

# Global Steel Trade Monitor

## Steel Exports Report: China

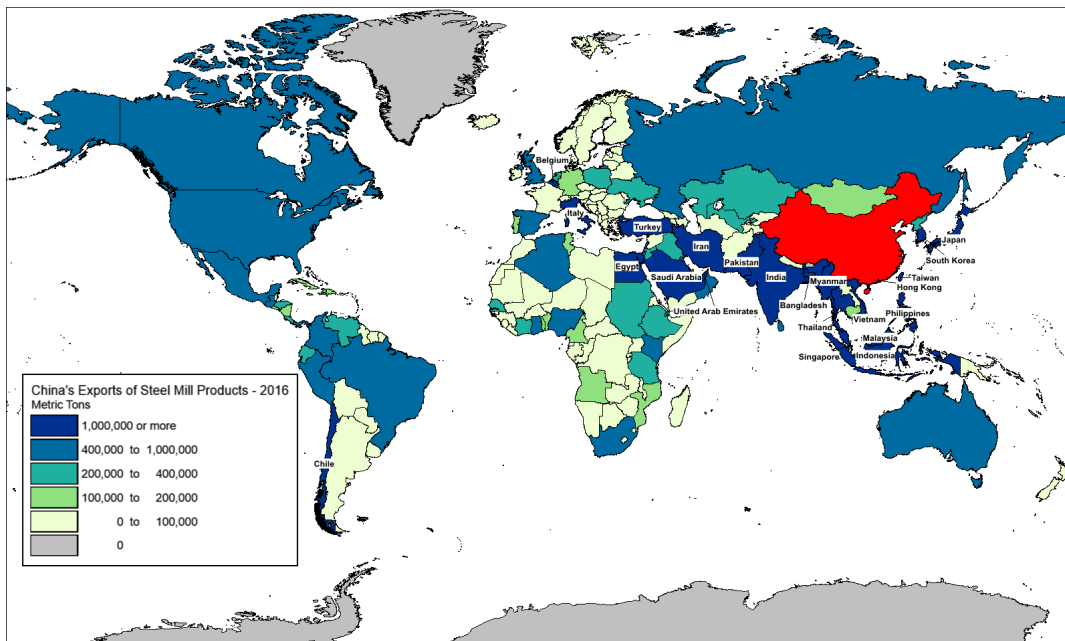
June 2017

### Background

China is the world's largest steel exporter. In year-to-date 2017 (through March), further referred to as YTD 2017, China exported 20.2 million metric tons of steel, a 26 percent decrease from 27.3 million metric tons in YTD 2016. China's exports represented about 23 percent of all steel exported globally in 2016. The volume of China's 2016 steel exports was more than double that of the world's second-largest exporter, Japan, and more than triple that of the third- and fourth-largest exporters, Russia and South Korea. In value terms, steel represented just 2 percent of the total amount of goods China exported in 2016.

China exports steel to more than 220 countries and territories. The 22 countries labeled in the map below represent the top markets for China's exports of steel, receiving more than 1 million metric tons each and accounting for 76 percent of China's steel exports in 2016.

**China's Exports of Steel Mill Products - 2016**



Data Source: Global Trade Atlas; Copyright © IHS Global Inc. 2017. All rights reserved.

