

Global Steel Trade Monitor

Steel Imports Report: Taiwan

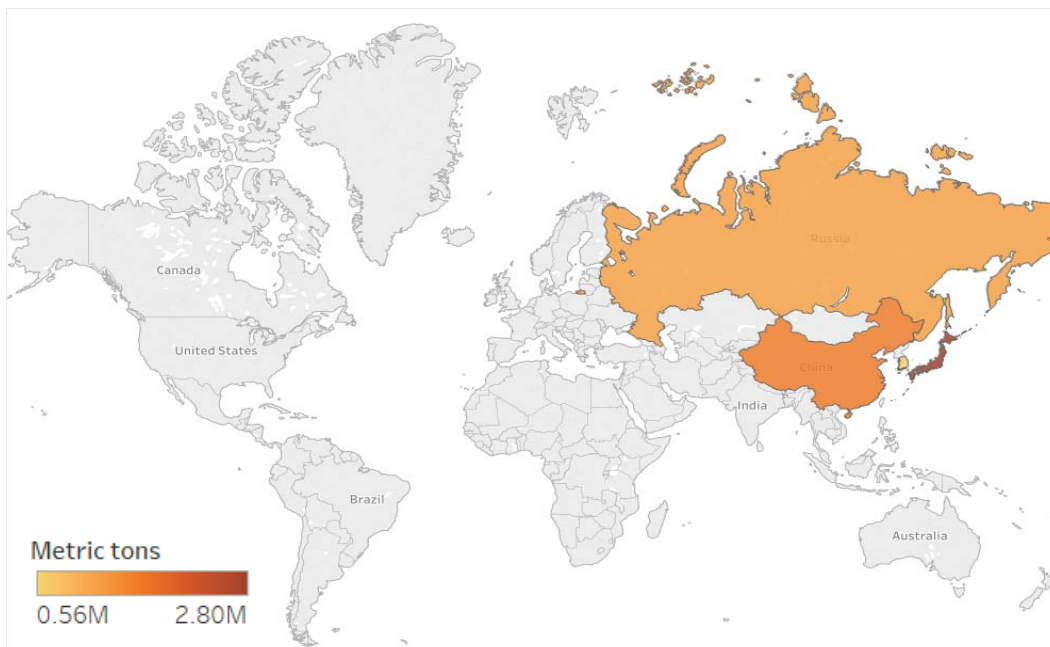
May 2018

Background

Taiwan is the world's nineteen-largest steel importer. In 2017, Taiwan imported 7.4 million metric tons of steel, a 6 percent decrease from 7.8 million metric tons in 2016. Taiwan's imports represented about 2 percent of all steel imported globally in 2016. The volume of Taiwan's 2017 steel imports was roughly one-fourth the size of the world's largest importer, the United States. In value terms, steel represented just 2 percent of the total goods imported into Taiwan in 2017.

Taiwan imports steel from over 70 countries and territories. The four countries highlighted in the map below represent the top import sources for Taiwan's imports of steel, with each sending more than 500 thousand metric tons to Taiwan and together accounting for 83 percent of Taiwan's steel imports in 2017.

Taiwan's Imports of Steel Mill Products - 2017



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

Quick Facts:

