

Global Steel Trade Monitor

Steel Imports Report: South Korea

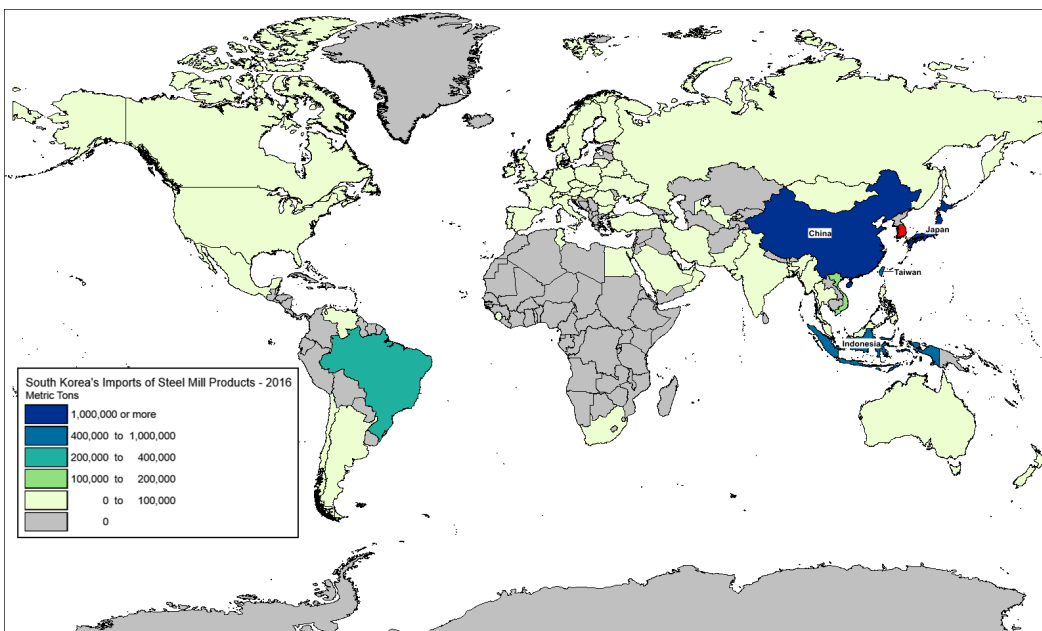
August 2017

Background

South Korea is the world's third-largest steel importer. In year-to-date 2017 (through June), further referred to as YTD 2017, South Korea imported 11 million metric tons of steel — a 5 percent decrease from 11.5 million metric tons in YTD 2016. South Korea's imports represented 6 percent of all steel imported globally in 2016. South Korea's 2016 steel imports were roughly 75 percent the size of the largest steel importer, the United States. In value terms, steel represented just 3 percent of the total amount of goods imported into South Korea in 2016.

South Korea imports steel from over 75 countries and territories. The four countries labeled in the map below represent the top import sources for South Korea's imports of steel, with each sending more than 400 thousand metric tons and together accounting for 96 percent of South Korea's steel imports in 2016.

South Korea's Imports of Steel Mill Products - 2016



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

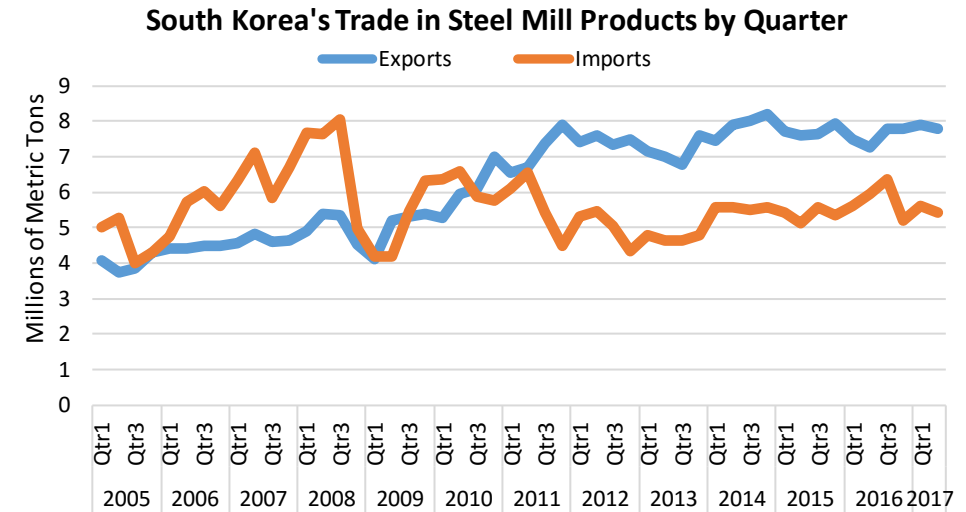
Quick Facts:

