

Global Steel Trade Monitor

Steel Exports Report: Japan

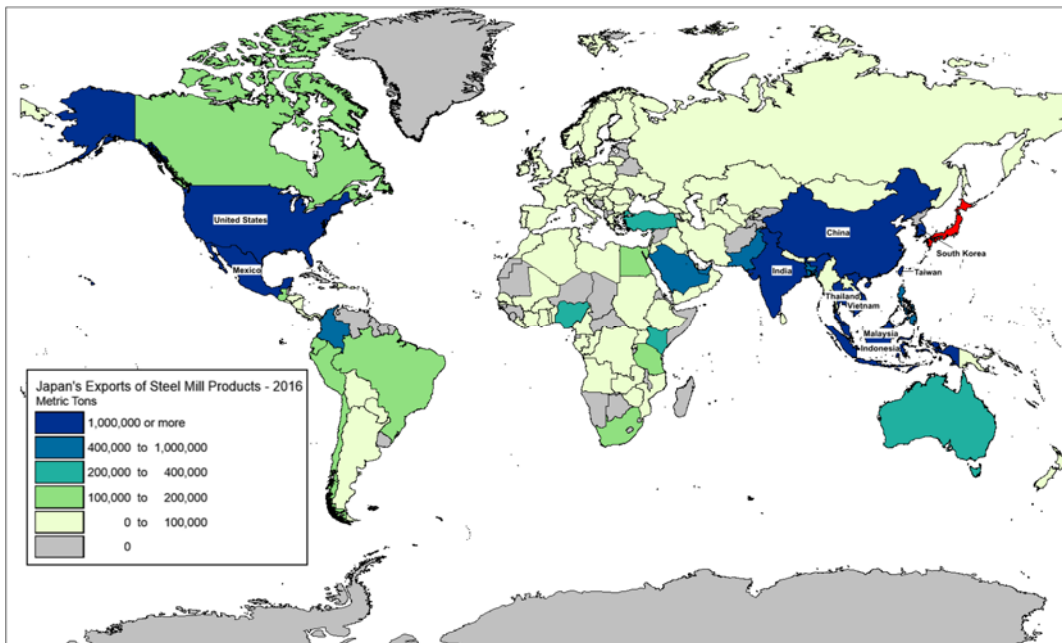
December 2017

Background

Japan is the second-largest steel exporter in the world. In year to date 2017 (through September), further referred to as YTD 2017, Japan exported 28 million metric tons of steel — a 9 percent decline from 30.6 million metric tons in YTD 2016. Japan’s exports represented about 9 percent of all steel exported globally in 2016. The volume of Japan’s 2016 steel exports was less than half that of the world’s largest exporter, China. In value terms, steel represented just 3.9 percent of the total amount of goods Japan exported in 2016.

Japan exports steel to more than 190 countries and territories. The 10 countries labeled in the map below represent the top markets for Japan’s exports of steel, receiving more than 1 million metric tons each and accounting for 79 percent of Japan’s steel exports in 2016.

Japan’s Exports of Steel Mill Products - 2016



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

Quick Facts:

- World’s second-largest steel exporter: 28 million metric tons (YTD 2017)
- 36% steel export growth since Q2 2009
- Exports as a share of production at 35.8% in YTD 2017
- YTD export volume down 9% while export value up 11%
- Top three markets: South Korea, China, Thailand
- Largest producers: Nippon & Sumitomo and JFE
- 30 trade remedies in effect in 10 countries involving steel mill imports from Japan

