

Global Steel Trade Monitor

Steel Exports Report: Italy

September 2017

Background

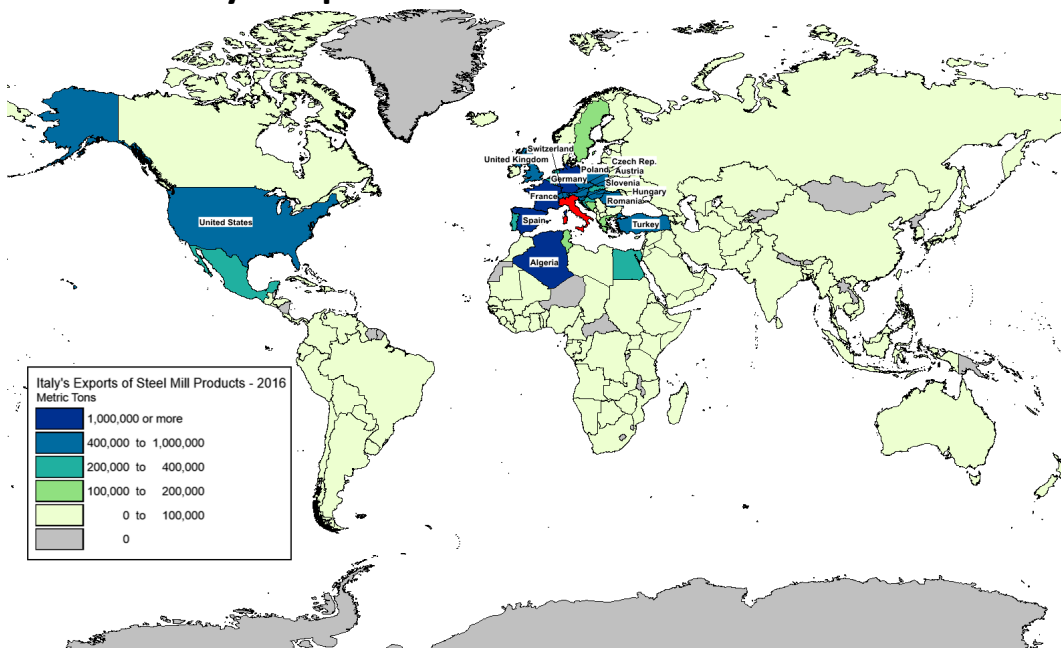
Italy is the world's seventh-largest steel exporter. In year to date 2017 (through June), further referred to as YTD 2017, Italy exported 8.8 million metric tons of steel, a 0.4 percent increase from 8.77 million metric tons in YTD 2016. Italy's exports represented about 4 percent of all steel exported globally in 2016. The volume of Italy's 2016 steel exports was slightly larger than that of Belgium, and just under one-sixth the size of the largest exporter, China. In value terms, steel represented just 6 percent of the total amount of goods Italy exported in 2016.

Italy exports steel to more than 170 countries and territories. The 14 countries labeled in the map below represent the top markets for Italy's exports of steel, receiving more than 400 thousand metric tons each and accounting for 80 percent of Italy's steel exports in 2016.

Quick Facts:

- World's seventh-largest steel exporter: 8.8 million metric tons (YTD 2017)
- 47% growth in steel exports since Q1 2009
- YTD export volume up 0.4% while export value up 15%
- Top three markets: Germany, France, Spain
- Largest producers: ILVA SpA, Marcegaglia
- Exports as a share of production at 71.2% in YTD 2017
- 3 trade remedies in effect involving steel mill imports from Italy; 6 trade remedies in effect involving steel mill imports from the European Union