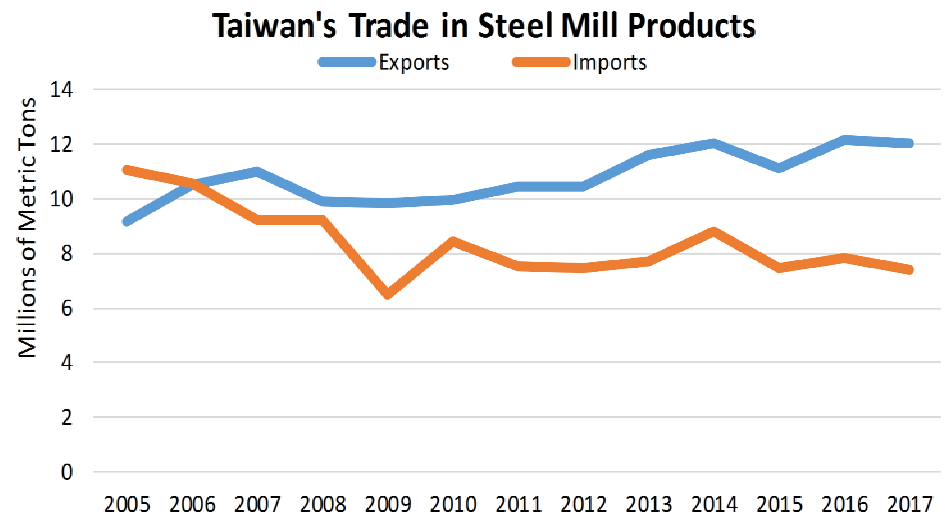
- World's 19th-largest steel importer: 7.4 million metric tons (2017)
- 14% steel import growth since 2009
- Year-on-year import volume down 6% while import value up 19%
- Import penetration down from 52.2% in 2009 to 41.5% in 2017
- Top three import sources: Japan, China, Russia
- Largest producers: China Steel Corp, Dragon Steel Corp, Tung Ho Steel
- 10 trade remedies and 3 undertakings in effect against imports of steel mill products

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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 and hit a low point in 2009. Since then, imports have increased 14 percent but were still down 33 percent from 2005 levels. Exports increased 22 percent between 2009 and 2017.

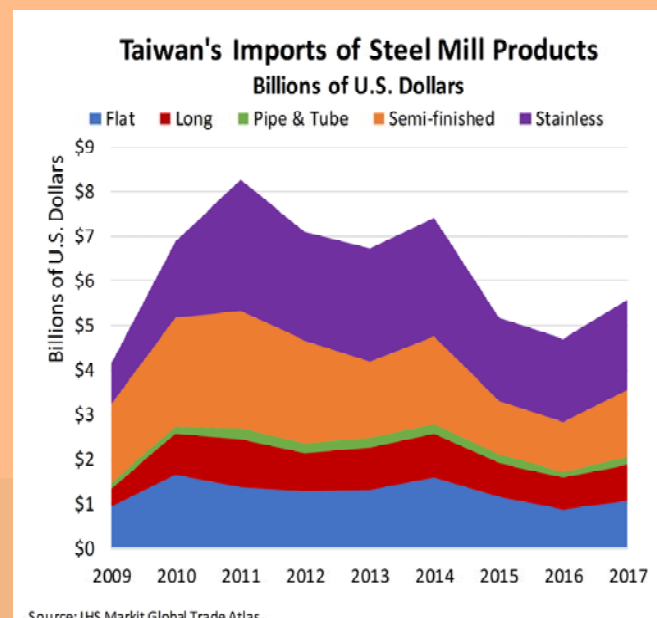
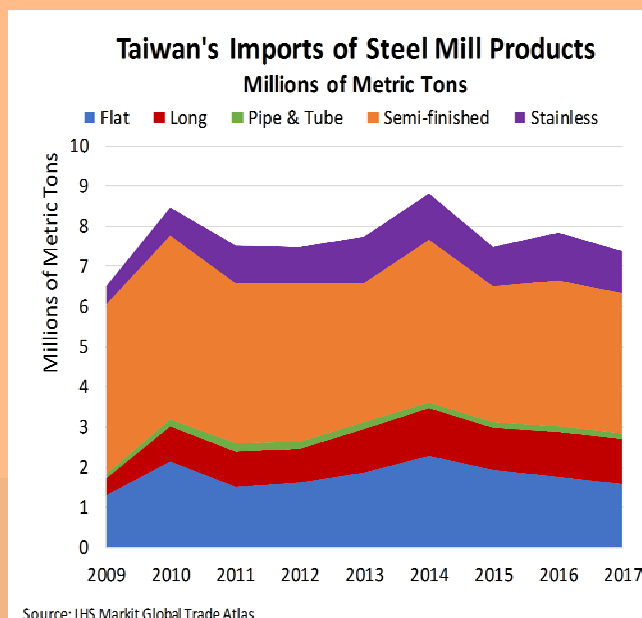
In 2017, Taiwan's steel trade surplus amounted to 4.6 million metric tons, up from 4.3 million metric tons in 2016.