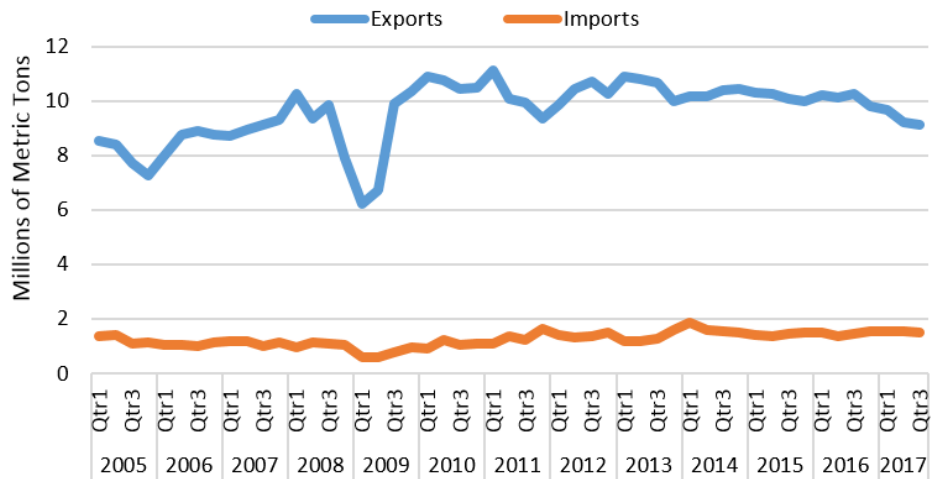
Steel Exports Report: Japan

Steel Trade Balance

Japan has maintained a persistent trade surplus in steel products. Exports dipped in 2009 after the global recession, while imports remained relatively flat in comparison. Since reaching a low point in Q1 2009, exports have increased 36 percent from Q2 2009 to Q3 2017.

In YTD 2017, Japan's steel trade surplus amounted to 23.4 million metric tons, a 13 percent decrease from 26.3 million metric tons in YTD 2016.

Japan's Trade in Steel Mill Products by Quarter



Source: IHS Global Trade Atlas

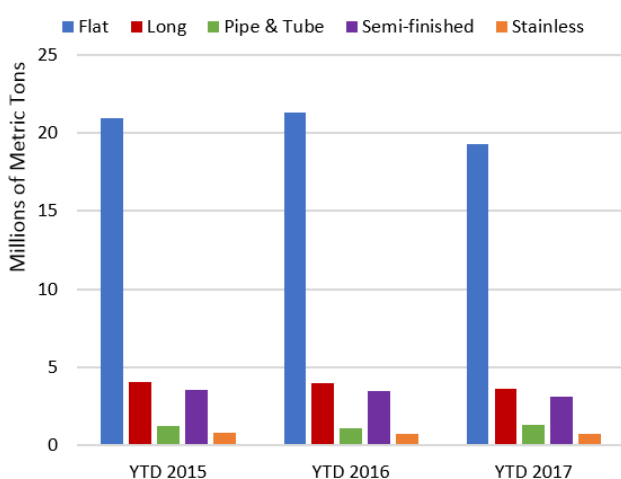
Export Volume, Value, and Product

Japan's steel exports maintained a relatively steady average of 41.3 million metric tons per year between 2010 and 2016. Exports in 2016 amounted to 40.4 million metric tons — a negligible decline from 40.7 million metric tons in 2015. In YTD 2017, the volume of Japan's steel exports has declined by 9 percent to 28 million metric tons, down from 30.6 million metric tons in YTD 2016. The value of Japan's steel exports decreased every year between 2011 and 2016. In YTD 2017, steel export value increased 11 percent to \$20.9 billion from \$18.9 billion in YTD 2016.

In YTD 2017, flat products accounted for a significant share of Japan steel exports at 69 percent, or 19.3 million metric tons. Long products accounted for 13 percent, or 3.6 million metric tons, of Japan's exports, followed by semi-finished steel (11% or 3.1 million metric tons), pipe and tube (5% or 1.3 thousand metric tons), and stainless (3% or 743 thousand metric tons).