Italy's Exports of Steel Mill Products - 2016



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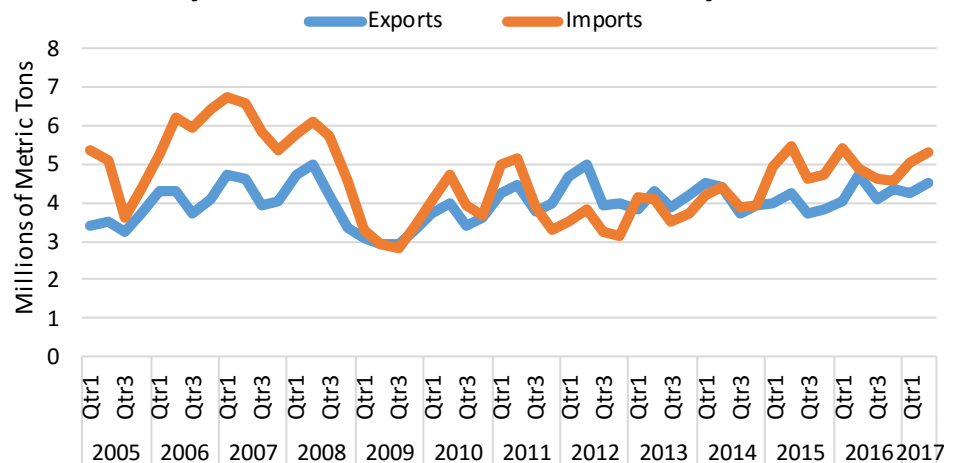
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Steel Trade Balance

Over the past decade, Italy's imports and exports have displayed roughly similar trends: both saw increases between 2005 and 2007, declined significantly in 2009, and recovered gradually over the next six years. Between Q1 2009 and Q2 2017, exports grew 47 percent while imports grew 62 percent.

Apart from surplus periods in 2009 and 2012-2014 when Italy was a net steel exporter, Italy has maintained a steel trade deficit since 2005. In YTD 2017, the steel trade deficit stood at -1.6 million metric tons, up from -1.5 million metric tons in YTD 2016.

Italy's Trade in Steel Mill Products by Quarter



Source: IHS Global Trade Atlas

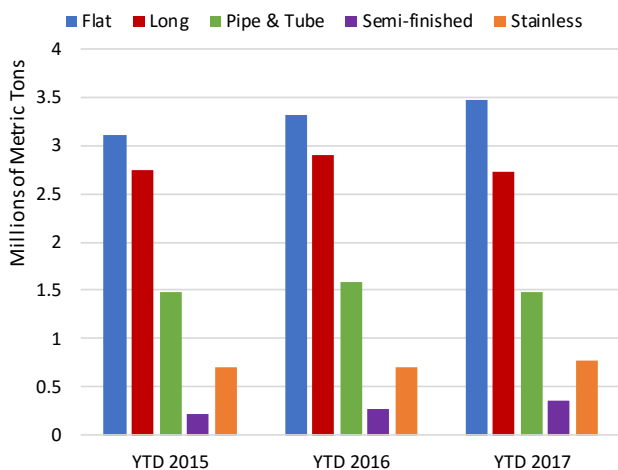
Export Volume, Value, and Product

Italy's steel exports increased by 1.4 million metric tons to 17.2 million metric tons in 2016 — an increase of 9 percent from 2015. In YTD 2017, exports increased 0.4 percent from YTD 2016 to a total of 8.8 million metric tons. In value terms, Italy's steel exports decreased by 1 percent between 2015 and 2016. In YTD 2017, export value has increased 15 percent to \$8.5 billion from \$7.4 billion in YTD 2016.

Flat products accounted for 39 percent of Italy's steel exports by volume at 3.5 million metric tons in YTD 2017. Long products accounted for 31 percent, or 2.7 million metric tons, of Italy's exports of steel, followed by pipe and tube at 17 percent (1.5 million metric tons), stainless steel at 9 percent (772 thousand metric tons), and semi-finished steel at 4 percent (351 thousand metric tons).