Import Volume, Value, and Product

Taiwan has averaged 7.9 million metric tons of annual steel imports in recent years. In 2016, the volume of Taiwan's steel imports increased by 5 percent to 7.8 million metric tons from 7.5 million metric tons in 2015 before decreasing by 6 percent to 7.4 million metric tons between 2016 and 2017. By contrast, the value of Taiwan's 2017 steel imports increased by 19 percent between 2016 and 2017 — up to \$5.6 billion from \$4.7 billion in 2016 — which can be attributed to a significant increase in global steel prices.

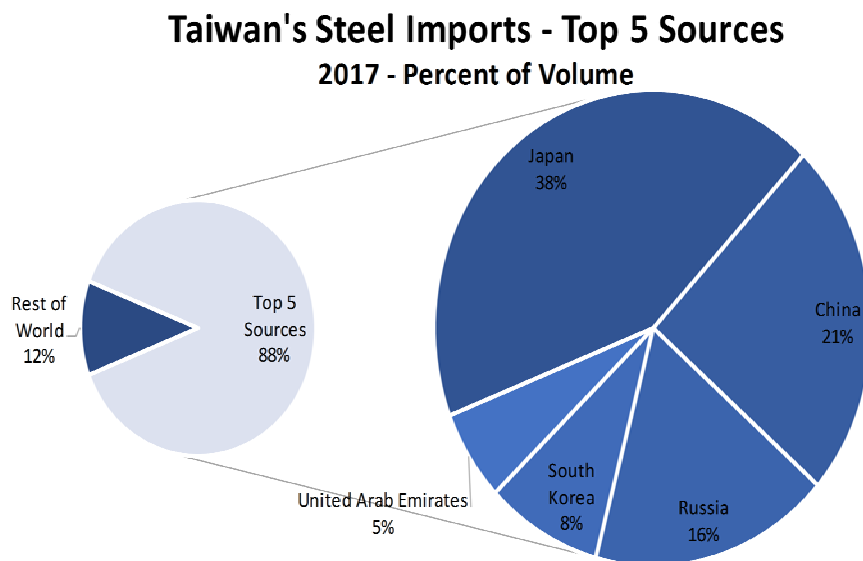
Semi-finished steel accounted for the largest share of Taiwan's steel imports in 2017 at 47 percent or 3.5 million metric tons. Flat products accounted for 22 percent (1.6 million metric tons) of Taiwan's steel imports, followed by long products at 15 percent (1.1 million metric tons), stainless products at 14 percent (1.0 million metric tons), and pipe and tube at 2 percent (144 thousand metric tons).



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Imports by Top Source

The top 5 source countries for Taiwan's imports of steel products represented 88 percent of the total steel import volume in 2017 at 6.5 million metric tons (mmt). Japan moved ahead of China in 2017 to account for the largest share of Taiwan's imports by source country at 38 percent (2.8 mmt), followed by China at 22 percent (1.6 mmt), Russia at 16 percent (1.2 mmt), South Korea at 8 percent (0.6 mmt), and the United Arab Emirates at 5 percent (0.4 mmt).