### Quick Facts:

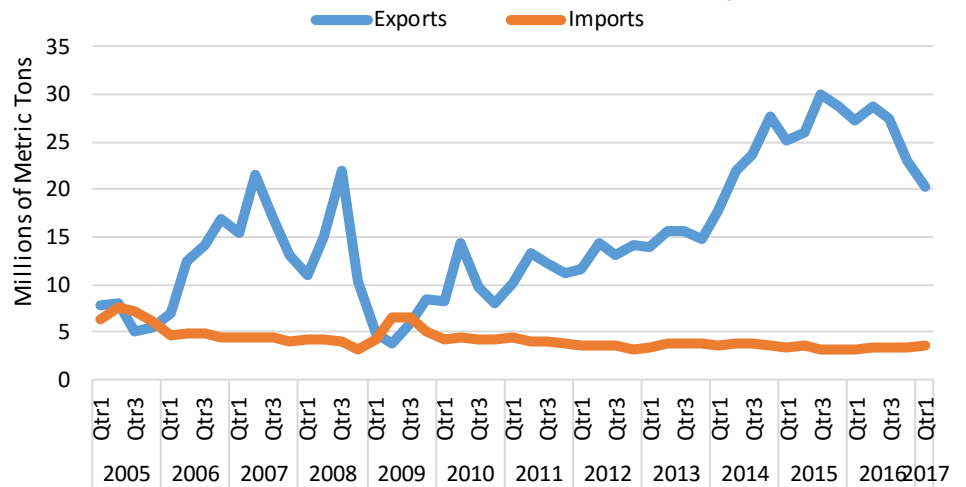
- World's largest steel exporter: 20.2 million metric tons (YTD 2017)
- 436% steel export growth since Q2 2009
- YTD export volume down 26% while export value up 9%
- Exports as a share of production down from 14.2% in YTD 2016 to 10.1% in YTD 2017
- Top three markets: South Korea, Vietnam, Philippines
- Largest producers: China Baowu Group and HBIS Group
- 121 trade remedies in effect in 18 countries involving steel mill imports from China

# Steel Exports Report: China

## Steel Trade Balance

For most of the last decade, China has maintained a trade surplus in steel products. After a brief trade deficit in 2009 as exports fell in the wake of the global recession, China's exports have increased dramatically, growing 436 percent between Q2 2009 and Q1 2017. Imports decreased by 47 percent over the same period. A dip in exports in 2016 caused China's trade surplus to narrow by 4 percent to 93.1 million metric tons from 97 million metric tons in 2015. In YTD 2017, the trade surplus has further narrowed by 31 percent from YTD 2016.

## China's Trade in Steel Mill Products by Quarter



Source: IHS Global Trade Atlas

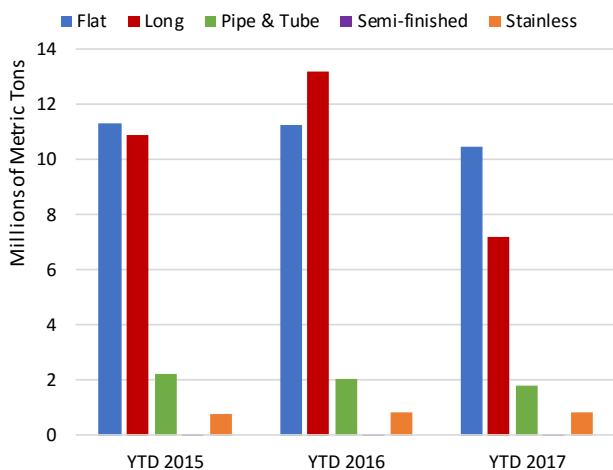
## Export Volume, Value, and Product

In 2015, China's steel exports reached a record high of 110 million metric tons — an increase of 21 percent from 2014 — before declining by 3 percent in 2016 to a total of 106.6 million metric tons. In YTD 2017, exports have fallen 26 percent to 20.2 million metric tons compared to YTD 2016. By contrast, the value of China's steel exports have increased by 9 percent from \$11.3 billion in YTD 2016 to \$12.3 billion in YTD 2017.

Flat products have accounted for just over half of China's steel exports in YTD 2017 at 52 percent (10.4 million metric tons). Long products accounted for 36 percent (7.2 million metric tons) of exports, followed by pipe and tube products at 9 percent (1.8 million metric tons), stainless steel at 4 percent (831 thousand metric tons), and semi-finished steel at 0.01 percent (1.2 thousand metric tons).

