



Global Steel Trade Monitor

Steel Imports Report: China

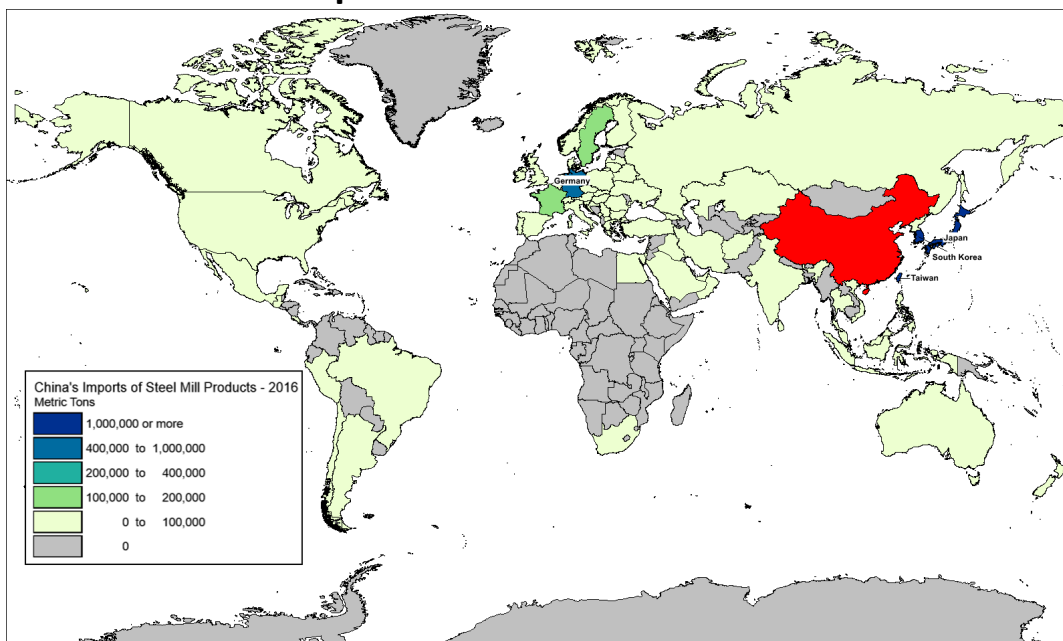
June 2017

Background

China is the world's eighth largest steel importer. In year-to-date 2017 (through March), further referred to as YTD 2017, China imported 3.5 million metric tons of steel, a 10 percent increase from 3.2 million metric tons in YTD 2016. China's imports represented about 4 percent of all steel imported globally in 2016. The volume of China's 2016 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 2016.

In 2016, China imported steel from over 75 countries and territories. The four countries labeled in the map below represent the top import sources for China's imports of steel, with each sending more than 400 thousand metric tons to China and together accounting for 90 percent of China's steel imports in 2016.

China's Imports of Steel Mill Products - 2016



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

Quick Facts:

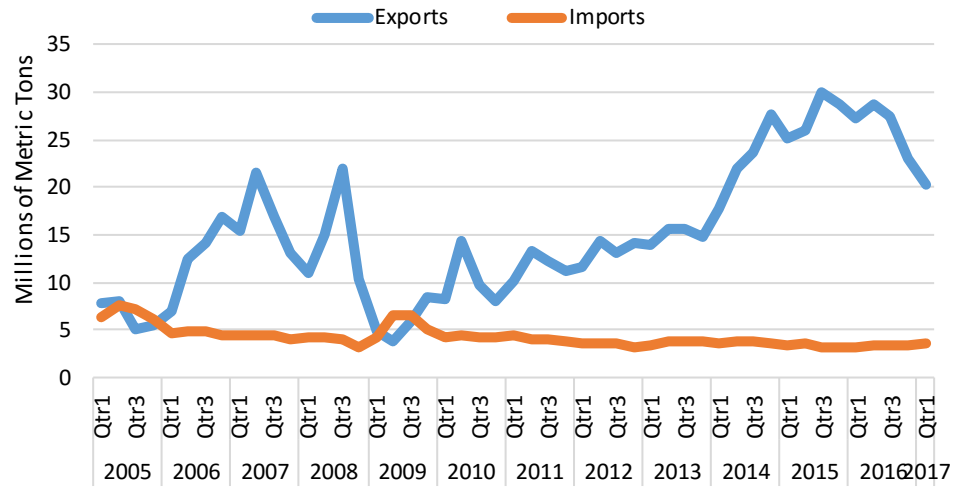
- World's eighth largest steel importer: 3.5 million metric tons (YTD 2017)
- 47% steel import decline since Q2 2009
- YTD import volume up 10% while import value up 17%
- Import penetration at 1.9% in YTD 2017
- Top three import sources: Japan, South Korea, Taiwan
- Largest producers: China Baowu Group and HBIS Group
- 8 trade remedies in effect against imports of steel mill products