Italy's Exports of Steel Mill Products

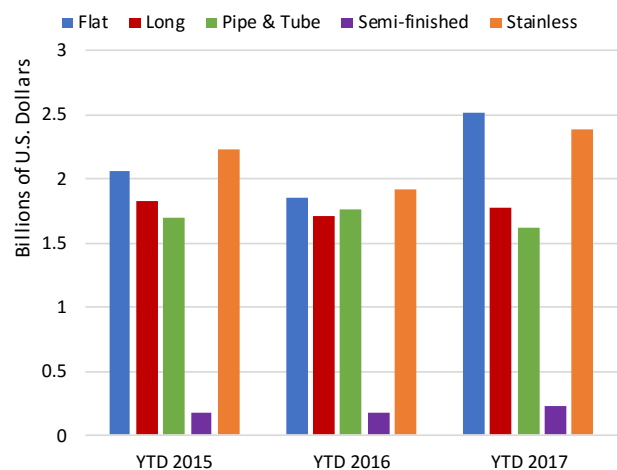
Millions of Metric Tons



Source: IHS Global Trade Atlas
YTD through June 2017

Italy's Exports of Steel Mill Products

Billions of U.S. Dollars



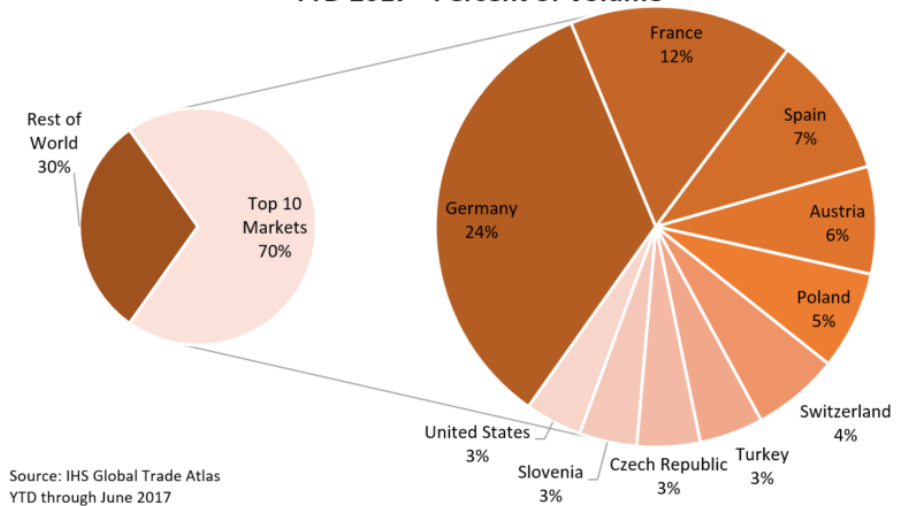
Source: IHS Global Trade Atlas
YTD through June 2017

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Exports by Top Market

At 6.1 million metric tons (mmt), Italy's exports to its top 10 steel markets represented 70 percent of its steel export volume in YTD 2017. Germany was the largest market for Italy's exports with 24 percent (2.1 mmt), followed by France at 12 percent (1 mmt), Spain at 7 percent (0.64 mmt), Austria at 6 percent (0.48 mmt), and Poland at 5 percent (0.44 mmt).

Italy's Steel Exports - Top 10 Markets
YTD 2017 - Percent of Volume



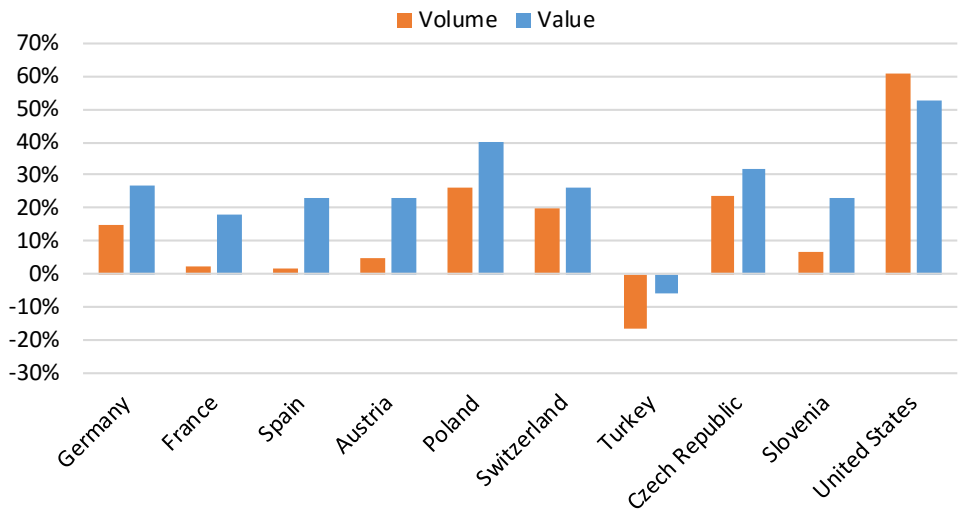
Source: IHS Global Trade Atlas
YTD through June 2017

