

Global Steel Trade Monitor

Steel Exports Report: Turkey

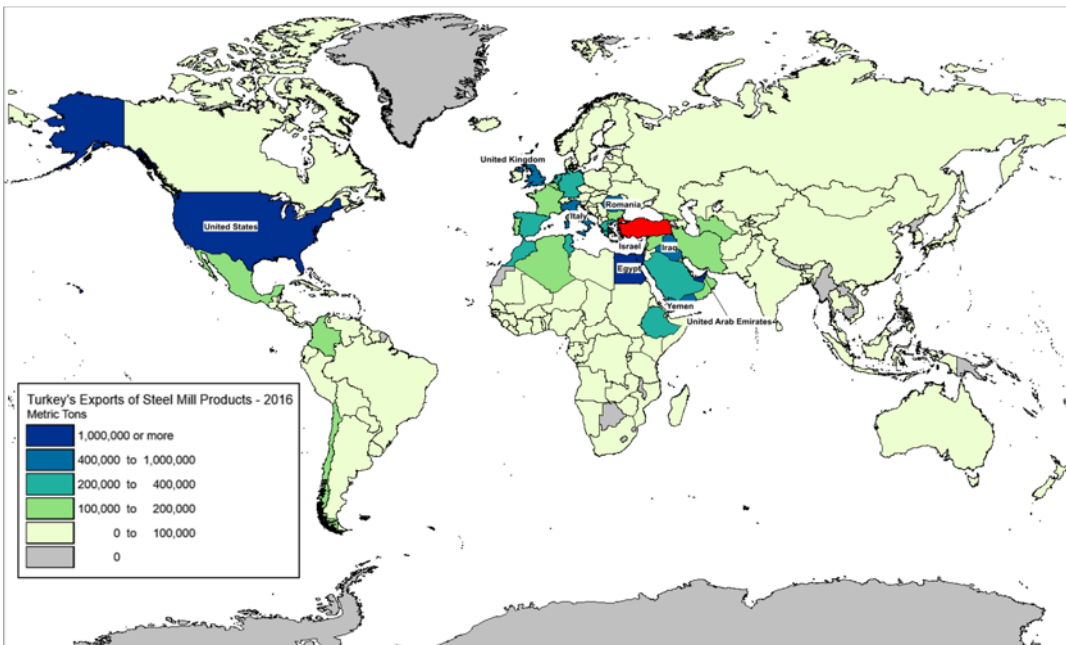
December 2017

Background

Turkey is the world's ninth-largest steel exporter. In year to date 2017 (through September), further referred to as YTD 2017, Turkey exported 12 million metric tons of steel, an 8 percent increase from 11.1 million metric tons in YTD 2016. Turkey's exports represented about 3 percent of all steel exported globally in 2016. The volume of Turkey's 2016 steel exports was about one-seventh that of the world's largest exporter, China. In value terms, steel represented just 4.8 percent of the total amount of goods Turkey exported in 2016.

Turkey exports steel to more than 175 countries and territories. The nine countries labeled in the map below represent the top markets for Turkey's exports of steel, receiving more than 430 thousand metric tons each and accounting for 59 percent of Turkey's steel exports in 2016.

Turkey's Exports of Steel Mill Products - 2016



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

Quick Facts:

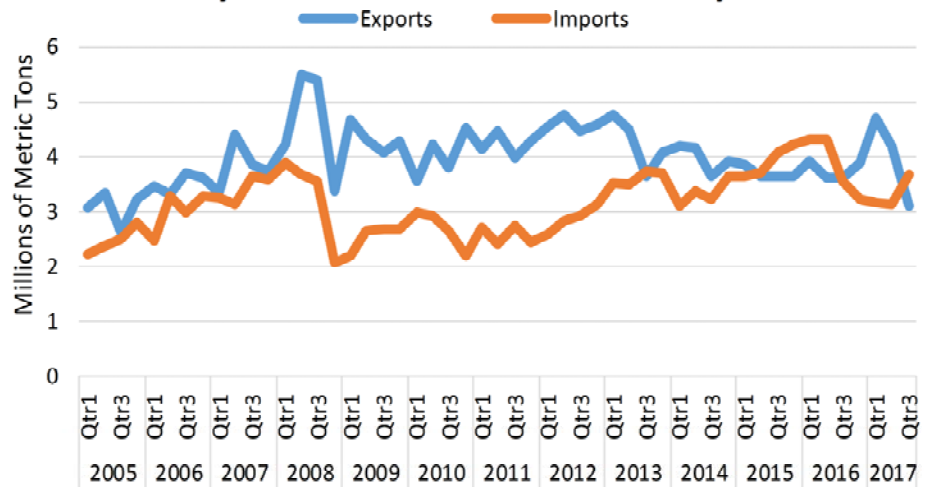
- World's ninth-largest steel exporter: 12 million metric tons (YTD 2017)
- 14% decrease in steel exports between Q3 2016 and Q3 2017
- YTD export volume up 8% while export value up 30%
- Top three markets: United States, Israel, Italy
- Exports as a share of production down from 45.6% in YTD 2016 to 43.3% in YTD 2017
- Largest producers: Erdemir Group, İçdaş, Tostyali Holding
- 18 trade remedies in effect in 5 countries involving steel mill imports from Turkey

Steel Exports Report: Turkey

Steel Trade Balance

Turkey maintained a nearly continuous trade surplus in steel from Q1 2005 to Q1 2015. In 2015, exports started to decline while imports began to climb, causing a brief steel trade deficit between Q2 2015 and Q2 2016. Since then, imports have fallen 15 percent and exports have fallen 14 percent, which returned the trade balance to a surplus for YTD 2017. In YTD 2017, Turkey's steel trade surplus has totaled 2 million metric tons — a significant shift from YTD 2016 in which Turkey had a 1 million metric ton deficit.