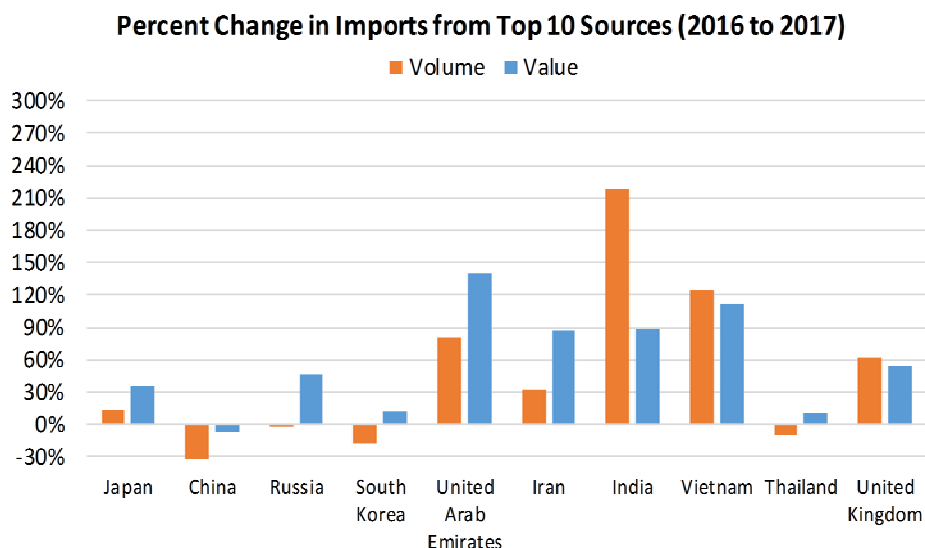
Source: IHS Markit Global Trade Atlas

The United States ranked 21st as a source for Taiwan's steel imports in 2017. Taiwan imported 11.0 thousand metric tons from the United States in 2017 — a 24 percent increase from 8.9 thousand metric tons in 2016.

Trends in Imports from Top Sources

Between 2016 and 2017, the volume of Taiwan's steel imports increased from six of its top 10 steel import sources. Imports from India showed the greatest increase in volume, up 218 percent in 2017, followed by imports from Vietnam (up 124%) and the United Arab Emirates (up 81%). Only imports from China, South Korea, Thailand and Russia decreased in volume in 2017, down 39 percent, 17 percent, 9 percent and 1 percent, respectively.

In value terms, nine out of ten of Taiwan's imports increased between 2016 and 2017. Imports from The United Arab Emirates showed the largest increase in value, up 141 percent, followed by Vietnam (up 112%), India (up 89%), Iran (up 87%), the United Kingdom (up 54%), and Russia (up 46%). Only imports from China showed a decrease in value, down 7 percent between 2016 and 2017.