The United States ranked 10th as a destination for Italy's steel exports in YTD 2017 at 3 percent (256 thousand metric tons) — an increase of 61 percent from 159 thousand metric tons in YTD 2016.

Trends in Exports to Top Markets

Between YTD 2016 and YTD 2017, exports to Italy's top 10 markets increased in volume to nine of the top 10 export markets. Only exports to Turkey decreased, down 17 percent by volume. Export volumes increased the most to the United States (up 61% from YTD 2016), Poland (up 26%), Czech Republic (up 23%), Switzerland (up 20%), and Germany (up 15%).

Percent Change in Exports to Top 10 Markets (YTD 2016 to YTD 2017)



Source: IHS Global Trade Atlas
YTD through June 2017

Outside the top 10 markets, other notable volume changes included Italy's exports to the 27th-ranked Cyprus (up 157%), 30th-ranked Lebanon (up 228%), and 32nd ranked Saudi Arabia (up 173%).

Similar to volume increases, the overall value of Italy's exports increased to nine of its top 10 markets. Export values to the United States again showed the largest increase (up 53% from YTD 2016), followed by Poland (up 40%), the Czech Republic (up 32%), and Germany (up 27%). The only decline in YTD 2017 export values was to Turkey, down 6 percent from YTD 2016.

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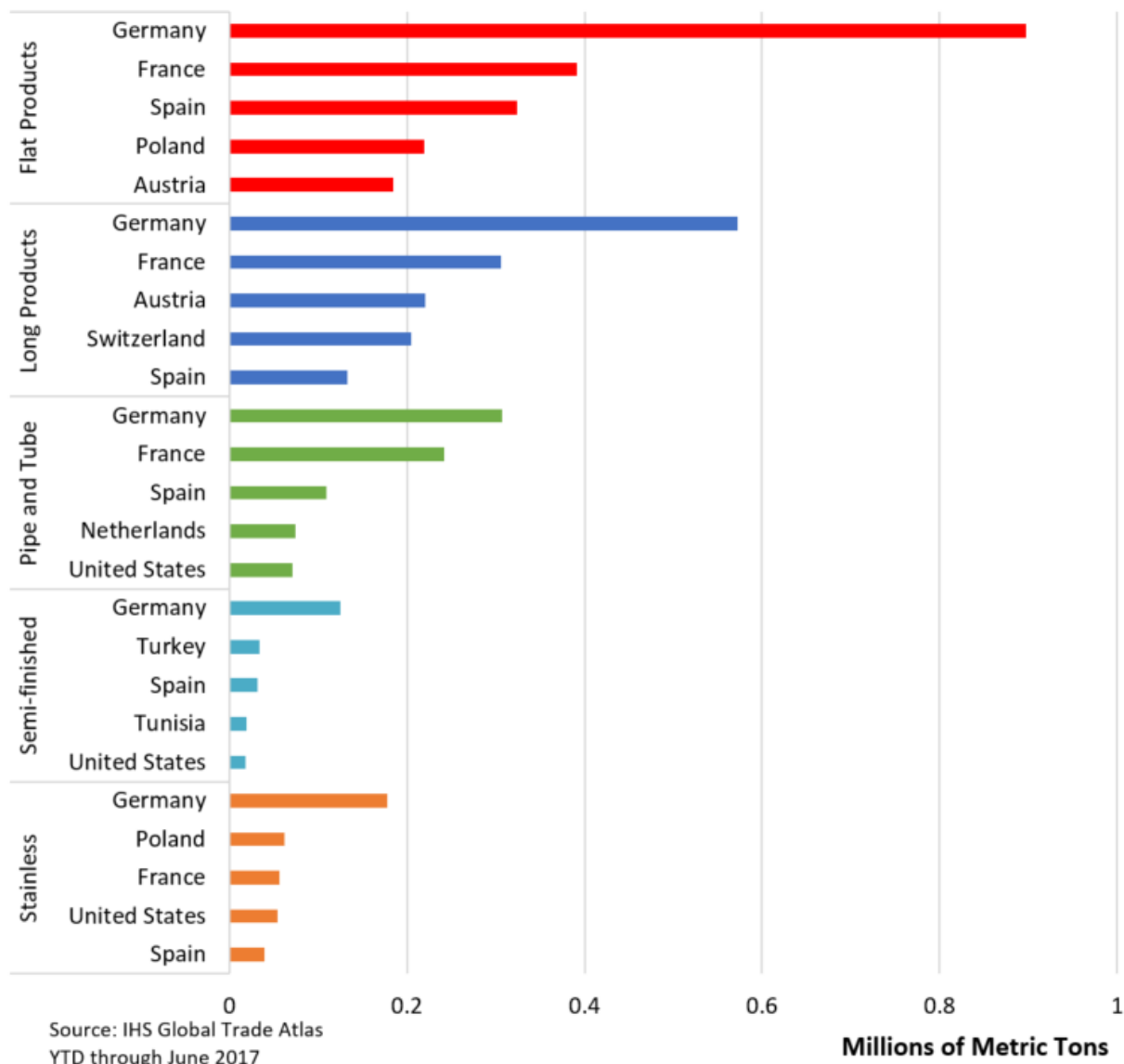
Top Markets by Steel Product Category