### China's Exports of Steel Mill Products

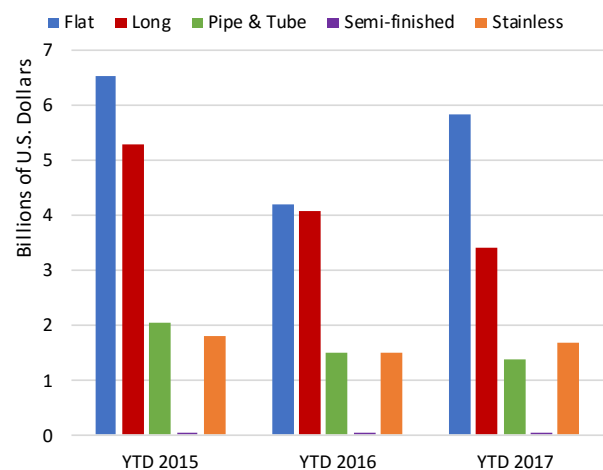
Millions of Metric Tons



Source: IHS Global Trade Atlas  
YTD through March

### China's Exports of Steel Mill Products

Billions of U.S. Dollars



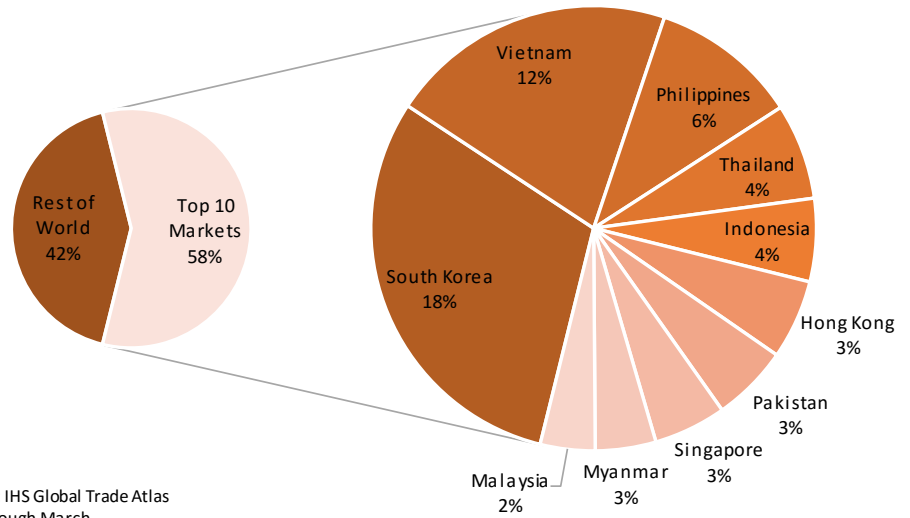
Source: IHS Global Trade Atlas  
YTD through March

# Steel Exports Report: China

## Exports by Top Market

Exports to China's top 10 steel markets represented 58 percent of China's steel export volume in YTD 2017 at 11.7 million metric tons (mmt). South Korea was the largest market for China's exports at 18 percent (3.6 mmt), followed by Vietnam at 12 percent (2.4 mmt), the Philippines at 6 percent (1.3 mmt), Thailand at 4 percent (0.8 mmt), and Indonesia at 4 percent (0.7 mmt).

**China's Steel Exports - Top 10 Markets**  
YTD 2017 - Millions of Metric Tons



Source: IHS Global Trade Atlas  
YTD through March

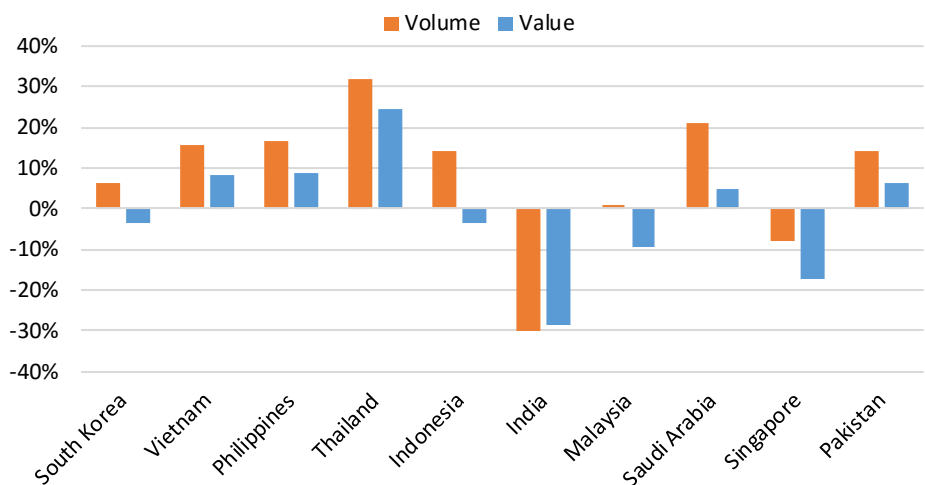
The United States ranked 25th as a destination for China's steel exports, receiving just 0.9 percent of exports (187 thousand metric tons) in YTD 2017 — compared to ranking 27th in YTD 2016 with 0.7 percent of exports (200 thousand metric tons).

