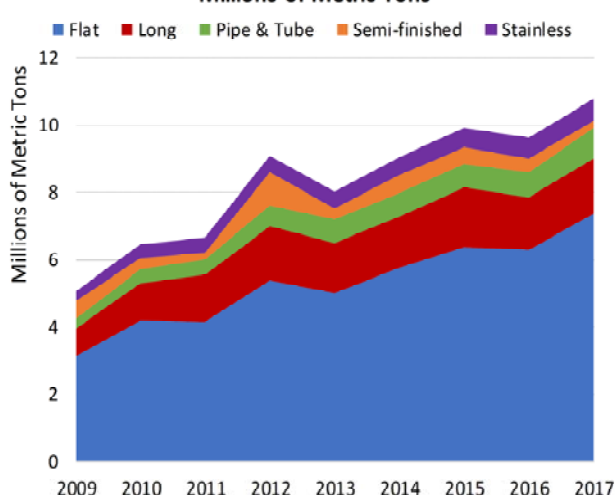
Source: IHS Markit Global Trade Atlas

Import Volume, Value, and Product

Mexico's volume of steel imports has been trending upwards since 2011. After peaking in 2015 at 9.9 million metric tons, imports declined in 2016 to 9.6 million metric tons. In 2017, imports were up 12 percent from 2016 to 10.8 million metric tons, rising above Mexico's 2015 peak. The value of Mexico's steel imports reached a peak in 2014 at \$10.3 billion before declining 14 percent to \$8.8 billion in 2016. In 2017, Mexico's import value has rose 19 percent to \$10.5 billion, once again surpassing the peak of 2014.

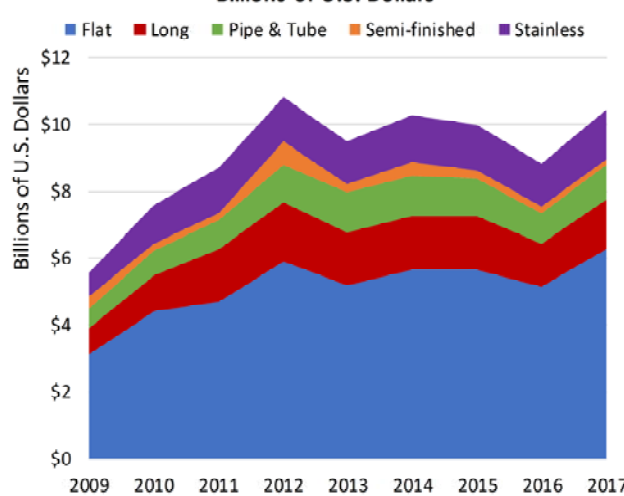
Flat products accounted for 68 percent of Mexico's steel imports in 2017, a total of 7.4 million metric tons. Long products accounted for 15 percent of Mexico's imports (1.6 million metric tons), followed by pipe and tube at 8 percent (893 thousand metric tons), stainless products at 6 percent (649 thousand metric tons), and semi-finished products at 2 percent (233 thousand metric tons).

Mexico's Imports of Steel Mill Products
Millions of Metric Tons



Source: IHS Markit Global Trade Atlas

Mexico's Imports of Steel Mill Products
Billions of U.S. Dollars



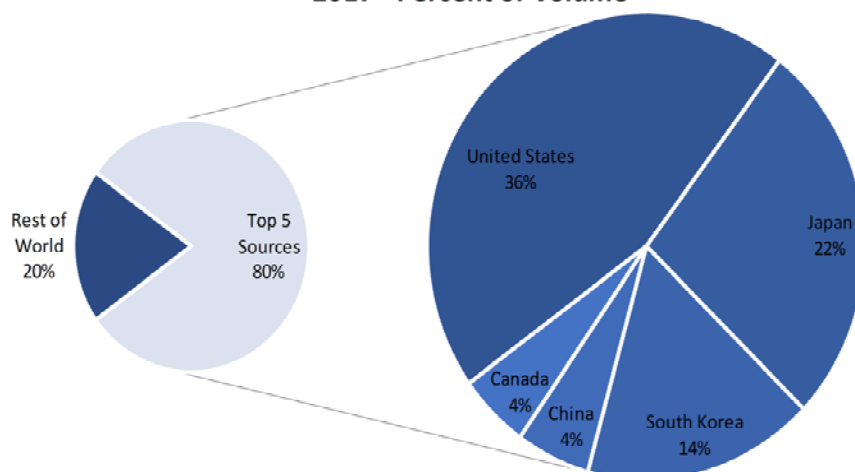
Source: IHS Markit Global Trade Atlas

Steel Imports Report: Mexico

Imports by Top Source

The top 5 source countries for Mexico's steel imports represented 80 percent of the total steel import volume in 2017 at 8.6 million metric tons (mmt). The United States accounted for the largest share of Mexico's imports by source country at 36 percent (3.9 mmt), followed by Japan at 21 percent (2.3 mmt), South Korea at 14 percent (1.5 mmt), China at 4 percent (0.47 mmt), and Canada at 4 percent (0.45 mmt). The top 5 rankings remained unchanged from 2016.

