

Global Steel Trade Monitor

Steel Exports Report: Russia

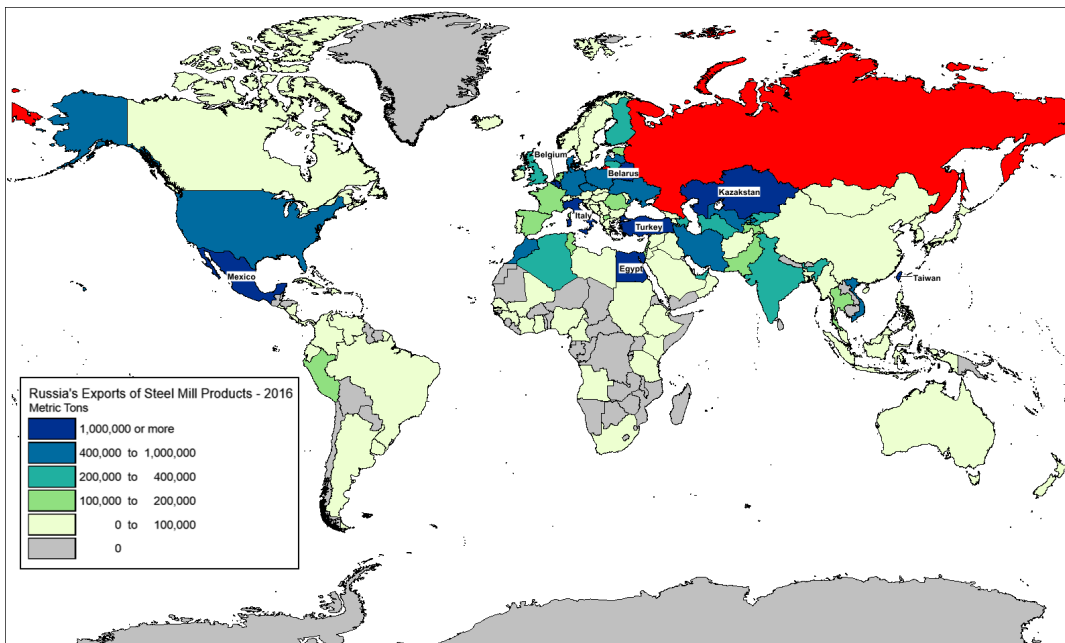
September 2017

Background

Russia is the world's third-largest steel exporter. In year to date 2017 (through June), further referred to as YTD 2017, Russia exported 15.7 million metric tons of steel, a 3 percent decrease from 15.2 million metric tons in YTD 2016. Russia's exports represented about 7 percent of all steel exported globally in 2016. The volume of Russia's 2016 steel exports was less than a third of the volume shipped by the world's largest exporter, China. In value terms, steel represented just 4 percent of the total amount of goods Russia exported in 2016.

Russia exports steel to more than 160 countries and territories. The eight countries labeled in the map below represent the top markets for Russia's exports of steel, receiving more than one million metric tons each and accounting for 61 percent of Russia's steel exports in 2016.

Russia's Exports of Steel Mill Products - 2016



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

Quick Facts:

- World's third-largest steel exporter: 15.7 million metric tons (YTD 2017)
- 34% increase in steel exports from Q3 2011
- YTD export volume up 3% while export value up 51%
- Exports as a share of production up from 43.4% in YTD 2016 to 44.4% in YTD 2017
- Top three markets: Turkey, Taiwan, Belgium
- Largest producers: Novolipetsk Steel, EVRAZ, Severstal
- 14 trade remedies in effect in 6 countries involving steel mill imports from Russia