- World's third-largest steel importer: 11 million metric tons (YTD 2017)
- 15% steel import decline since Q1 2010
- YTD import volume down 5% and import value up 30%
- Top three import sources: China, Japan, Taiwan
- Import penetration down from 38.1% in YTD 2016 to 36.7% in YTD 2017
- Largest producers: POSCO and Hyundai Steel Co.
- 7 trade remedies in effect against imports of steel mill products

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Steel Trade Balance

Prior to 2009, South Korea had a trade deficit in steel products. Imports fell 29 percent in 2009, bringing steel exports and imports closer. In 2010, exports began to outpace imports and grew 47 percent between Q1 2010 and Q2 2017. Over the same period, imports decreased by 15 percent. South Korea has had a steel trade surplus since mid-2010. In YTD 2017, the surplus amounted to 4.6 million metric tons — a 46 percent increase from 3.2 million metric tons in YTD 2016.

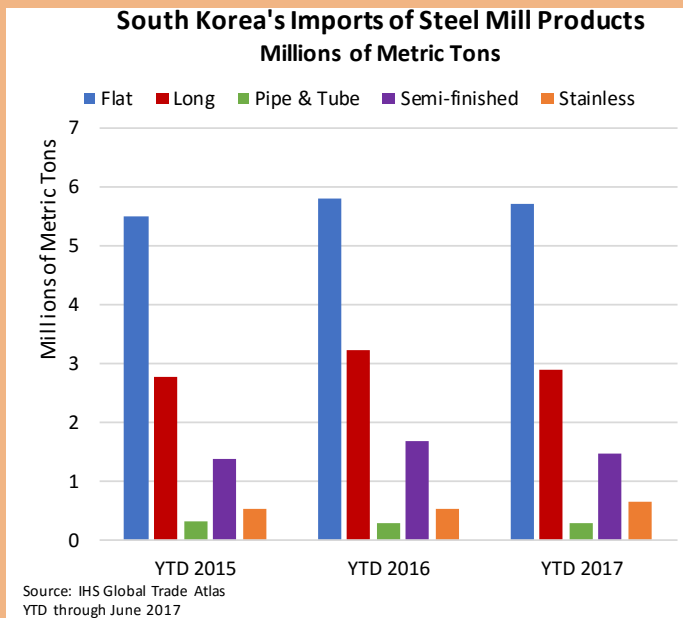


Source: IHS Global Trade Atlas

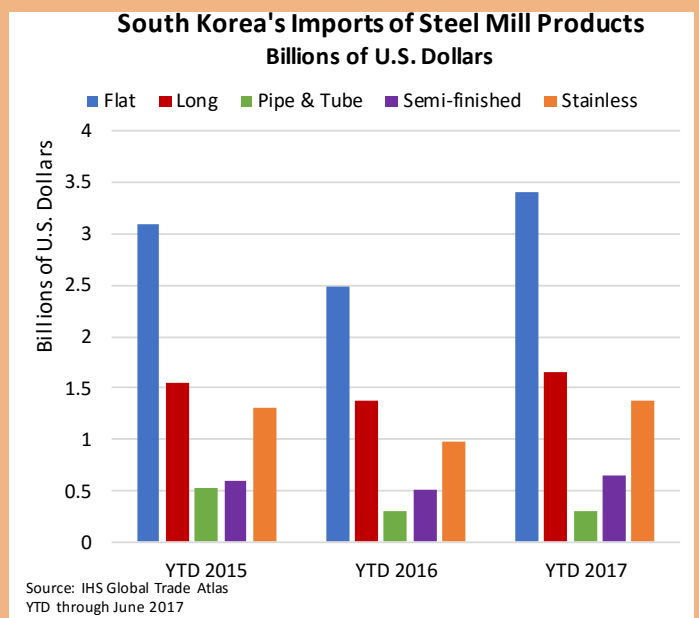
Import Volume, Value, and Product

The volume of South Korea's steel imports reached a high in 2010 at 24.5 million metric tons. Between 2010 and 2015 however, import volume decreased in all but one year. In 2016, imports increased by 8 percent to 23.1 