Japan's Exports of Steel Mill Products

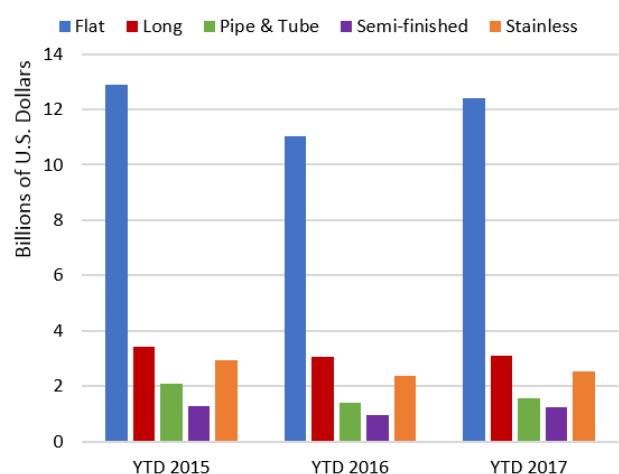
Millions of Metric Tons



Source: IHS Global Trade Atlas
YTD through September 2017

Japan's Exports of Steel Mill Products

Billions of U.S. Dollars



Source: IHS Global Trade Atlas
YTD through September 2017

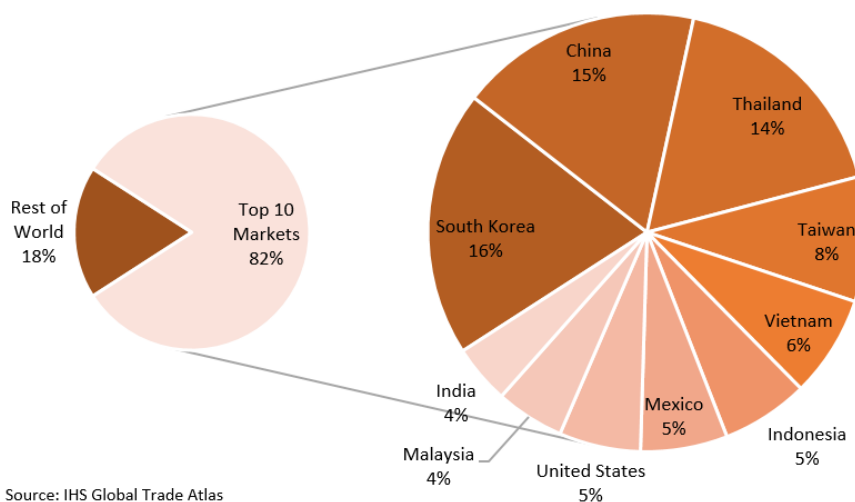
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Exports by Top Market

Exports to Japan's top 10 steel markets represented 82 percent of Japan's steel export volume in YTD 2017 at 22.9 million metric tons (mmt). South Korea received the largest share of Japan's exports with 16 percent (4.5 mmt), followed by China at 15 percent (4.1 mmt), Thailand at 14 percent (4 mmt), and Taiwan at 8 percent (2.1 mmt).

The United States ranked eighth as a destination for Japan's steel exports, receiving 5 percent of exports (1.4 mmt) in YTD 2017 — a decrease of 9 percent from YTD 2016.

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



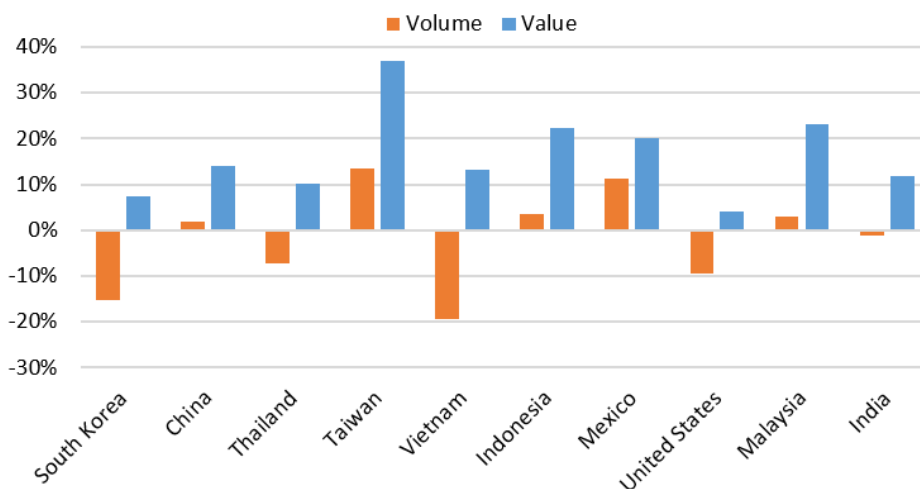
Source: IHS Global Trade Atlas
YTD through September 2017