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Steel Trade Balance

In 2005, China's steel exports and imports were virtually in balance. Since then, however, China's exports have increased dramatically. Exports have grown 436 percent between Q2 2009 and Q1 2017, while imports decreased by 47 percent over the same period. China has posted a steel trade surplus every year since 2006. In YTD 2017, this surplus amounted to 16.7 million metric tons, a 31 percent decrease from 24.1 million metric tons in YTD 2016.

China's Trade in Steel Mill Products by Quarter

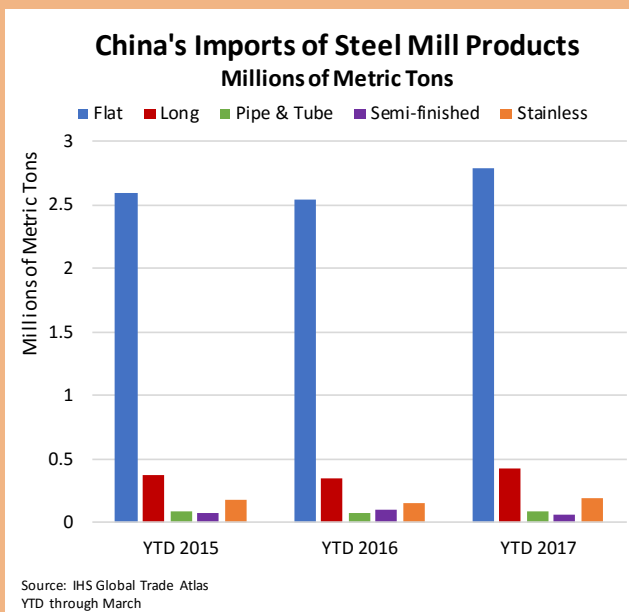


Source: IHS Global Trade Atlas

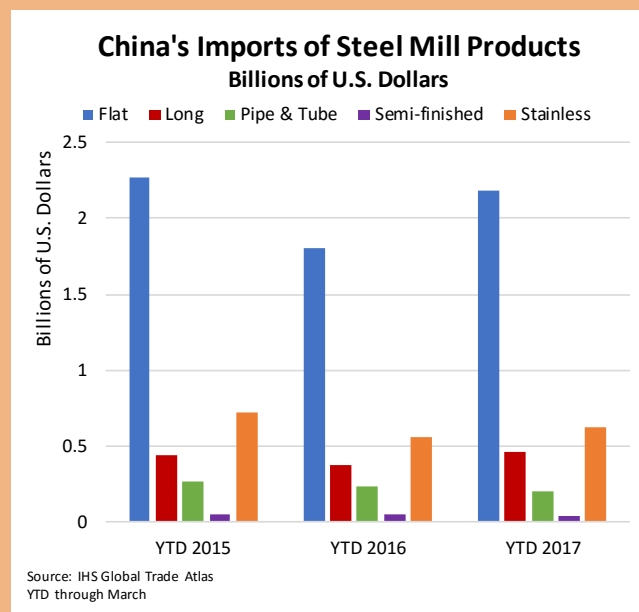
Import Volume, Value, and Product

China's level of steel imports had been trending downwards in recent years. However, in 2016 the volume of China's steel imports increased by 3 percent to 13.4 million metric tons from 13 million metric tons in 2015. Imports in YTD 2017 were up 10 percent to 3.5 million metric tons compared to 3.2 million metric tons in YTD 2016. The value of China's YTD 2017 steel imports increased 17 percent to \$3.5 billion from \$3 billion in YTD 2016.