million metric tons, up from 21.5 million metric tons in 2015. In YTD 2017, South Korea's imports decreased by 5 percent to 11 million metric tons down from 11.5 million metric tons in YTD 2016. By contrast, the value of South Korea's YTD 2017 imports increased by 30 percent to \$7.4 billion, up from \$5.7 billion in YTD 2016.

Flat products account for just over half of South Korea's steel imports in YTD 2017, netting for 52 percent or 5.7 million metric tons. Long products accounted 26 percent (2.9 million metric tons), followed by semi-finished steel at 13 percent (1.5 million metric tons), stainless steel at 6 percent (638 thousand metric tons), and pipe and tube products at 3 percent (285 thousand metric tons).



Source: IHS Global Trade Atlas
YTD through June 2017



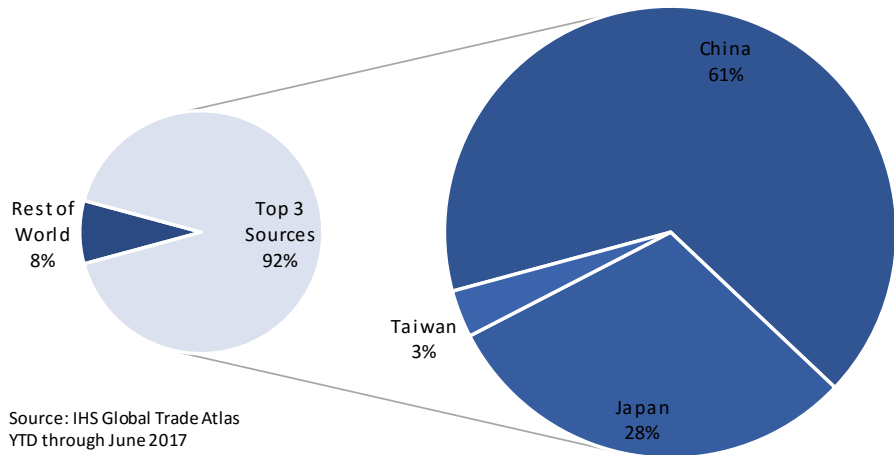
Source: IHS Global Trade Atlas
YTD through June 2017

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Imports by Top Source

The top 3 source countries for South Korea's steel imports represented 92 percent of the total steel import volume in YTD 2017 with 10.1 million metric tons (mmt). China accounted for the largest share of South Korea's imports by source country at 61 percent (6.7 mmt), followed by Japan at 28 percent (3.1 mmt) and Taiwan at 3 percent (342 thousand metric tons).