## Trends in Exports to Top Markets

Between YTD 2016 and YTD 2017, China's exports to its top 10 markets decreased in volume to eight of the top 10. Export volumes to Thailand showed the largest decrease, down 51 percent from YTD 2016, followed by exports to Indonesia (down 49%), Pakistan (down 37%), and Malaysia (down 28%). Only exports to Hong Kong and South Korea increased in volume in YTD 2017, up 21 percent and 4 percent, respectively.

In value terms, however, exports increased in value to eight of China's top 10 export markets in YTD 2017, suggesting an increase in prices. Exports to Hong Kong showed the largest increase in value in YTD 2017, up 67 percent compared to YTD 2016, followed by exports to South Korea (up 62%), the Philippines (up 38%), Vietnam (up 29%), and Myanmar (up 28%). Only export values to Thailand and Indonesia decreased in value in YTD 2017, down 36 percent and 19 percent, respectively.

**Percent Change in Exports to Top 10 Markets (2015 to 2016)**



Source: IHS Global Trade Atlas

Outside the top 10 markets, other notable changes in China's export volume included exports to Saudi Arabia (down 43% from YTD 2016), Taiwan (down 38%), and India (down 71%).

# Steel Exports Report: China

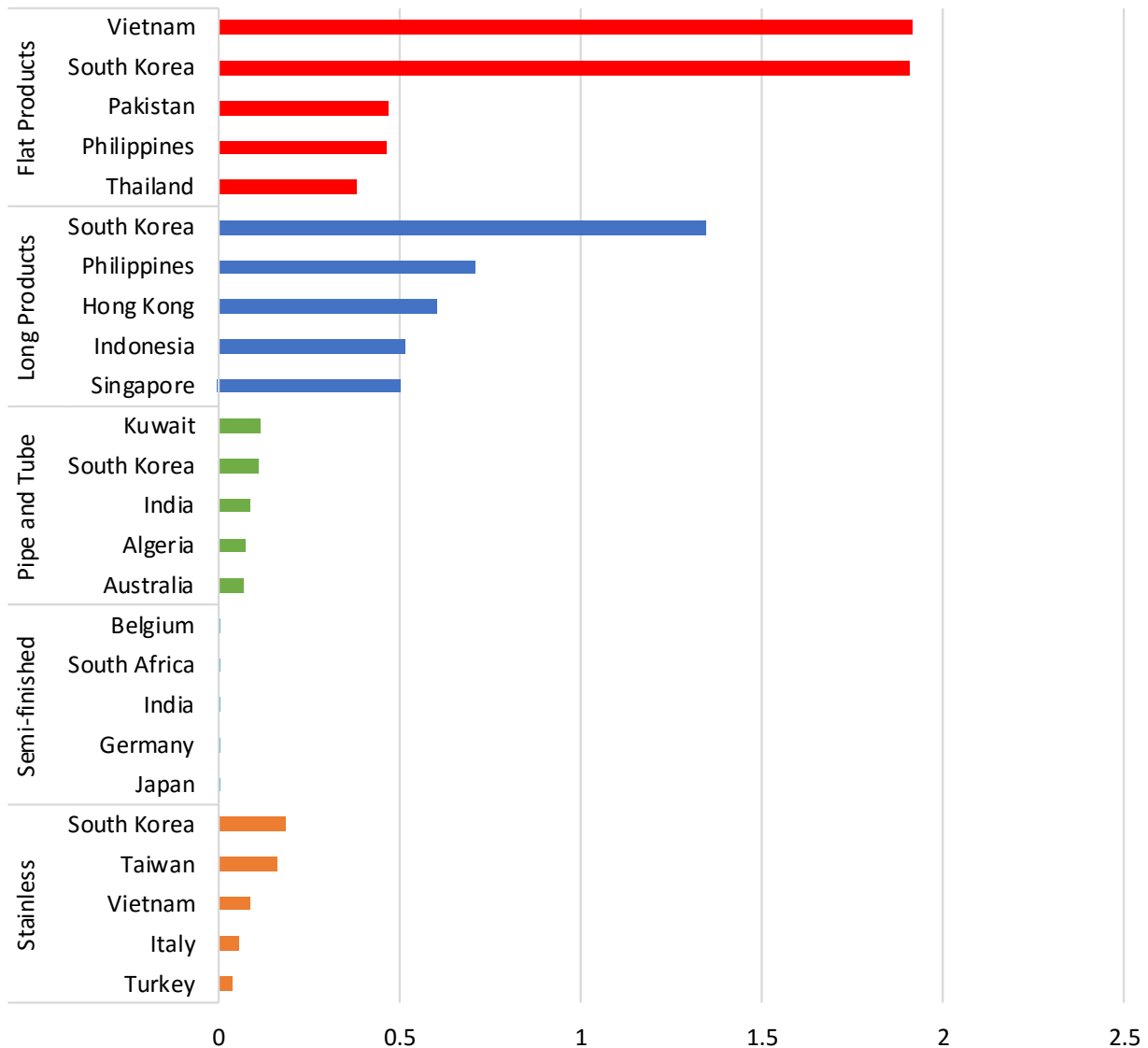
## Top Markets by Steel Product Category