Trends in Exports to Top Markets

The volume of Japan's steel exports increased to five of Japan's top 10 steel export markets between YTD 2016 and YTD 2017. The overall value of Japan's steel exports increased in all of the top 10 markets. Markets that experienced the largest increases in steel value between YTD 2016 and YTD 2017 included Taiwan (up 37%), Malaysia (up 23%), Indonesia (up 22%), and Mexico (up 20%).

Markets that experienced the largest increase in Japan's steel export volume between YTD 2016 and YTD 2017 included Taiwan (up 14%), Mexico (up 11%), and Indonesia (up 4%). The markets that had a decrease in export volume YTD 2017 included Vietnam (down 19%), South Korea (down 15%), the United States (down 9%), Thailand (down 7%), and India (down 1%).

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



Source: IHS Global Trade Atlas
YTD through September 2017

Outside of the top 10 markets, other notable changes in volume included Japan's exports to 15th-ranked Saudi Arabia (down 54%), and 23rd-ranked Egypt (up 93%).

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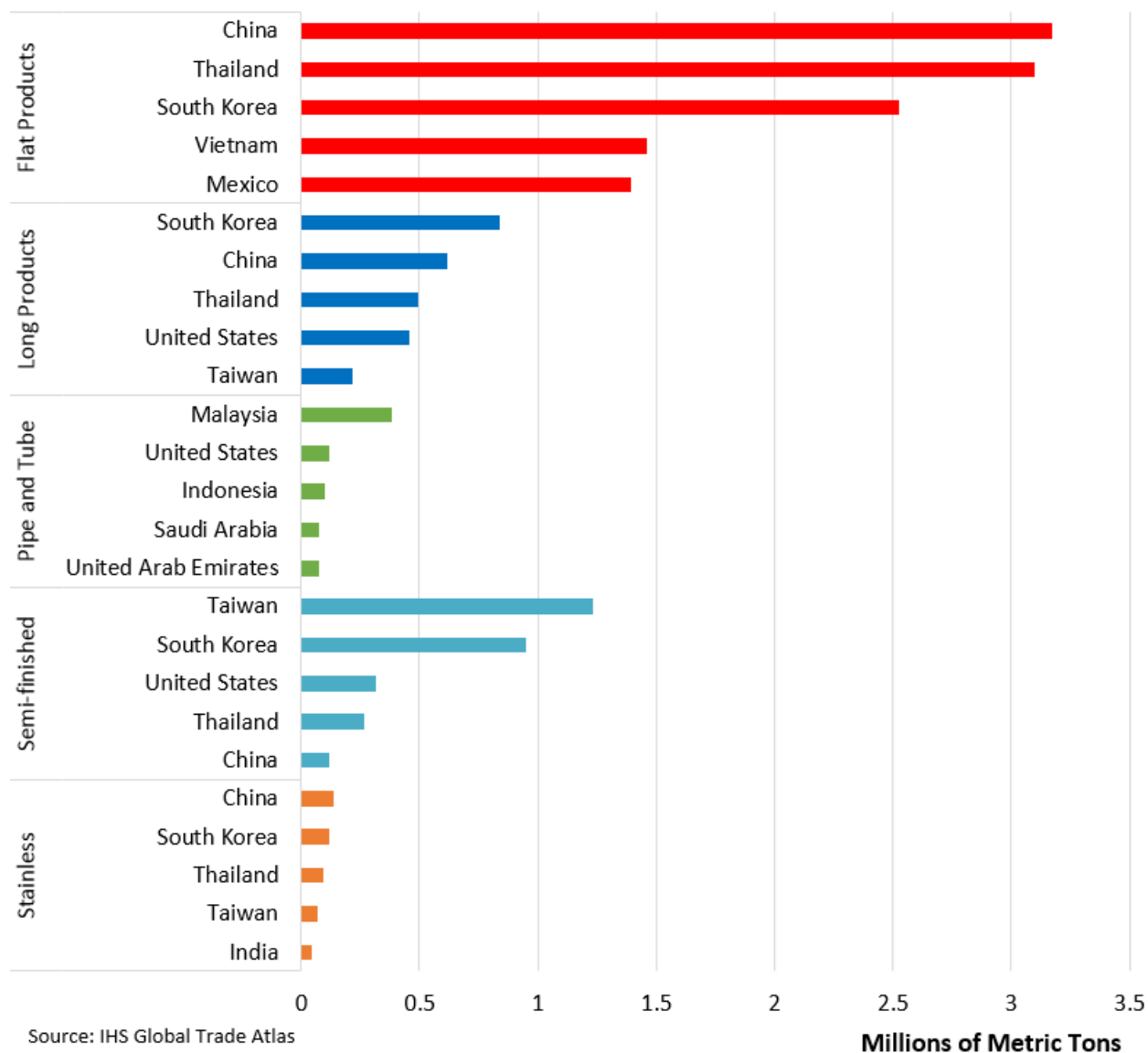
Top Markets by Steel Product Category