South Korea's Steel Imports - Top 3 Sources
YTD 2017 - Percentage of Volume (mmt)

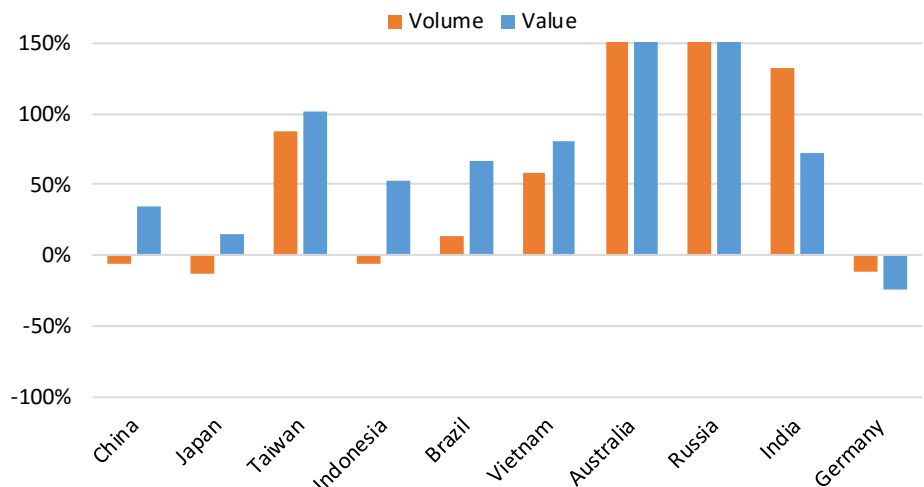


The United States ranked 11th as a source for South Korea's steel imports in YTD 2017 with 0.2 percent of imports (22 thousand metric tons).

Trends in Imports from Top Sources

The volume of South Korea's steel imports increased from six of South Korea's top ten steel import sources between YTD 2016 and YTD 2017. South Korea's imports from Australia and Russia increased significantly in YTD 2017 — up 16,422 percent and 13,716 percent, respectively. Imports from India increased 132 percent, followed by Taiwan (up 88%), Vietnam (up 58%), and Brazil (up 13%). South Korea's import volumes from Japan showed the largest decrease, down 13 percent, followed by Germany (down 12%), and China and Indonesia (both down 6%).

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



The overall value of South Korea's steel imports increased from all but one of the top 10 sources. As with import volume, values from Australia and Russia showed significant increases, up 5,689 percent and 2,662 percent, respectively, followed by imports from Taiwan (up 102%), Vietnam (up 81%), India (up 73%), Brazil (up 67%), Indonesia (up 53%), China (up 35%), and Japan (up 14%). The only source market that had a decline in import value was Germany, which was down 24 percent in YTD 2017.