China's top export markets by volume vary across types of steel products. China exported the largest share of flat products to Vietnam in YTD 2017 at 18 percent (1.915 million metric tons), followed closely by South Korea at 18 percent (1.913 million metric tons).

South Korea accounted for the largest shares of China's long product exports at 19 percent (1.3 million metric tons) and stainless steel exports at 22 percent (184 thousand metric tons), while Kuwait accounted for the largest share of pipe and tube exports at 7 percent (117 thousand metric tons).

China exported a negligible amount of semi-finished steel in YTD 2017 — only 0.01 percent of steel exports — and the majority has gone to Belgium (68% or 0.8 thousand metric tons). The United States was not a top-five export destination in any product category in YTD 2017.

**China's Top 5 Export Markets by Product - YTD 2017**



Source: IHS Global Trade Atlas  
YTD through March

Millions of Metric Tons

# Steel Exports Report: China

## China's Import Market Share in Top Destinations

In 2016, the import market share for China's steel products increased in the majority of China's top export destinations for which data are available. The share of Thailand's steel imports from China showed the largest increase in 2016, up 5.1 percentage points from 2015, followed by import shares in the Philippines and Indonesia, up 3 percentage points and 2.6 percentage points, respectively.

The share of imports from China in Singapore showed the largest decrease in 2016, down 4.7 percentage points, followed by import shares in Malaysia (down 3.8 percentage points) and South Korea (down 0.7 percentage points)