Source: IHS Markit Global Trade Atlas

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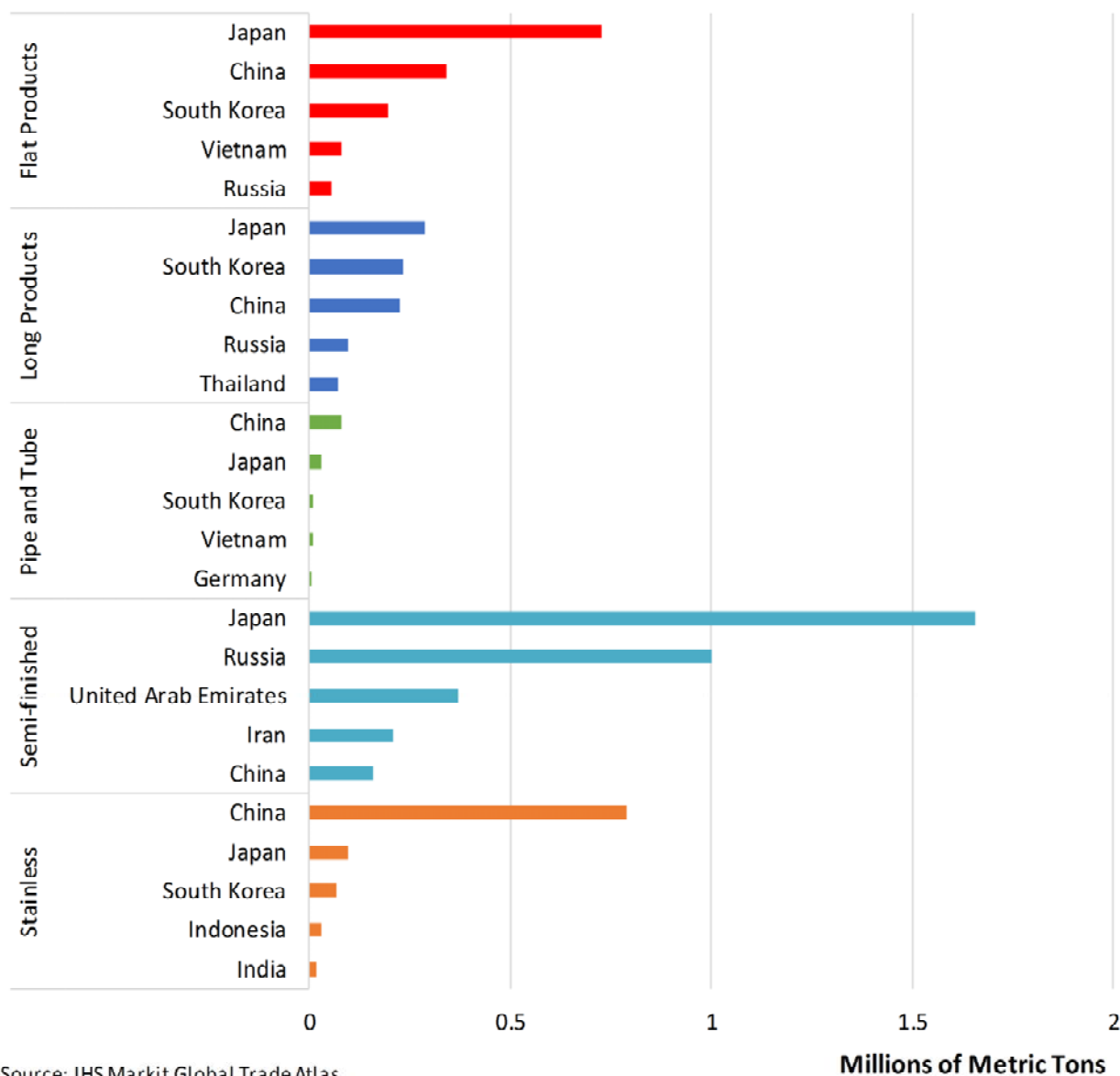
Top Sources by Steel Product Category

The top source countries for Taiwan's imports by volume vary across types of steel products, though Japan and China held the top two spots for nearly every product category. Taiwan imported the largest share of flat products from Japan in 2017 at 46 percent (727 thousand metric tons), followed by China at 21 percent (340 thousand metric tons). Japan also accounted for the largest shares of Taiwan's imports of long products at 26 percent (286 thousand metric tons) and semi-finished steel at 47 percent (789 thousand metric tons).

In 2017, Taiwan imported just over half of its pipe and tube products from China at 55 percent (79 thousand metric tons) and just under three-fourths of stainless steel from China at 74 percent (789 thousand metric tons).

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

Taiwan's Top 5 Import Sources by Product - 2017



Source: IHS Markit Global Trade Atlas

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Taiwan's Export Market Share from Top Source Countries

In 2017, the share of steel exports sent to Taiwan from its top import sources increased half of the top sources for which data are available. The share of Japan's steel exports to Taiwan showed the largest increase — up 1.5 percentage points from 2016, followed by Russia (up 1 percentage point).

Export shares in India and the United Kingdom both increased by less than half of one percentage point. Exports to Taiwan from Iran and Thailand showed the largest decreases, down 2.9, and 2 percentage points, respectively, while export shares in China and South Korea decreased by less than half of one percentage point.