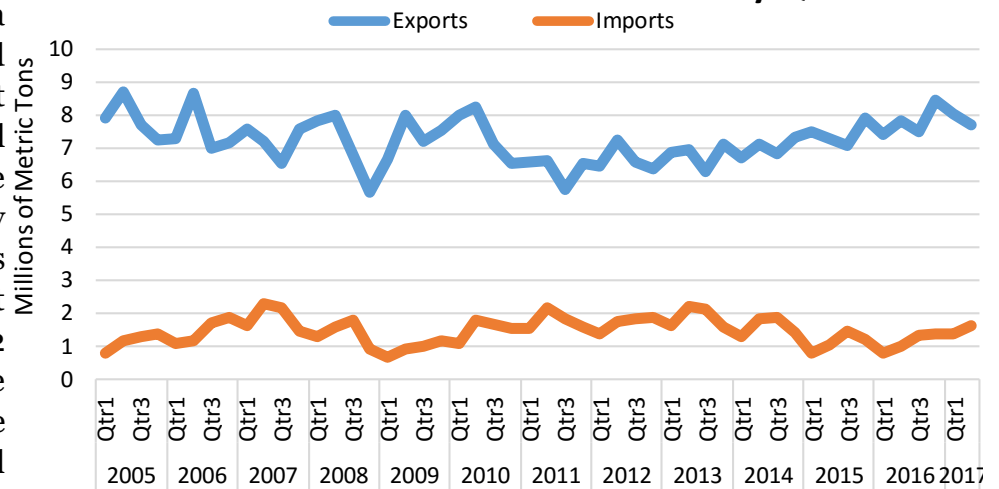
Steel Exports Report: Russia

Steel Trade Balance

Over the past 11 years, Russia has exported between four and seven times as much steel as it has imported. Russia's steel imports and exports have historically displayed a roughly inverse relationship. Russia's exports increased 34 percent from Q3 2011 compared to Q2 2017 while imports have decreased 11 percent over the same period. Russia's steel trade surplus amounted to 12.7 million metric tons in YTD 2017

— an five percent decrease from 13.4 million metric tons in YTD 2016.

Russia's Trade in Steel Mill Products by Quarter



Source: IHS Global Trade Atlas

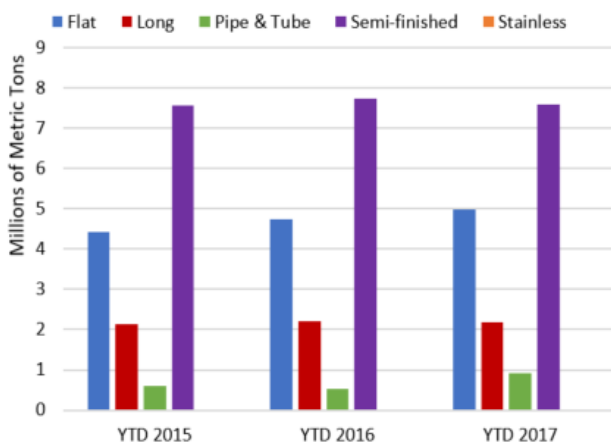
Export Volume, Value, and Product

In 2011, Russia's steel exports dropped by 4.4 million metric tons, a decrease of 15 percent from 29.8 million metric tons in 2010. Over the next five years, exports recovered steadily and increased to 31.1 million metric tons by 2016. In YTD 2017, exports were up three percent to 15.7 million metric tons from 15.2 million metric tons in YTD 2016. After declining between 2013 and 2016, the value of Russia's steel exports has increased in YTD 2017 — up 51 percent to \$7.6 billion.

In YTD 2017, Russia exported 7.6 million metric tons of semi-finished products, comprising 48 percent, slightly less than half, of the country's steel exports. With 5 million metric tons, flat products were the second-largest share of exports at 32 percent, followed by long products at 14 percent (2.2 million metric tons), pipe and tube at 6 percent (910 thousand metric tons), and stainless steel at 0.05 percent (8 thousand metric tons).