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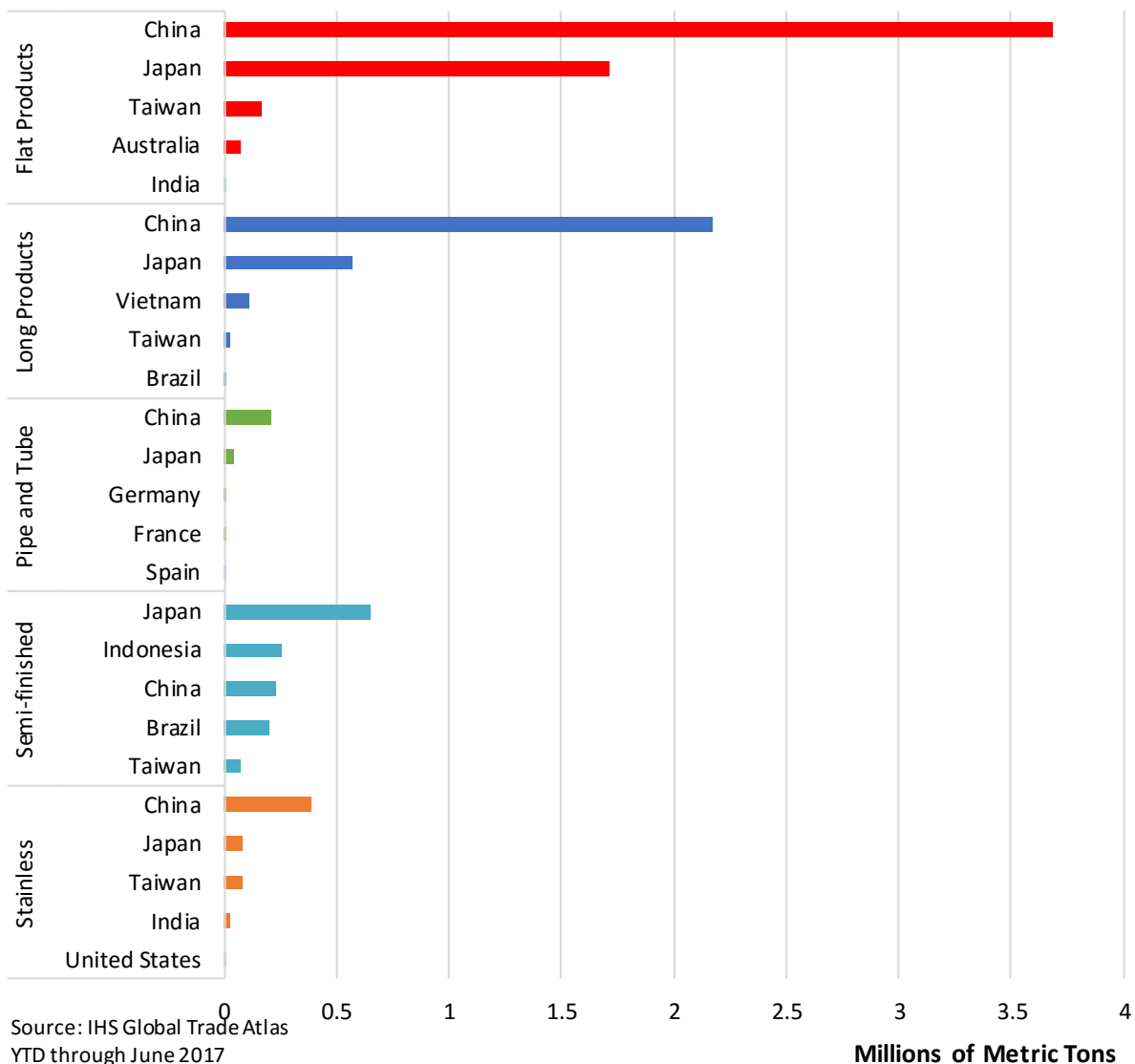
Top Sources by Steel Product Category

South Korea's top import sources by volume vary across types of steel products, though China and Japan hold the first and second spots for most products. In YTD 2017, China accounted for the largest share of South Korea's imports of flat products at 65 percent (3.7 million metric tons), long products at 75 percent (2.2 million metric tons), pipe and tube products at 73 percent (207 thousand metric tons), and stainless products at 61 percent (390 thousand metric tons).

Japan accounted for the largest share of South Korea's semi-finished imports in YTD 2017 at 44 percent (654 thousand metric tons) and the second-largest share of South Korea's imports of flat products at 30 percent (1.7 million metric tons), long products at 20 percent (568 thousand metric tons), pipe and tube at 16 percent (47 thousand metric tons), and stainless products at 13 percent (85 thousand metric tons).

The United States accounted for the fifth spot of stainless steel imports at 2 percent (13 thousand metric tons).

South Korea's Top 5 Import Sources by Product - YTD 2017



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South Korea's Export Market Share from Top Source Countries