Among Taiwan's top import sources, Russia, Japan, and Iran sent the largest shares of their total steel exports to

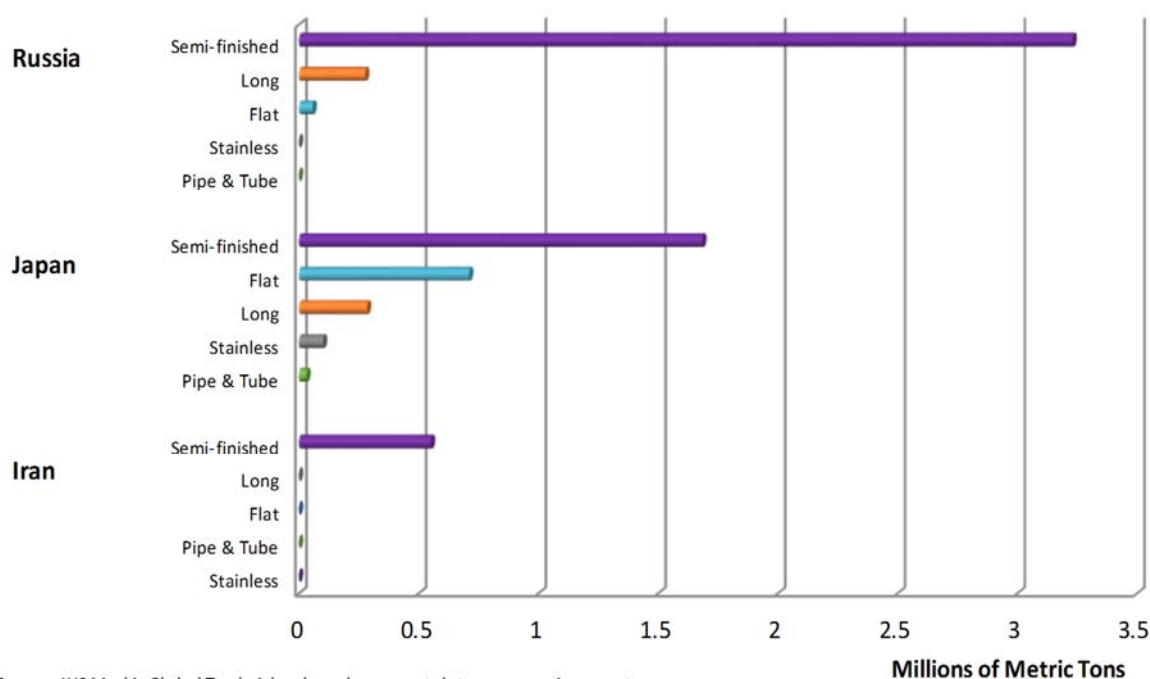
Taiwan at 11.5 percent, 7.5 percent, and 7.4 percent, respectively. In 2017, semi-finished steel accounted for the largest share of steel exports to Taiwan from Russia at 91 percent (3.2 million metric tons), Japan at 60 percent (1.7 million metric tons) and Iran at 100 percent (551 thousand metric tons).

Top 10 Import Sources	Share of Exports to Taiwan - 2016	Taiwan's Rank in 2016	Share of Exports to Taiwan - 2017	Taiwan's Rank in 2017
Japan	6.1%	5	7.5%	4
China	2.3%	11	2.1%	11
Russia	10.4%	2	11.5%	2
South Korea	2.3%	12	1.8%	13
United Arab Emirates*	N/A	0	N/A	N/A
Iran	10.3%	4	7.4%	5
India	0.5%	33	0.9%	26
Vietnam*	N/A	0	N/A	N/A
Thailand	6.5%	5	5.0%	8
United Kingdom	0.6%	21	1.0%	16