Russia's Exports of Steel Mill Products

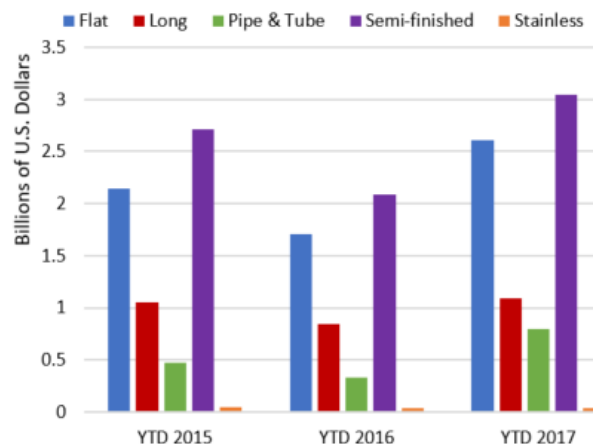
Millions of Metric Tons



Source: IHS Global Trade Atlas
YTD through June 2017

Russia's Exports of Steel Mill Products

Billions of U.S. Dollars



Source: IHS Global Trade Atlas
YTD through June 2017

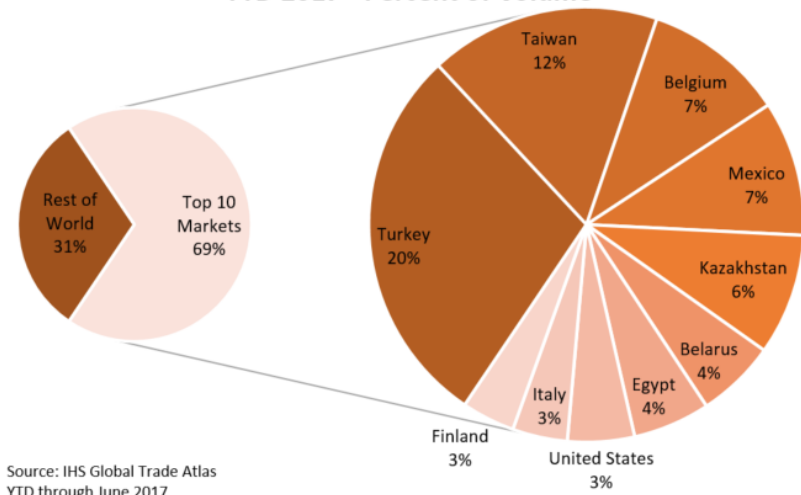
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Exports by Top Market

Exports to Russia's top 10 steel markets represented 69 percent of Russia's steel export volume in YTD 2017 at 10.8 million metric tons (mmt). Turkey accounted for the largest share of Russia's exports with 20 percent (3.1 mmt), followed by Taiwan at 12 percent (1.9 mmt), Belgium at 7 percent (1.1 mmt), Mexico at 7 percent (1.1 mmt), and Kazakhstan at 6 percent (1 mmt).

The United States ranked eighth in YTD 2017 as a destination for Russia's steel exports, receiving 3 percent of exports (537 thousand metric tons).