Mexico's Steel Imports - Top 5 Sources
2017 - Percent of Volume



Source: IHS Markit Global Trade Atlas

Trends in Imports from Top Sources

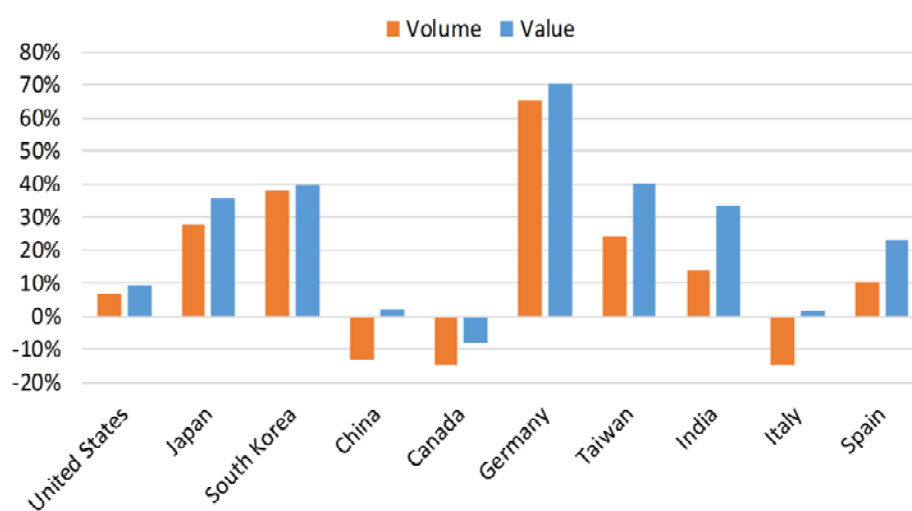
The volume of Mexico's steel imports increased from seven of Mexico's top 10 steel import sources between 2016 and 2017. Imports from Germany showed the largest increase, up 65 percent from 2016, followed by imports from South Korea (up 38%), Japan (up 28%), and Taiwan (up 24%). Imports from Italy fell the most, down 15 percent in 2017, followed by Canada (down 15%), and China (down 13%).

In value terms, Mexico's imports increased from 9 of the 10 source markets, all except for Canada (down 8%) in 2017.

Imports from the rest of Mexico's top 10 sources all showed value increases. Steel imports from Germany increased the most with a rise of 70 percent, followed by Taiwan (up 40%), South Korea (up 39%), Japan (up 35%), and India (up 34%).

Outside of the top 10 sources, other significant volume changes included Mexico's imports from 12th-ranked Netherlands (up 71%), 14th-ranked Vietnam (up 138%), 20th-ranked Austria (up 282%), and 17th-ranked Turkey (down 39%).