Flat products account for a significant share of China's steel imports. In YTD 2017, China has imported 2.8 million metric tons of flat products — 79 percent of total steel imports. Long products accounted for 12 percent, or 418 thousand metric tons, of China's imports, followed by stainless products at 5 percent (194 thousand metric tons), pipe and tube at 2 percent (83 thousand metric tons), and semi-finished steel at 2 percent (58 thousand metric tons).



Source: IHS Global Trade Atlas
YTD through March



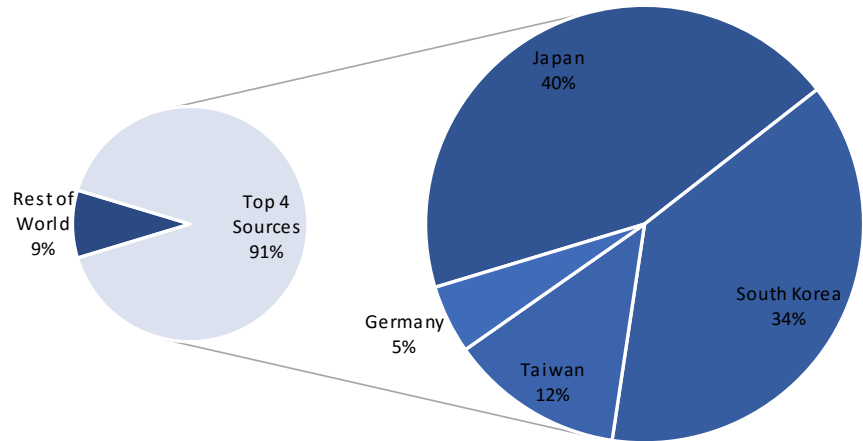
Source: IHS Global Trade Atlas
YTD through March

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Imports by Top Source

The top 4 source countries for China's steel imports represented 91 percent of the total steel import volume in YTD 2017 at 3.2 million metric tons (mmt). Japan accounted for the largest share of China's imports by source country at 40 percent (1.4 mmt), followed by South Korea at 34 percent (1.2 mmt), Taiwan at 12 percent (0.4 mmt), and Germany at 5 percent (0.2 mmt).

China's Steel Imports - Top 4 Sources
YTD 2017 - Millions of Metric Tons



Source: IHS Global Trade Atlas
YTD through March

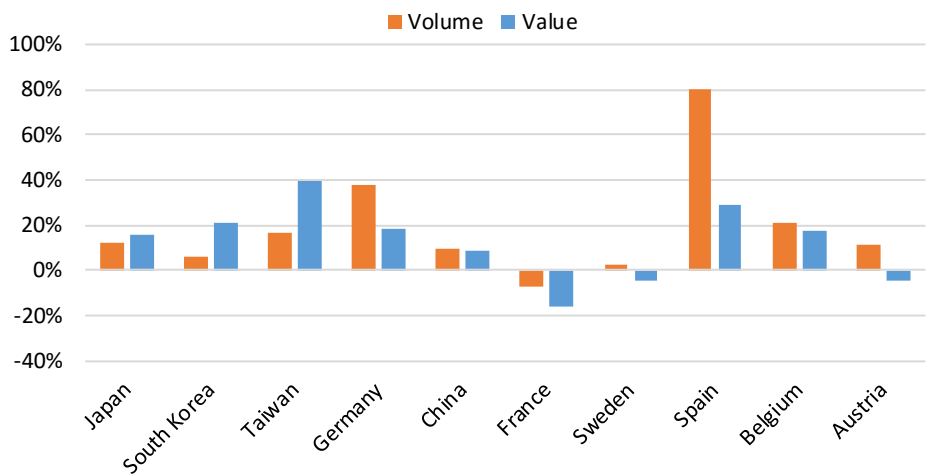
The United States ranked 11th as a source for China's steel imports in YTD 2017. China has imported 17 thousand metric tons from the United States in YTD 2017 — a 15 percent increase from 15 thousand metric tons in YTD 2016.