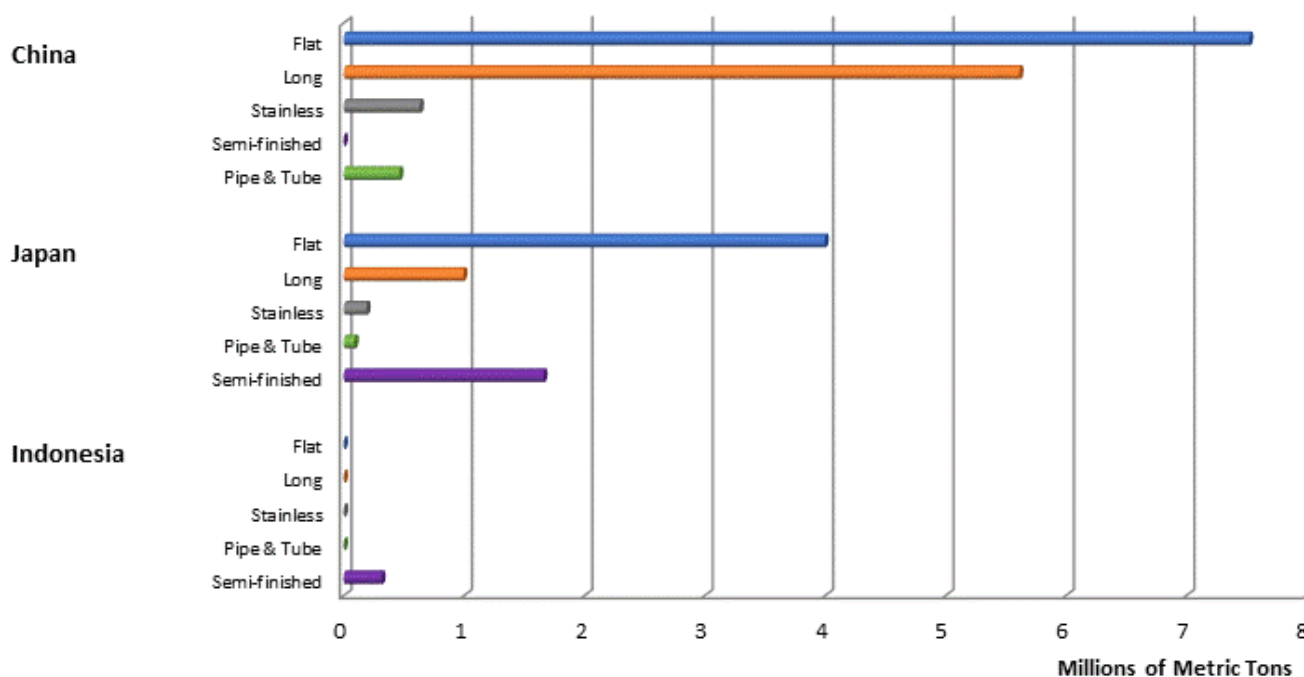
In 2016, the share of steel exports sent to South Korea from its top 10 import sources increased in seven of the top 10. In 2016, the share of China's steel exports to South Korea showed the largest increase (up 1.2 percentage points, followed by Japan (up 1 percentage point). Export shares in Indonesia, Taiwan, India, Sweden, and Ukraine all increased by less than one percentage point. Germany's and Brazil's share of steel exports to South Korea both decreased by less than one percentage point.

South Korea's Steel Export Market Share				
Top 10 Import Sources	Share of Exports to S. Korea - 2015	S. Korea's Rank in 2015	Share of Exports to S. Korea - 2016	S. Korea's Rank in 2016
China	12.1%	1	13.3%	1
Japan	16.1%	1	17.1%	1
Indonesia	19.3%	2	19.9%	1
Taiwan	3.3%	9	3.9%	7
Brazil	2.0%	11	1.5%	19
Vietnam	2.7%	7	N/A	N/A
India	0.4%	41	0.9%	22
Germany	0.3%	34	0.2%	35
Sweden	0.9%	18	1.2%	18
Ukraine	0.0%	82	0.2%	46

Source: IHS Global Trade Atlas, based on export data per reporting country
 Note: 2016 data for Vietnam not available

Among South Korea's top import sources, China, Japan, and Indonesia sent the largest shares of their steel exports to South Korea in 2016. Flat products accounted for the largest share of steel exports to South Korea from China and Japan at 53 percent (7.5 million metric tons) and 58 percent (4 million metric tons), respectively. Nearly all of Indonesia's exports to South Korea consisted of semi-finished steel in 2016, at 99 percent (312 thousand metric tons).