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



Source: IHS Markit Global Trade Atlas

Steel Imports Report: **Mexico**

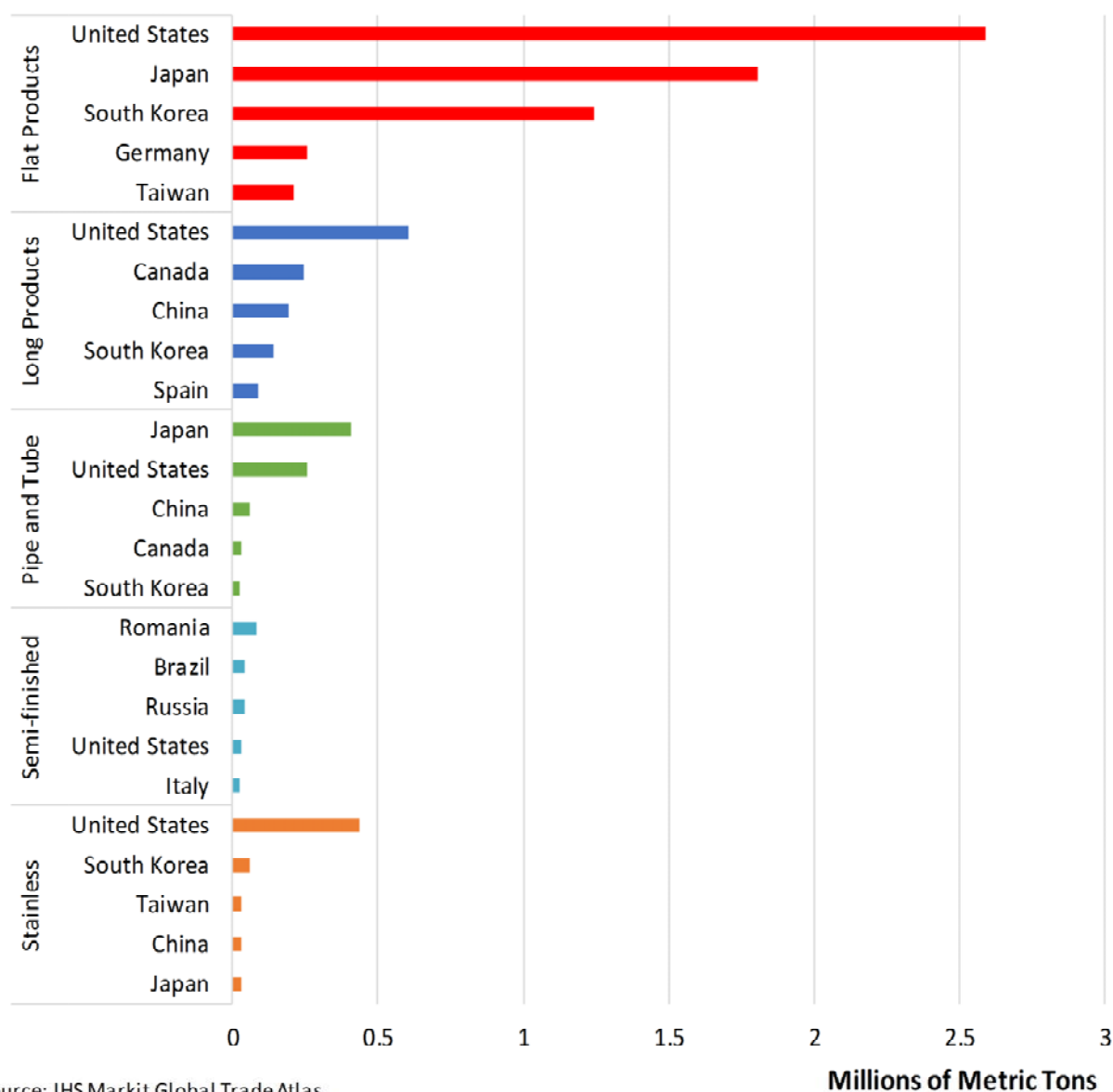
Top Sources by Steel Product Category

The top source countries for Mexico's imports by volume vary across types of steel products in 2017, though the United States held the top spot for three product categories.

In flat products, the United States accounted for 35 percent of Mexico's imports (2.6 mmt), followed by Japan at 25 percent (1.8 mmt). Imports from the United States accounted for 37 percent of Mexico's long product imports (608 thousand metric tons) and 67 percent of stainless imports (438 thousand metric tons).

Mexico received the most pipe and tube products from Japan in 2017, accounting for 46 percent (409 thousand metric tons). Romania accounted for the largest share of Mexico's imports of semi-finished products at 35 percent (82 thousand metric tons).

Mexico's Top 5 Import Sources by Product - 2017



Source: IHS Markit Global Trade Atlas

Steel Imports Report: Mexico

Mexico's Export Market Share from Top Source Countries

In 2017, the share of steel exports sent to Mexico from its top import sources increased in the majority of the top 10 sources. The share of South Korea's steel exports to Mexico showed the largest increase (up 0.9 percentage points), followed by Taiwan (up 0.4 percentage points), and Germany (up 0.4 percentage points).

Export shares to Mexico in Japan, China, and Spain each increased by less than one-third of a percentage point. Canada's share of steel exports to Mexico decreased the most with a decline of 0.8 percentage points, while export shares in India, the United States, and Italy each all decreased by less than a percentage point.