Trends in Imports from Top Sources

The volume of China's steel imports increased from nearly all of China's top 10 steel import sources between YTD 2016 and YTD 2017. China's imports from Spain increased the most in volume terms, up 80 percent in YTD 2017, followed by imports from Germany (up 38%), Belgium (up 21%), and Taiwan (up 17%). Only imports from France decreased in volume — down 7 percent from YTD 2016.

Between YTD 2016 and YTD 2017, the value of China's steel imports increased from seven of its top 10 import sources. Considerable increases in steel import value included China's imports from Taiwan (up 40% from YTD 2016), Spain (up 29%), and South Korea (up 21%). Only imports from France, Austria, and Sweden decreased in value, down 16 percent, 5 percent, and 4 percent, respectively.

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



Source: IHS Global Trade Atlas
YTD through March

Outside the top 10 sources, other notable volume changes in China's YTD 2017 imports came from Indonesia (up 3,032%), Finland (up 124%), and Brazil (down 83%).

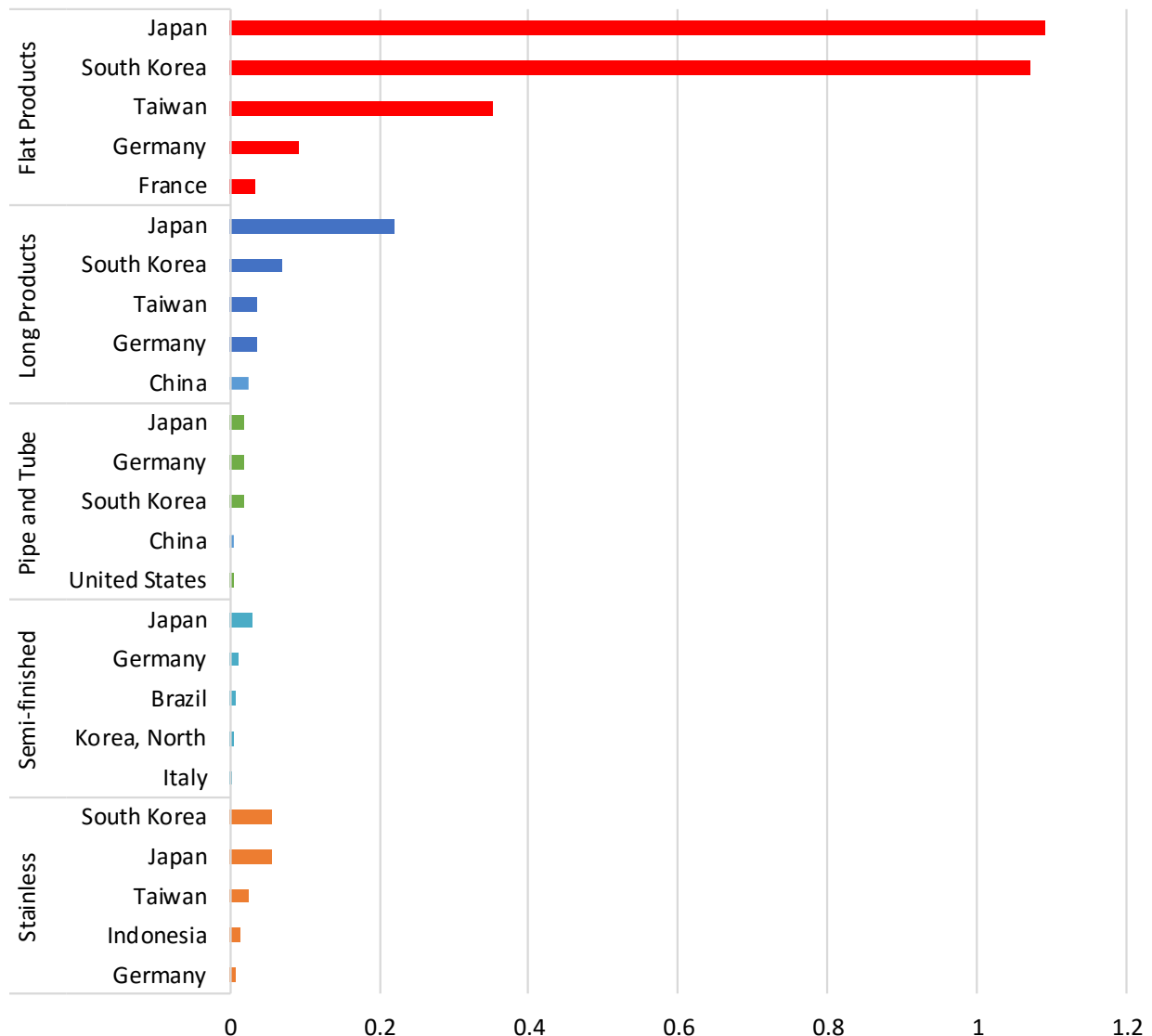
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Top Sources by Steel Product Category