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



Source: IHS Global Trade Atlas
YTD through June 2017

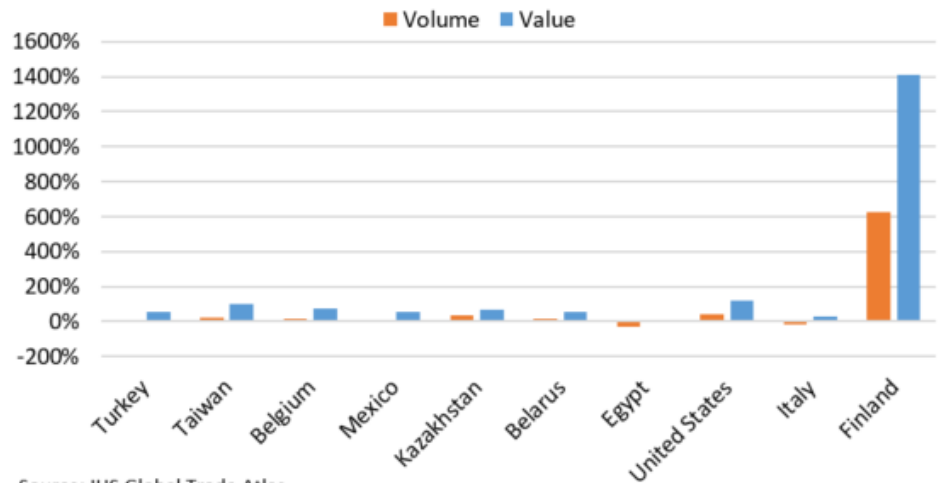
Trends in Exports to Top Markets

Between YTD 2016 and YTD 2017, the volume of Russia's steel exports increased to seven of its top 10 steel export markets. Russia's exports to Finland jumped 623 percent by volume in YTD 2017. Other increases included exports to the United States (up 45%), Kazakhstan (up 38%), Taiwan (up 25%), Belarus (up 19%), Belgium (up 13%), and Turkey (up 11%). Russia's exports to the remaining three of its top 10 steel export markets decreased in volume between YTD 2016 and YTD 2017 including Egypt (down 28%), Italy (down 16%), and Mexico (down 1%).

Export values in YTD 2017 increased to all of Russia's top 10 markets. As with volume, exports to Finland increased the most in value, up 1410 percent, followed by the United States (up 121%), Taiwan (up 99%), Belgium (up 75%), Kazakhstan (up 67%), Turkey (up 56%), Belarus (up 55%), Mexico (up 52%), Italy (up 28%), and Egypt (up 11%).

Outside the top 10 markets, other notable volume changes included Russia's exports to 28th-ranked Brazil (up 334%) and 27th-ranked Saudi Arabia (up 238%).