Japan's top export markets by volume vary across types of steel products. China accounted for the largest share of Japan's exports of flat products in YTD 2017 at 16.5 percent (3.2 million metric tons), followed closely by Thailand at 16.1 percent (3.1 million metric tons) and South Korea at 13 percent (2.5 million metric tons).

Japan exported the largest share of long products to South Korea at 23 percent (839 thousand metric tons), and the largest share of pipe and tube exports to Malaysia at 30 percent (381 thousand metric tons).

Taiwan accounted for the largest share of Japan's semi-finished export products in YTD 2017 at 39 percent (1.2 million metric tons), while China accounted for the largest share of stainless steel at 19 percent (139 thousand metric tons).

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



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Japan's Import Market Share in Top Destinations

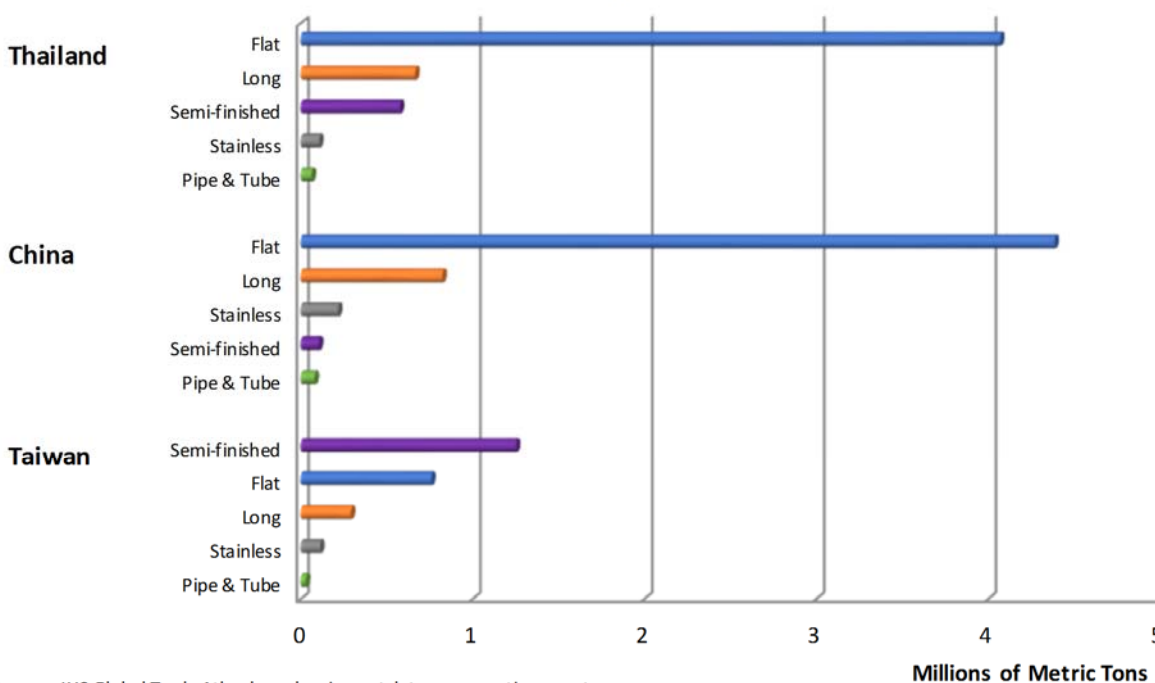
In 2016, the import market share for Japan's steel products decreased in the majority of Japan's top 10 export markets. The share of Taiwan's steel imports from Japan decreased the most (down 6.2 percentage points from 2015), followed by India (down 3.7 percentage points) and Thailand (down 3.5 percentage points). Import shares in South Korea, China, and the United States decreased by one percentage point or less. Japan's steel import share in Mexico showed the largest increase in 2016 — up 4.6 percentage points.