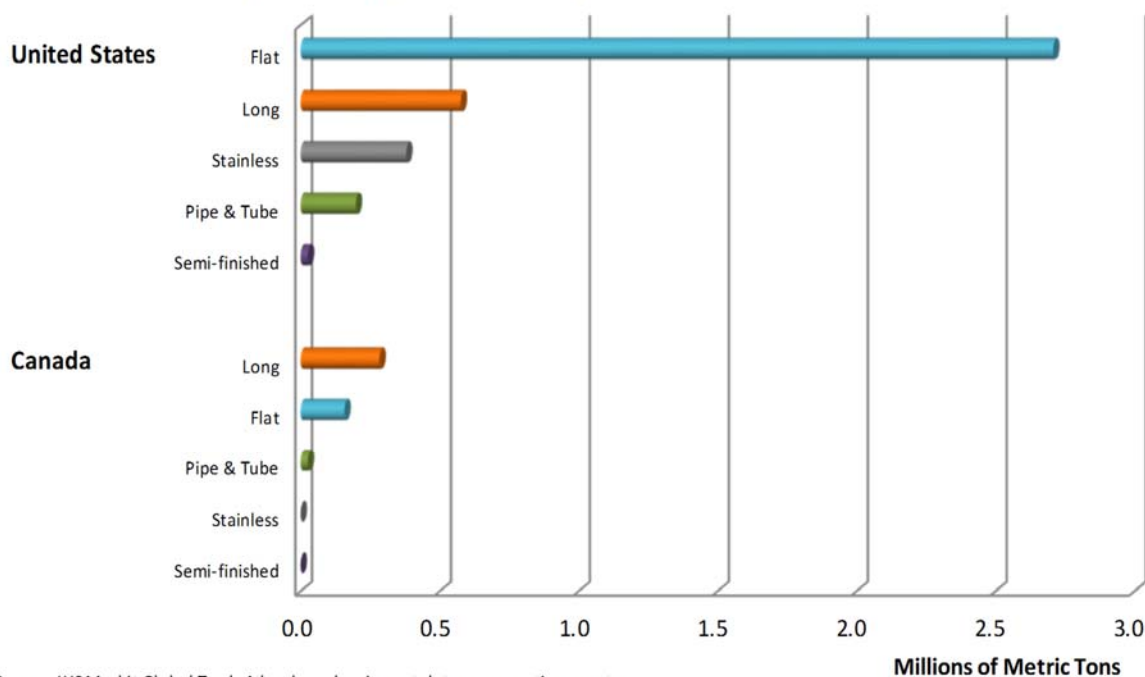
Among Mexico's top import sources, the United States and Canada sent the largest shares

of their total steel exports to Mexico in 2017. Flat products accounted for the largest shares of exports to Mexico from the United States at 70 percent (2.7 million metric tons), while long products accounted for 61 percent (284 thousand metric tons) of Canada's exports to Mexico.

Mexico's Steel Export Market Share				
Top 10 Import Sources	Share of Exports to Mexico - 2016	Mexico's Rank in 2016	Share of Exports to Mexico - 2017	Mexico's Rank in 2017
United States	39.4%	2	38.8%	2
Japan	4.8%	8	5.1%	7
South Korea	5.3%	7	6.1%	5
China	0.6%	39	0.7%	30
Canada	7.9%	2	7.0%	2
Germany	0.9%	19	1.3%	18
Taiwan	1.9%	13	2.3%	13
India	1.8%	14	1.0%	20
Italy	1.2%	21	0.8%	21
Spain	1.2%	15	1.4%	17