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



Source: IHS Global Trade Atlas
YTD through June 2017

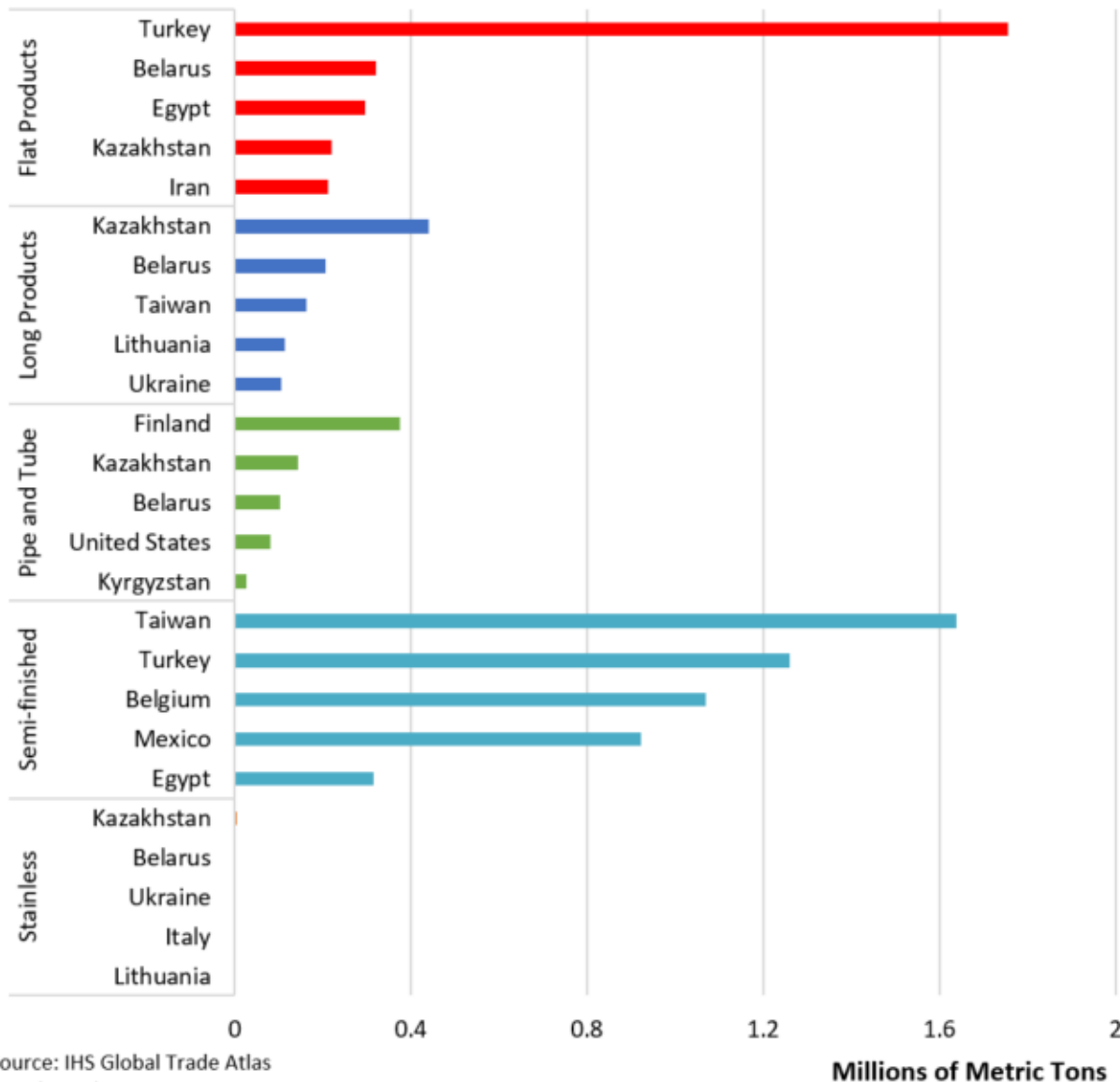
Steel Exports Report: **Russia**

Top Markets by Steel Product Category

Russia's top export markets by volume vary across types of steel products. Turkey accounted for the largest share of Russia's exports of flat products in YTD 2017 at 35 percent (1.8 million metric tons). Russia exported the largest shares of long products and stainless steel to Kazakhstan at 20 percent (441 thousand metric tons) and 43 percent (3.6 thousand metric tons), respectively. Russia exported the largest share of semi-finished steel products to Taiwan at 22 percent (1.6 million metric tons). Finland accounted for the largest share of pipe and tube exports at 41 percent (375 thousand metric tons).

Pipe and tube was the only product category for which the United States was a top-five export destination, coming in fourth with 9 percent (80 thousand metric tons) of Russia's total YTD 2017 exports in this category.

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



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Russia's Import Market Share in Top Destinations

In 2016, the import market share for Russia's steel products decreased in the majority of Russia's top export destinations for which data are available. Countries with notable decreases in their share of steel imports from Russia included Belarus (down 1.5 percentage points), Belgium (down 0.9 percentage points), and Mexico (down 0.7 percentage points).

In 2016, Egypt had a significant increase in the share of its steel imports from Russia, up 30.1 percentage points. Import shares from Russia in Turkey and Taiwan each increased by just under 2 percentage points, and Italy's share of imports from Russia remained the same compared to 2015.