| Japan's Steel Import Market Share | | | | |
|-----------------------------------|------------------------------------|----------------------|------------------------------------|----------------------|
| Top 10 Export Markets | Share of Imports from Japan - 2015 | Japan's Rank in 2015 | Share of Imports from Japan - 2016 | Japan's Rank in 2016 |
| South Korea | 30.3% | 2 | 30.0% | 2 |
| Thailand | 34.8% | 1 | 31.3% | 2 |
| China | 42.7% | 1 | 41.8% | 1 |
| Vietnam | 16.6% | 2 | N/A | N/A |
| Taiwan | 37.5% | 1 | 31.3% | 2 |
| Indonesia | 16.7% | 2 | 17.1% | 2 |
| United States | 6.8% | 6 | 6.5% | 6 |
| Mexico | 14.3% | 3 | 18.9% | 2 |
| Malaysia | 17.8% | 2 | 18.5% | 2 |
| India | 18.5% | 3 | 14.8% | 3 |

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

Among Japan's top export markets, Thailand, China, and Taiwan received the largest shares of their total steel imports from Japan in 2016 at 31.3 percent, 41.8 percent, and 31.3 percent, respectively. Flat products accounted for a significant share of steel imports from Japan in both Thailand at 74 percent (4.1 million metric tons) and China at 78 percent (4.4 million metric tons), while semi-finished products accounted for the largest share Taiwan's imports from Japan at 51 percent (1.3 million metric tons).