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 nearly all of the five product categories. Japan accounted for 39 percent (1.09 million metric tons) of China's imports of flat products in YTD 2017, followed closely by South Korea at 38.5 percent (1.07 million metric tons).

In YTD 2017, China imported just over half of its long product imports from Japan at 52 percent (219 thousand metric tons), 24 percent of its pipe and tube imports from Japan (20 thousand metric tons), and 53 percent of its semi-finished imports from Japan (31 thousand metric tons). South Korea accounted for a 29 percent share of China's imports of stainless steel (56 thousand metric tons). Pipe and tube was the only product category for which the United States was a top-five source in YTD 2017.

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



Source: IHS Global Trade Atlas
YTD through March

Millions of Metric Tons

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China's Export Market Share from Top Source Countries

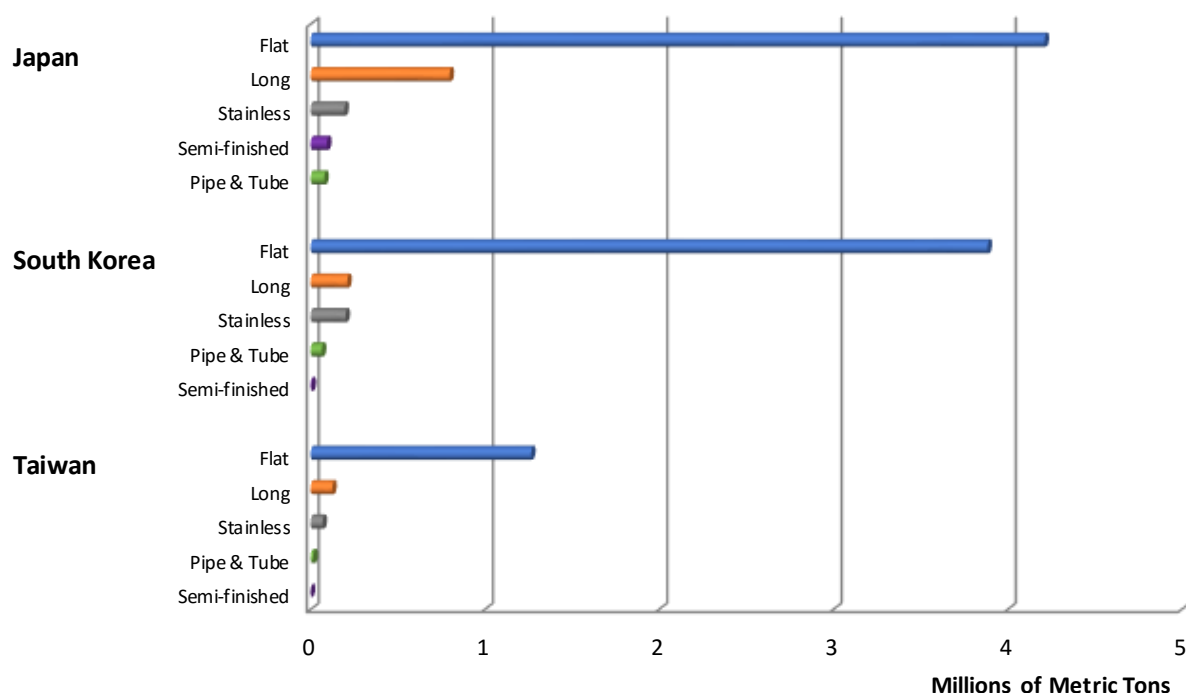
In 2016, the share of steel exports sent to China from its top import sources either increased or remained the same in the majority of cases. The share of South Korea's steel exports to China showed the largest increase in 2016 (up 2.1 percentage points), followed by Kazakhstan (up 1.4 percentage points). Export shares to China in Japan, Germany, and Austria increased by half a percentage point or less. Sweden and Taiwan had the largest decreases in their share of steel exports to China, down 0.9 percentage points and 0.7 percentage points, respectively. Export shares to China in France and Belgium remained the same in 2016 compared to 2015.