In YTD 2017, Italy's top export market by volume was Germany for every product category. Germany accounted for 26 percent of Italy's exports of flat products (897 thousand metric tons), 21 percent of long product exports (573 thousand metric tons), 21 percent of pipe and tube product exports (307 thousand metric tons), 35 percent of semi-finished exports (124 thousand metric tons), and 23 percent of stainless steel exports (178 thousand metric tons).

France was the second-largest market for Italy's exports of flat products (11% or 392 thousand metric tons), long products (11% or 306 thousand metric tons), and pipe and tube products (16% or 242 thousand metric tons) in YTD 2017.

The United States was a top-five export destination for pipe and tube, semi-finished, and stainless steel products. Receiving 5% (71 thousand metric tons), 5% (18 thousand metric tons), and 7% (54 thousand metric tons) respectively.

Italy's Top 5 Export Markets by Product - YTD 2017



Steel Exports Report: Italy

Italy's Import Market Share in Top Destinations

In 2016, the import market share for Italy's steel products increased in the majority of Italy's top export destinations. The share of imports from Italy in Switzerland showed the largest increase (up 2.5 percentage points) in 2016, followed by Germany (up 1.4 percentage points) and Slovenia (up 1.3 percentage points). Italy's import share in France, Algeria, Spain, and the Czech Republic increased by less than one percentage point.