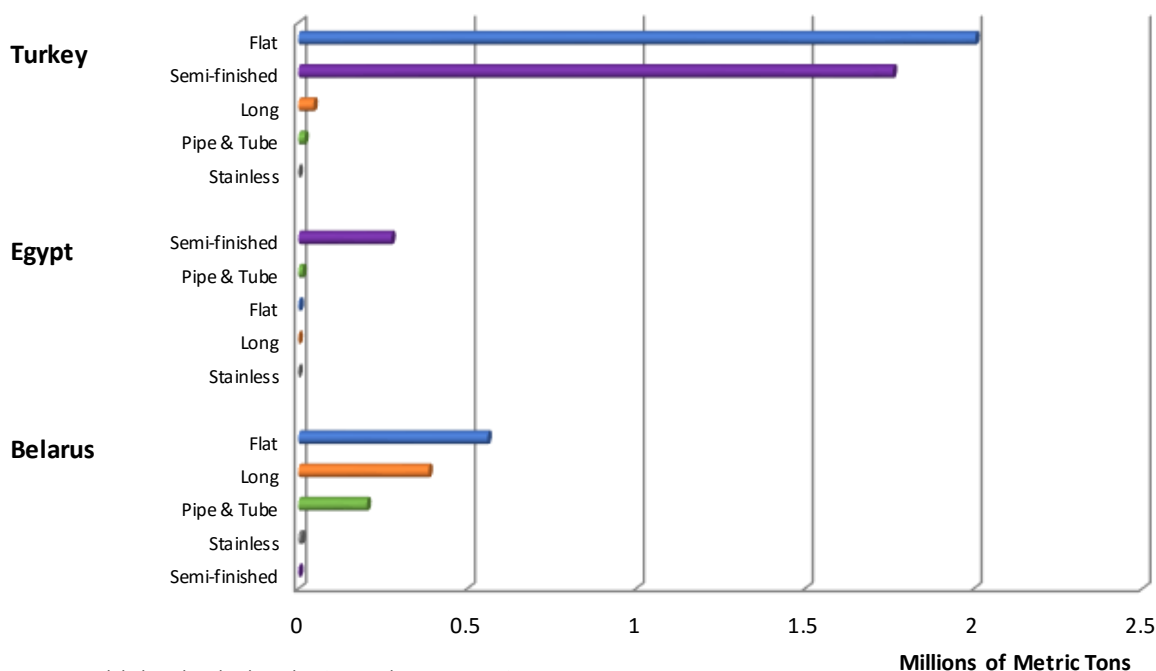
Russia's Steel Import Market Share				
Top 10 Export Markets	Share of Imports from Russia - 2015	Russia's Rank in 2015	Share of Imports from Russia - 2016	Russia's Rank in 2016
Turkey	23.1%	1	24.9%	1
Taiwan	13.3%	3	14.9%	3
Mexico	2.1%	10	1.4%	13
Belgium	17.5%	2	16.6%	1
Egypt	1.9%	4	32.0%	1
Kazakhstan	N/A	N/A	N/A	N/A
Italy	8.6%	5	8.6%	5
Belarus	80.4%	1	78.9%	1
Iran	N/A	N/A	N/A	N/A
Germany	1.9%	15	1.7%	14

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

Note: Kazakhstan not reporting imports from Russia; 2015/2016 data for Iran not available

Among Russia's top export markets, Turkey, Egypt, and Belarus received the largest share of their steel imports from Russia at 24.9 percent, 32 percent, and 78.9 percent, respectively. In 2016, flat products accounted for the largest share of steel imports from Russia in both Turkey (52% or 2 million metric tons) and Belarus (48% or 560 thousand metric tons), while nearly all of Egypt's imports from Russia were of semi-finished steel (94% or 275 thousand metric tons).