China's Steel Export Market Share				
Top 10 Import Sources	Share of Exports to China - 2015	China's Rank in 2015	Share of Exports to China - 2016	China's Rank in 2016
Japan	12.8%	2	13.3%	3
South Korea	12.3%	2	14.4%	1
Taiwan	12.8%	1	12.1%	2
Germany	2.0%	14	2.2%	13
France	1.0%	16	1.0%	17
Sweden	3.6%	9	2.7%	13
Belgium	0.8%	14	0.8%	13
Kazakhstan	1.9%	7	3.3%	8
Austria	0.4%	27	0.9%	21
Luxembourg	2.3%	12	2.0%	13

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

Among China's top import sources, Japan, South Korea, and Taiwan sent the largest shares of their total steel exports to China in 2016. Flat products accounted overwhelmingly for the largest share of steel exports to China for all three sources. Flat products accounted for 78 percent (4.2 million metric tons) of Japan's steel exports to China, 89 percent (3.9 million metric tons) of South Korea's exports, and 86 percent (1.3 million metric tons) of Taiwan's exports.

Steel Export Composition of Top Market-Share Countries - 2016

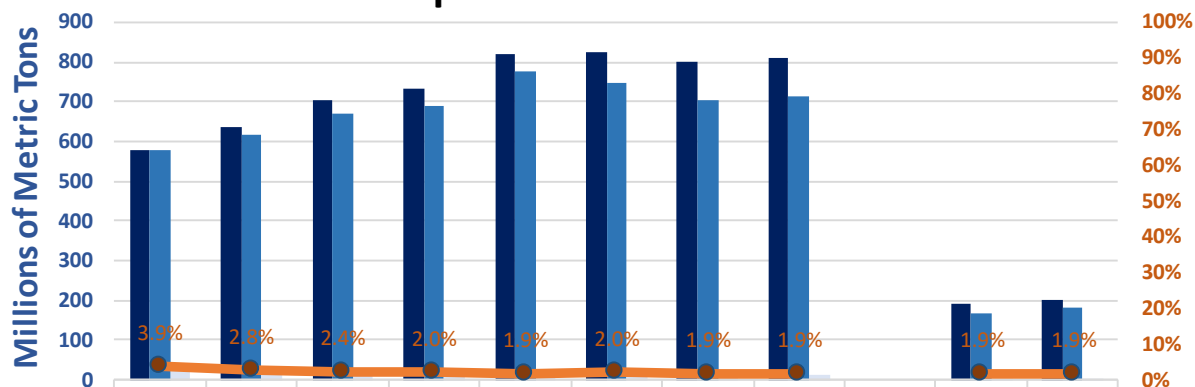


Source: IHS Global Trade Atlas, based on export data per reporting country

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Overall Production and Import Penetration

China's Import Penetration



	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
Imports	22.2	17.0	16.2	14.0	14.6	14.7	13.0	13.4	3.2	3.5
Import Penetration	3.9%	2.8%	2.4%	2.0%	1.9%	2.0%	1.9%	1.9%	1.9%	1.9%

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 has narrowed between YTD 2016 and YTD 2017. Imports have contributed little to domestic demand, as shown by a minimal import penetration level that has held steady at 1.9 percent in YTD 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.

China’s Trade Remedies in Effect Against Steel Mill Imports				
Country	AD	CVD	Suspension Agreements	Total
European Union	3			3
Japan	3			3
South Korea	1			1
United States	1			1
TOTAL	8	0	0	8

Source: World Trade Organization, through June 1, 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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