Steel Export Composition of Top Market-Share Countries - 2016

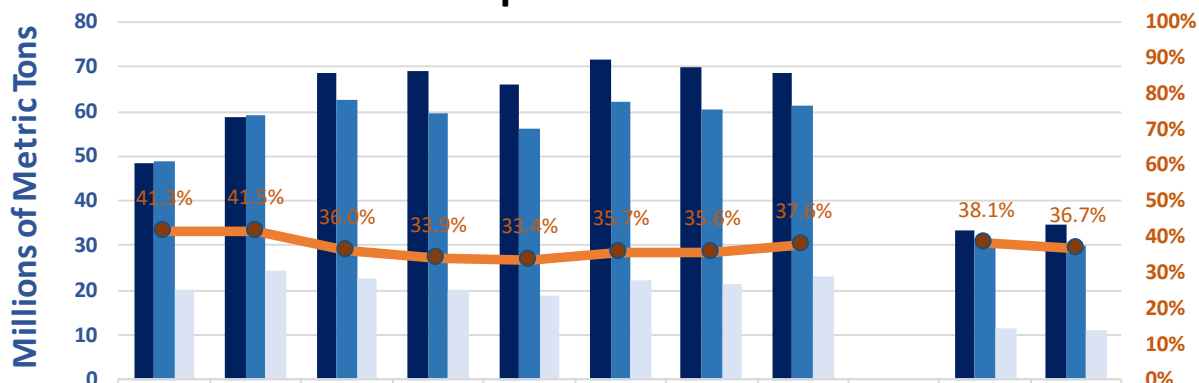


Source: IHS Global Trade Atlas, based on export data per reporting country

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Overall Production and Import Penetration

South Korea's Import Penetration



	2009	2010	2011	2012	2013	2014	2015	2016	YTD 2016	YTD 2017
Production	48.6	58.9	68.5	69.1	66.1	71.5	69.7	68.6	33.5	34.7
Apparent Consumption	48.7	59.1	62.6	59.4	56.3	62.2	60.3	61.3	30.3	30.1
Imports	20.1	24.5	22.6	20.1	18.8	22.2	21.5	23.1	11.5	11.0
Import Penetration	41.3%	41.5%	36.0%	33.9%	33.4%	35.7%	35.6%	37.6%	38.1%	36.7%

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

Between 2009 and 2012, South Korea's crude steel production grew by 42 percent. Since then, production has fluctuated and averaged 69 million metric tons per year through 2016. In YTD 2017, production totaled 34.7 million metric tons, up 3.6 percent from 33.5 million metric tons in YTD 2016. Apparent consumption (a measure of steel demand) went from being in balance with production in 2009 and 2010 to falling behind production. In YTD 2017, apparent consumption decreased 1 percent to 30.1 million metric tons, down from 30.3 million metric tons in YTD 2016. The gap between production and apparent consumption was the widest in 2012 and 2013 when it reached 9.7 million metric tons. It has since declined, registering 7.3 million metric tons in 2016. In YTD 2017, the gap was at 4.6 million metric tons. Between 2009 and 2016, import penetration decreased 9 percent, with an average of 36.9 percent. In YTD 2017, South Korea's import penetration decreased 4 percent to 36.7 percent, down from 38.1 percent in YTD 2016.

Top Producers

South Korea's steel production is concentrated among a small number of companies, with the country's top 3 producers accounting for 65.5 million metric tons, or 96 percent, of total 2016 production, based on available data.

South Korea's Top Steel Producers in 2016

Rank	Company	Production (mmt)	Main Products
1	POSCO	41.6	Hot-rolled, cold-rolled, plate, stainless, electrical, wire rods
2	HYUNDAI Steel Company	20	Beams, reinforcing bars, hot-rolled, plates
3	Dongkuk Steel Mill Co, Ltd	3.3	Plates, sections, bars

Source: World Steel Association; Hoovers; MarketLine

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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 the South Korea has against imports of steel mill products from various countries. South Korea has no steel mill safeguards in effect.

South Korea’s Trade Remedies in Effect Against Steel Mill Imports				
Country	AD	CVD	Suspension Agreements and Undertakings	Total
China	1		1	2
India	1			1
Japan	2		1	3
Spain	1			1
TOTAL	5	0	2	7

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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