Steel Import Composition of Top Market-Share Countries - 2016

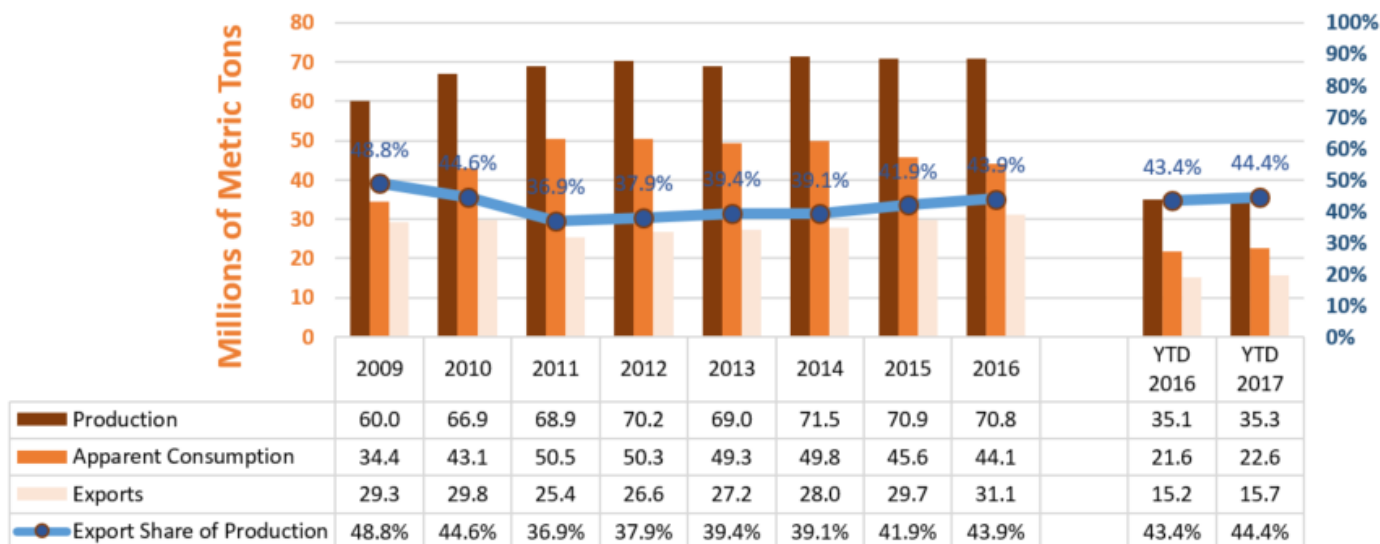


Source: IHS Global Trade Atlas, based on import data per reporting country

Steel Exports Report: Russia

Overall Production and Export Share of Production

Russia's Export Share of Production



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

Russia's crude steel production increased by 18 percent from 60 million metric tons in 2009 to 70.8 million metric tons in 2016. In YTD 2017, production has increased 1 percent compared to YTD 2016. Apparent consumption (a measure of steel demand) has consistently outpaced production by roughly 20 to 26 million metric tons per year since 2009. In YTD 2017, the gap between production and demand stood at 12.7 million metric tons, a decline from 13.4 million metric tons in YTD 2016. After a decline of 11.9 percentage points from 2009 to 2011, exports as a share of production displayed modest growth for every year but 2014. The export share of production increased to 44.4 percent in YTD 2017 from 43.4 percent in YTD 2016.

Top Producers

Russia's steel production is concentrated among a handful of companies, with the country's top five producers accounting for 58.9 million metric tons, or 83 percent of total 2016 production, based on available data. Just the top four producers — NLMK, EVRAZ, Magnitogorsk, and Severstal — accounted for 77 percent of Russia's total production.

Russia's Top Steel Producers in 2016			
Rank	Company	Production (mmt)	Main Products
1	Novolipetsk Steel (NLMK)	16.6	Hot-rolled, cold-rolled, semi-finished, rebar, galvanized
2	EVRAZ	13.5	Beams, rails, structural shapes, rebar, pipe
3	Magnitogorsk Iron & Steel Works	12.5	Semi-finished, hot-rolled, coated, sections, pipes
4	Severstal	11.6	Flat products, hot-rolled, cold-rolled, galvanized, pipe
5	Metalloinvest Management Company	4.7	Heavy plate, strips, semi-finished

Source: World Steel Association; MarketLine; 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 various countries have against steel mill products from Russia.

Steel Mill Trade Remedies in Effect Against Russia				
Country	AD	CVD	Suspension Agreements	Total
European Union	4		1	5
India	1			1
Indonesia	1			1
Mexico	4			4
Thailand	1			1
United States	1		1	2
TOTAL	12	0	2	14

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 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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