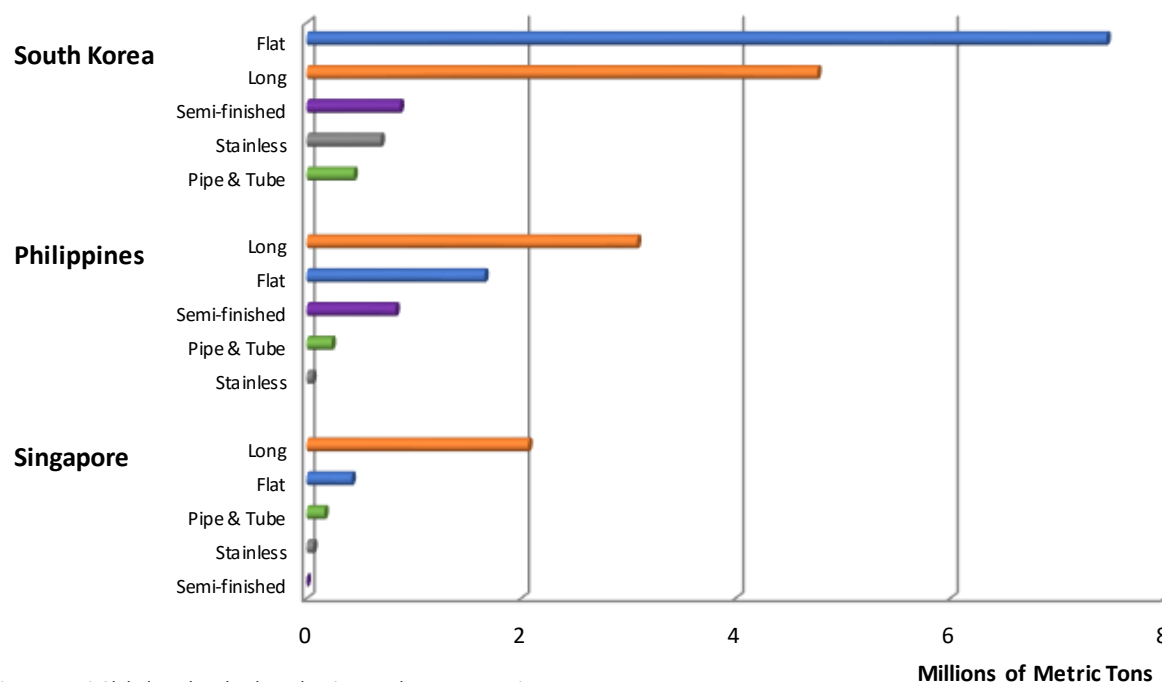
| China's Steel Import Market Share |                                    |                      |                                    |                      |
|-----------------------------------|------------------------------------|----------------------|------------------------------------|----------------------|
| Top 10 Export Markets             | Share of Imports from China - 2015 | China's Rank in 2015 | Share of Imports from China - 2016 | China's Rank in 2016 |
| South Korea                       | 62.3%                              | 1                    | 61.6%                              | 1                    |
| Vietnam                           | 60.7%                              | 1                    | N/A                                | N/A                  |
| Philippines                       | 69.7%                              | 1                    | 72.6%                              | 1                    |
| Thailand                          | 31.2%                              | 2                    | 36.3%                              | 1                    |
| Indonesia                         | 44.2%                              | 1                    | 46.8%                              | 1                    |
| India                             | 33.4%                              | 1                    | 34.0%                              | 1                    |
| Malaysia                          | 44.5%                              | 1                    | 40.7%                              | 1                    |
| Saudi Arabia                      | 28.8%                              | 1                    | N/A                                | N/A                  |
| Singapore                         | 69.9%                              | 1                    | 65.2%                              | 1                    |
| Pakistan                          | 70.0%                              | 1                    | N/A                                | N/A                  |

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

Note: 2016 data for Vietnam, Saudi Arabia, and Pakistan not available

Among China's top export markets, South Korea, the Philippines, and Singapore received more than 60 percent of their total steel imports from China in 2016. Long products accounted for the largest share of steel imports from China in both the Philippines (53% or 3.1 million metric tons) and Singapore (76% or 2.1 million metric tons), while flat products accounted for the largest share of South Korea's imports from China (52% or 7.5 million metric tons).

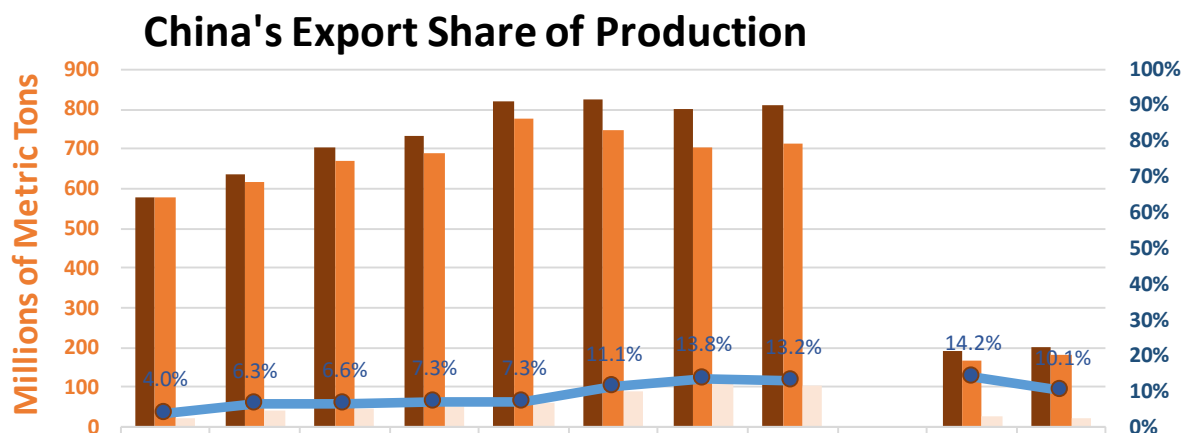
## Steel Import Composition of Top Market-Share Countries - 2016