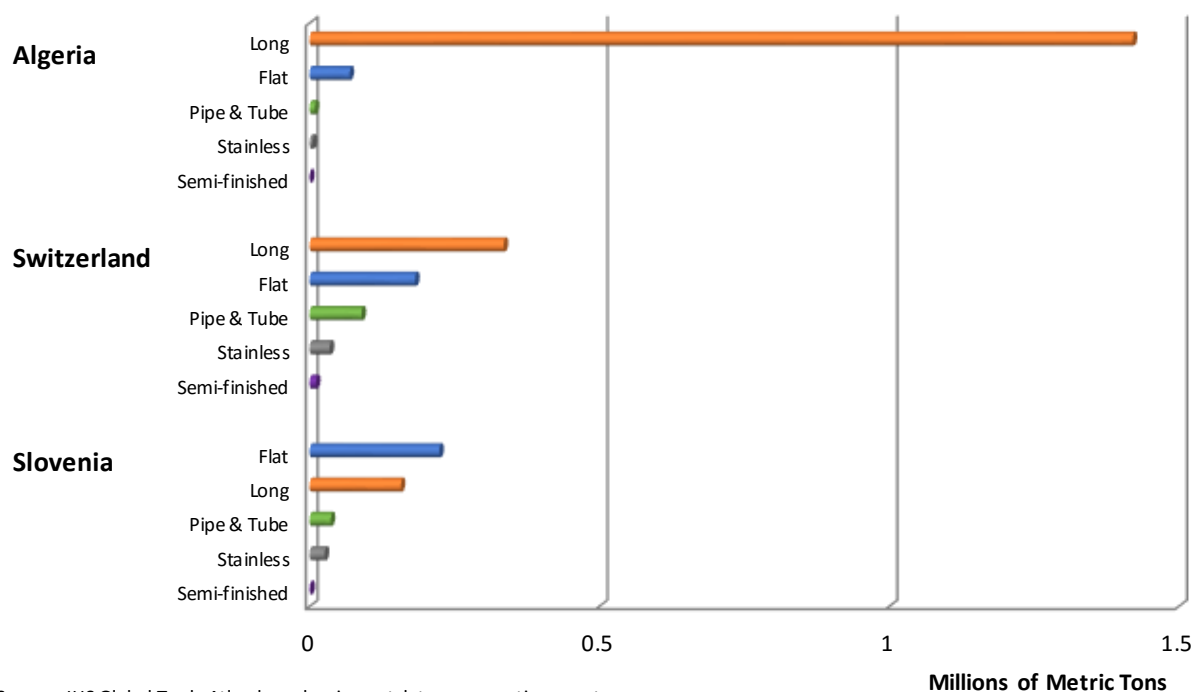
Italy's Steel Import Market Share				
Top 10 Export Markets	Share of Imports from Italy - 2015	Italy's Rank in 2015	Share of Imports from Italy - 2016	Italy's Rank in 2016
Germany	12.4%	2	13.7%	2
France	11.9%	3	12.2%	3
Algeria	27.2%	1	27.7%	1
Spain	11.2%	3	11.5%	2
Austria	18.0%	3	18.0%	3
Poland	5.9%	6	5.9%	6
Switzerland	24.3%	2	26.8%	2
Turkey	4.0%	7	3.8%	8
Slovenia	29.4%	1	30.8%	1
Czech Republic	6.4%	4	6.7%	4

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

In 2016, import shares from Italy in Poland and Turkey decreased by less than half of one percentage point, while the import share from Italy in Austria remained the same.

Among Italy's top export markets, Algeria, Switzerland, and Slovenia each received more than a quarter of their steel imports from Italy in 2016. Long products accounted for the largest share of steel imports from Italy in both Algeria at 94 percent (1.4 million metric tons) and Switzerland at 51 percent (335 thousand metric tons). Half of Slovenia's imports from Italy in 2016 were of flat products (224 thousand metric tons).