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

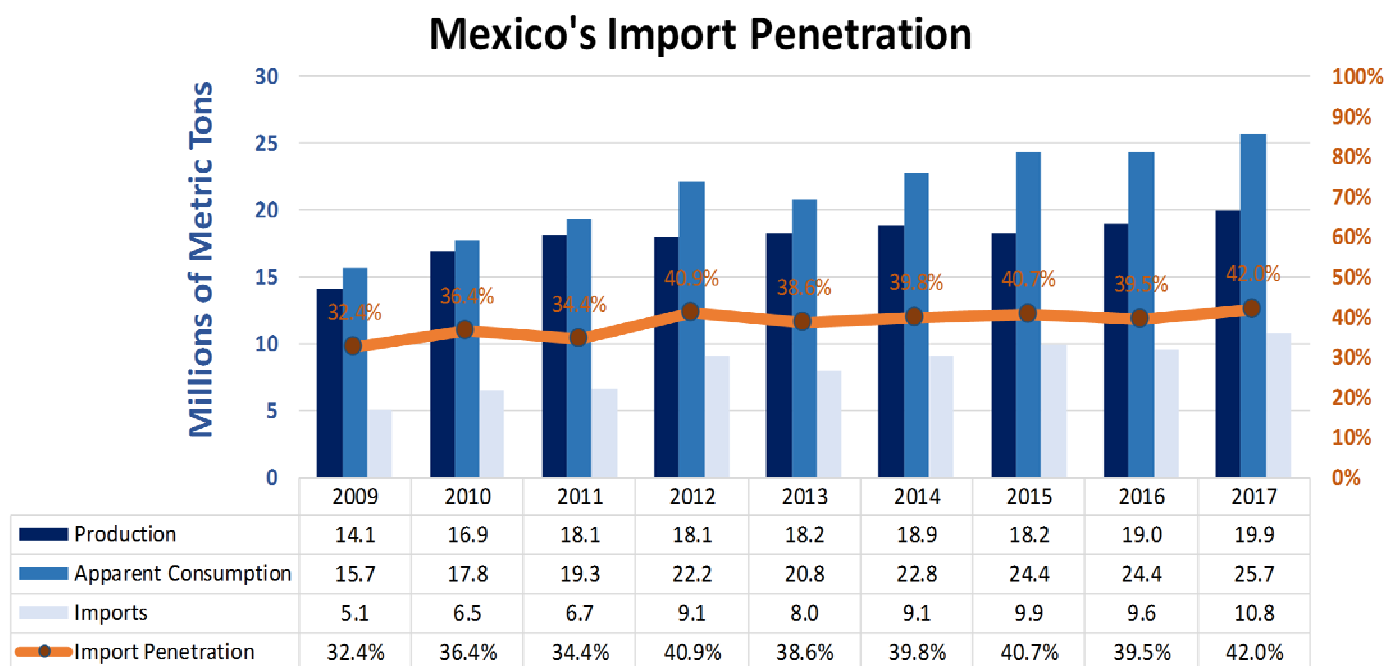
Steel Export Composition of Top Market-Share Countries - 2017



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

Steel Imports Report: Mexico

Overall Production and Import Penetration



Sources: World Steel Association; IHS Markit Global Trade Atlas

Mexico's crude steel production increased by 41 percent between 2009 and 2017. In 2017, production was up 5 percent to 19.9 million metric tons from 19 million metric tons in 2016. Apparent consumption (a measure of steel demand) has increasingly outpaced production since 2009. The gap between demand and production widened significantly in 2016 and 2017. In 2017, the gap increased to 5.8 million metric tons, up from 5.4 million metric tons in 2016. Import penetration grew by nearly 9 percentage points between 2009 and 2012 and has averaged 40 percent since then. In 2017, import penetration increased to 42 percent from 39.5 percent in 2016.

Top Producers

Mexico's steel production is a mix of domestic and foreign-owned companies, and the majority of Mexico's steel output is concentrated among a handful of producers, with the country's top four producers accounting for roughly 85 percent of total 2016 production, based on actual and estimated data.

Mexico's Top Steel Producers			
Rank	Company	Production (mmt)	Main Products
1	Altos Hornos de México, S.A.B. de C.V. (AHMSA)	5	Bars, cold-rolled/hot-rolled coils/sheets, slabs, sections, plates
2	Ternium S.A	5*	Bars, billets, cold-rolled/hot-rolled coils/sheets, slabs, wire rod, sections, pipes & tubes, galvanized
3	Arcelor Mittal	4	Bars, blooms, billets, slabs, wire rod
4	Deacero	2.5	Billets, bars, wire rod, galvanized

Source: Metal Bulletin, *Iron and Steelworks of the World Directory 2017*; American Iron and Steel Institute (AISI); Company websites

* estimated capacity

Steel Imports Report: **Mexico**

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 Mexico has against imports of steel mill products from various countries. Mexico has no steel mill safeguards in effect.

Mexico's Trade Remedies in Effect Against Steel Mill Imports				
Country	AD	CVD	Suspension Agreements and Undertakings	Total
Brazil	1			1
China	9			9
France	1			1
Germany	1			1
India	1			1
Japan	1			1
Kazakhstan	1			1
Portugal	1			1
Romania	1			1
Russia	4			4
South Korea			1	1
Spain	2			2
Taiwan	1			1
Ukraine	3			3
United Kingdom	1			1
United States	2			2
TOTAL	30	0	1	31
Source: World Trade Organization, through June 30, 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/>.