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

Note: *UAE and Vietnam not reporting export data to Taiwan

Steel Export Composition of Top Market-Share Countries - 2017

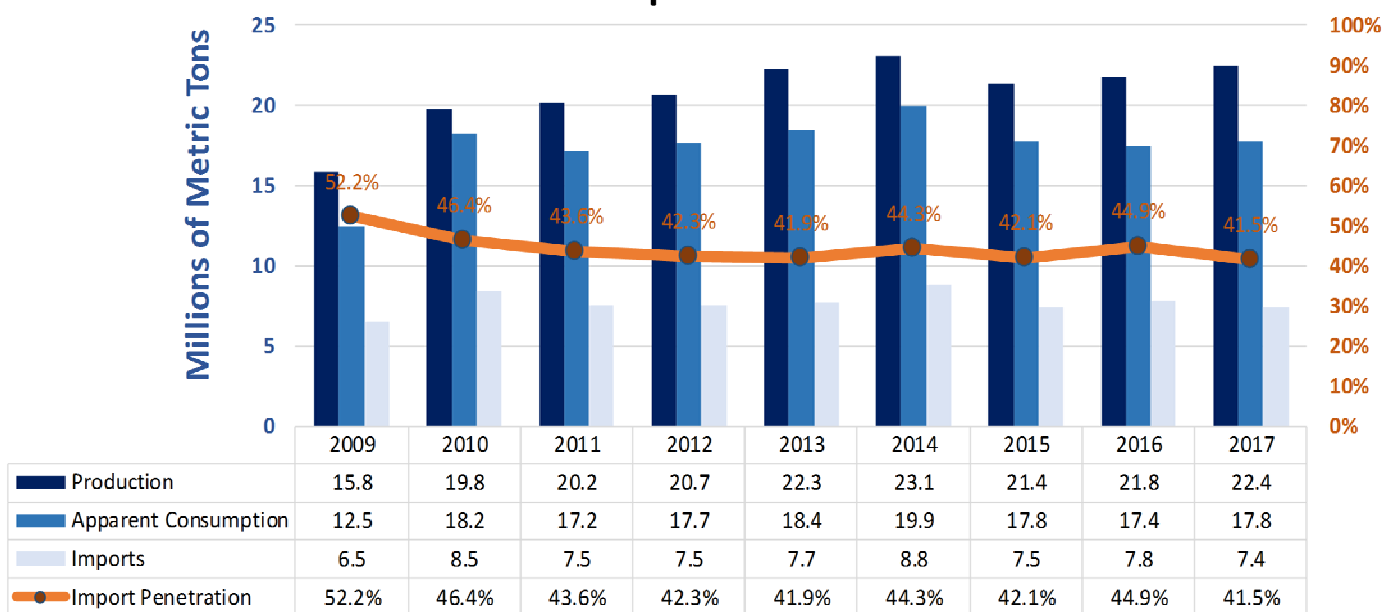


Source: IHS Markit Global Trade Atlas, based on export data per reporting country

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Overall Production and Import Penetration

Taiwan's Import Penetration



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. Following a 7 percent decrease in 2015 to 21.4 million metric, production has since increased 5 percent to reach 22.4 million metric tons in 2017. Production consistently outpaced apparent consumption (a measure of steel demand) and averaged 20.8 million metric tons between 2009 and 2017. In 2017, the gap between production and demand stood at 4.6 million metric tons. Import penetration levels have been gradually decreasing since 2009, as apparent consumption has grown faster than imports. Import penetration decreased by just over 10 percentage points from 52.2 percent in 2009 to 41.5 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 2017

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

Taiwan’s Trade Remedies in Effect Against Steel Mill Imports				
Country	AD	CVD	Suspension Agreements and Undertakings	Total
Brazil	1			1
China	3		2	5
India	1			1
Indonesia	1			1
South Korea	3		1	4
Ukraine	1			1
TOTAL	10	0	3	13
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/>.