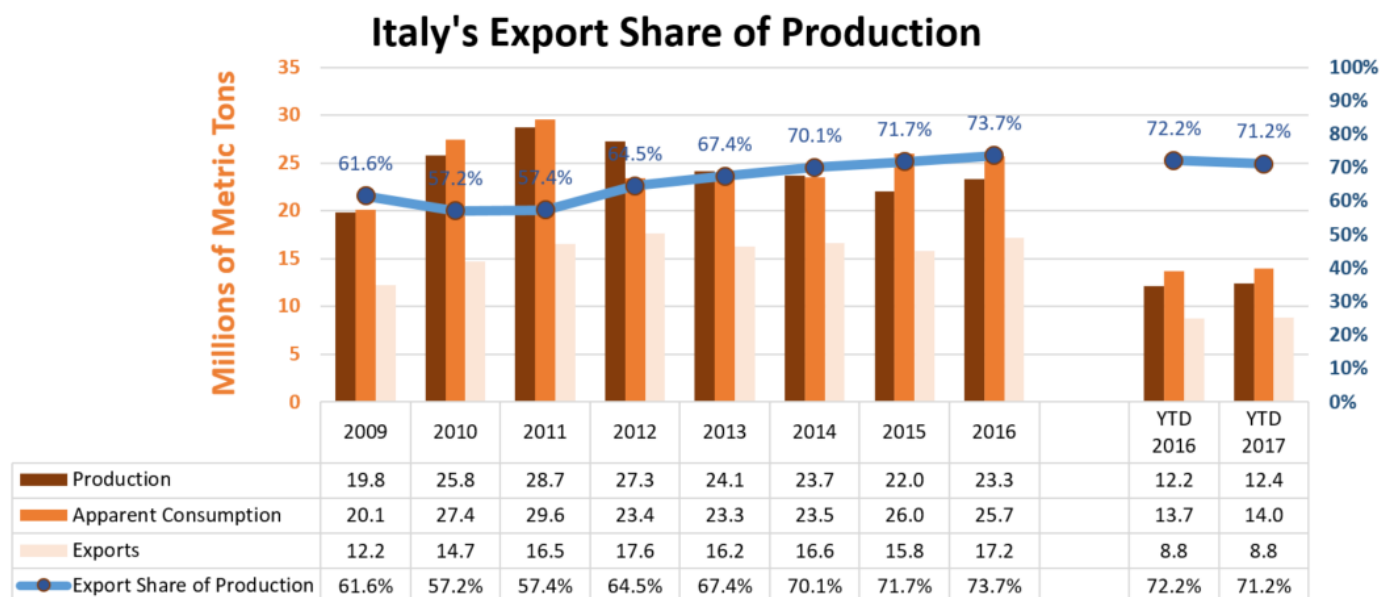
Steel Import Composition of Top Market-Share Countries - 2016



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

Steel Exports Report: Italy

Overall Production and Export Share of Production



Sources: World Steel Association; IHS Global Trade Atlas
YTD through June 2017

Italy's crude steel production increased by 45 percent between 2009 and 2011 before falling by 23 percent to 2015. Production in YTD 2017 increased by 2 percent to 12.4 million metric tons from 12.2 million metric tons in YTD 2016. While apparent consumption (a measure of steel demand) kept up with production for much of 2009-2014, it outpaced production by 4 million metric tons in 2015 and 2.4 million metric tons in 2016. In YTD 2017, the gap between production and apparent consumption increased to 1.6 million metric tons from 1.5 million metric tons in YTD 2016. Italy's steel exports as a share of production grew 12 percentage points between 2009 and 2016. The export share of production stood at 71.2 percent in YTD 2017, down 1 percentage point from YTD 2016.

Top Producers

Unlike much of Europe, steel production in Italy is diffused across many small - and medium-sized companies. After privatization of the country's steel industry in the late 1980s and 1990s, only a small number of the earlier, larger steelworks remain.

Italy's Top Steel Producers in 2016			
Rank	Company	Production (mmt)	Main Products
1	ILVA SpA	5.7	Hot- and cold-rolled coils, galvanized, heavy plate, welded pipe
2	Marcegaglia	5.6	Coils, strips, sheets, welded pipe, sections, bars, heavy plate
3	Arvedi Group	3	Hot-rolled, galvanized, welded tubes, cold-drawn tubes, stainless tubes, cold-rolled stainless strip
4	Riva Acciaio	1.25	Billets, hot-rolled and cold-drawn bars, reinforcing bars
5	Lucchini RS SpA	N/A	Railway components, forgings, castings, ingots

Sources: World Steel Association; Federacciai; Metal Bulletin, *Iron and Steelworks of the World Directory 2017*; LexisNexis; 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 tables below provide statistics on the current number of trade remedies various countries have against steel mill products from Italy and from the European Union, which includes Italy.

Steel Mill Trade Remedies in Effect Against Italy				
Country	AD	CVD	Suspension Agreements and Undertakings	Total
Canada	1			1
United States	1	1		2
TOTAL	2	1	0	3

Source: World Trade Organization, through June 1, 2017

Steel Mill Trade Remedies in Effect Against the European Union				
Country	AD	CVD	Suspension Agreements	Total
China	3			3
India	2			2
Morocco	1			1
TOTAL	6	0	0	6

Source: World Trade Organization, through June 1, 2017

Global Steel Mill Safeguards in Effect	
Country	Product(s)
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 sec-
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
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

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 HTS 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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