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

# Steel Exports Report: China

## Overall Production and Export Share of Production



|                            | 2009  | 2010  | 2011  | 2012  | 2013  | 2014  | 2015  | 2016  | YTD 2016 | YTD 2017 |
|----------------------------|-------|-------|-------|-------|-------|-------|-------|-------|----------|----------|
| Production                 | 577.1 | 638.7 | 702.0 | 731.0 | 822.0 | 822.8 | 798.8 | 808.4 | 192.4    | 200.8    |
| Apparent Consumption       | 576.3 | 615.2 | 671.6 | 691.7 | 776.5 | 746.2 | 701.8 | 715.2 | 168.3    | 184.1    |
| Exports                    | 23.0  | 40.5  | 46.5  | 53.3  | 60.1  | 91.3  | 110.0 | 106.6 | 27.3     | 20.2     |
| Export Share of Production | 4.0%  | 6.3%  | 6.6%  | 7.3%  | 7.3%  | 11.1% | 13.8% | 13.2% | 14.2%    | 10.1%    |

Sources: World Steel Association; IHS Global Trade Atlas  
YTD through March

China's crude steel production increased steadily between 2009 and 2014 but levelled off in 2015 and 2016. Production in 2016 increased 1.2 percent to 808.4 million metric tons from 798.8 million metric tons in 2015, and production in YTD 2017 increased 4 percent compared to the same period in 2016. The gap between production and apparent consumption (a measure of steel demand), which was nearly non-existent in 2009, has grown steadily larger. By 2016, China's production outpaced the country's demand by 93.1 million metric tons, though the gap narrowed between YTD 2016 and YTD 2017. Between 2009 and 2016, China's steel exports as a share of production more than tripled from 4 percent to 13.2 percent. In YTD 2017, the export share of production decreased to 10.1 percent.

### 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 10 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

# Steel Exports Report: China

## 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 China.

| <b>Steel Mill Trade Remedies in Effect Against China</b> |           |            |   |              |
|--|-----------|------------|---|--------------|
| <b>Country</b>   | <b>AD</b> | <b>CVD</b> | <b>Suspension Agreements and Undertakings</b> | <b>Total</b> |
| Australia  | 6         | 4          |   | 10           |
| Brazil   | 9         |            |   | 9            |
| Canada   | 10        | 8          |   | 18           |
| Colombia   | 4         |            |   | 4            |
| Eurasian Economic Union                                  | 3         |            | 1   | 4            |
| European Union   | 10        | 1          | 1   | 12           |
| India  | 3         |            |   | 3            |
| Indonesia  | 5         |            |   | 5            |
| Malaysia   | 5         |            |   | 5            |
| Mexico   | 7         |            |   | 7            |
| Peru   | 1         |            |   | 1            |
| South Korea  | 1         |            | 1   | 2            |
| Taiwan   | 1         |            | 1   | 2            |
| Thailand   | 10        |            |   | 10           |
| Turkey   | 3         |            |   | 3            |
| Ukraine  | 1         |            |   | 1            |
| United States  | 14        | 10         |   | 24           |
| Vietnam  | 1         |            |   | 1            |
| <b>TOTAL</b>   | <b>94</b> | <b>23</b>  | <b>4</b>                                      | <b>121</b>   |

Source: World Trade Organization, through June 1, 2017

| <b>Global Steel Mill Safeguards in Effect</b> |   |
|---|---|
| <b>Country</b>                                | <b>Product(s)</b>   |
| Egypt   | Steel rebar   |
| India   | 1) Hot-rolled steel in coils; 2) Hot-rolled steel flat sheets and plates  |
| Indonesia                                     | 1) Articles of finished casing and tubing; 2) Flat-rolled products of iron or non-alloy steel; 3) I and H sections of other alloy steel; 4) 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  |
| 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 May 22, 2017



# Steel Exports 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.

**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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