Steel Import Composition of Top Market-Share Countries - 2016

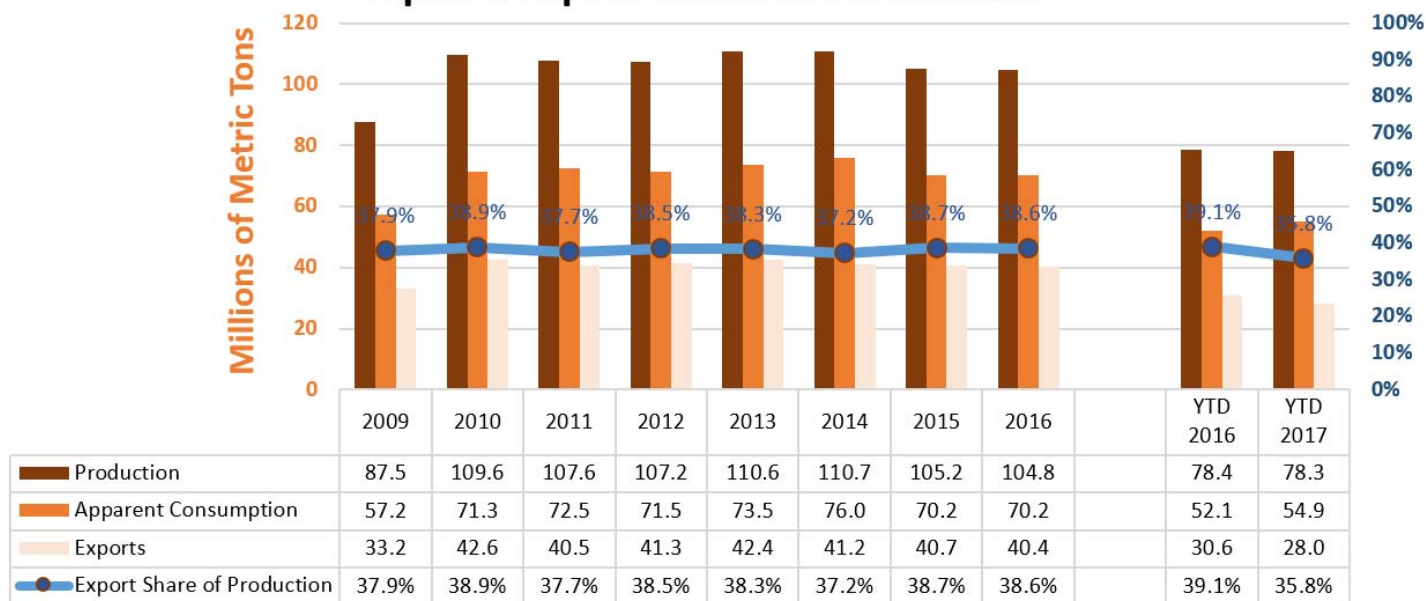


Source: IHS Global Trade Atlas, based on import data per reporting country

Steel Exports Report: Japan

Overall Production and Export Share of Production

Japan's Export Share of Production



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

Japan's crude steel production increased by 25 percent between 2009 and 2010 and then maintained an average of 107.9 million metric tons through 2016. In YTD 2017, production has decreased by 0.1 percent to 78.3 million metric tons from 78.4 million metric tons in YTD 2016. Apparent consumption (a measure of steel demand) has followed a similar growth trend, though it has been consistently outpaced by production, and the gap between the two stood at 34.6 million metric tons in 2016. In YTD 2017, apparent consumption has increased by 5 percent. Between 2009 and 2016, Japan's steel exports as a share of production remained fairly flat, increasing by just 0.6 percentage points to 38.6 percent over the period. Exports as a share of production declined in YTD 2017 from YTD 2016, down to 35.8 percent from 39.1 percent.

Top Producers

Japan's steel production is concentrated among a small number of steel producing companies, with the country's top four producers accounting for 87.5 million metric tons, or 84 percent of total 2016 production, based on available data.

| Japan's Top Steel Producers in 2016 | | | |
|-------------------------------------|---|------------------|---|
| Rank | Company | Production (mmt) | Main Products |
| 1 | Nippon Steel and Sumitomo Metal Corporation | 46.2 | Bars, plates, sheets, pipe and tube, structural, rails, stainless |
| 2 | JFE Steel Corporation | 30.3 | Sheets, plates, pipes, electrical, stainless, bars, wire rods |
| 3 | Kobe Steel, Ltd. | 7.3 | Wire rod, bars, plates, sheets |
| 4 | Nisshin Steel Co., Ltd. | 3.7 | Coated, cold-rolled, hot-rolled, stainless |

Source: World Steel Association; Company websites

Steel Exports Report: Japan

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 Japan.

| Steel Mill Trade Remedies in Effect Against Japan | | | | |
|---|-----------|----------|--|-----------|
| Country | AD | CVD | Suspension Agreements and Undertakings | Total |
| Australia | 4 | | | 4 |
| Canada | 2 | | | 2 |
| China | 3 | | | 3 |
| European Union | 1 | | | 1 |
| India | 1 | | | 1 |
| Indonesia | 1 | | | 1 |
| Mexico | 1 | | | 1 |
| South Korea | 2 | | 1 | 3 |
| Thailand | 2 | | | 2 |
| United States | 12 | | | 12 |
| TOTAL | 29 | 0 | 1 | 30 |

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 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

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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