Turkey's Trade in Steel Mill Products by Quarter



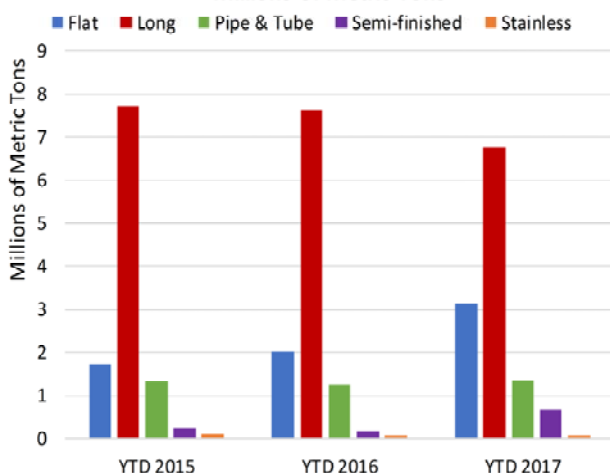
Source: IHS Global Trade Atlas

Export Volume, Value, and Product

Turkey's steel exports recently peaked in 2012, reaching a high of 18.4 million metric tons. By 2016, Turkey's steel exports had fallen 18 percent from the 2012 high to 15 million metric tons. In YTD 2017, the volume of Turkey's steel exports increased 8 percent to 12 million metric tons from 11.1 million metric tons in YTD 2016. By contrast, the value of Turkey's YTD 2017 steel exports increased by 30 percent to \$6.5 billion from \$5 billion in YTD 2016.

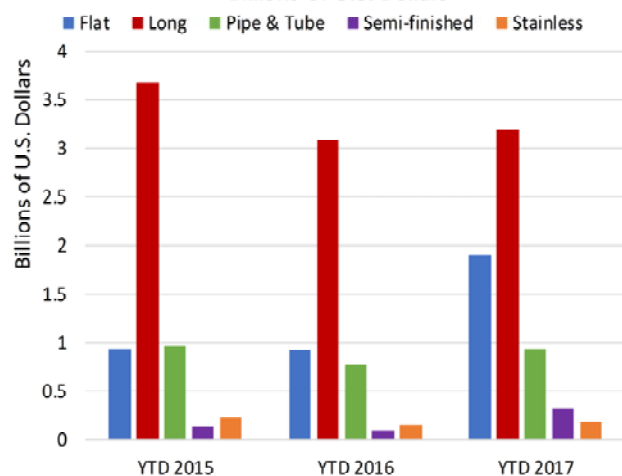
In YTD 2017, long products accounted for more than half of Turkey's steel exports at 56 percent, or 6.8 million metric tons. Flat products accounted for 26 percent, or 3.1 million metric tons of Turkey's exports, followed by pipe and tube at 11 percent (1.4 million metric tons), semi-finished at 6 percent (663 thousand metric tons), and stainless products at 1 percent (88 thousand metric tons).

Turkey's Exports of Steel Mill Products
Millions of Metric Tons



Source: IHS Global Trade Atlas
YTD through September 2017

Turkey's Exports of Steel Mill Products
Billions of U.S. Dollars



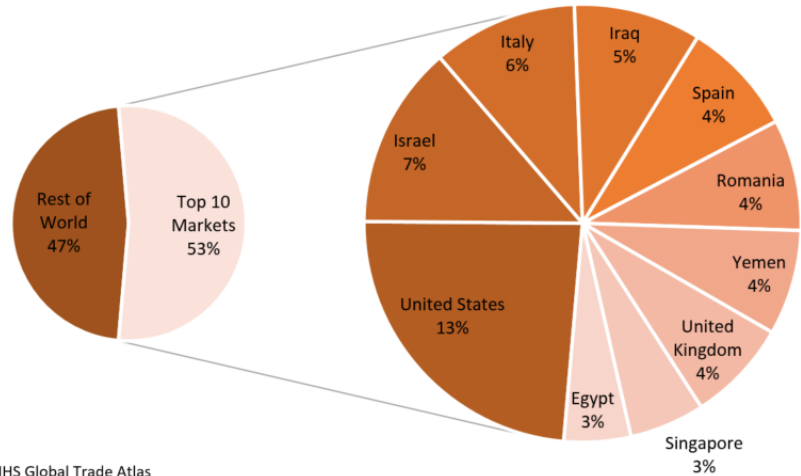
Source: IHS Global Trade Atlas
YTD through September 2017

Steel Exports Report: Turkey

Exports by Top Market

Exports to Turkey's top 10 steel markets represented 53 percent of Turkey's steel export volume in YTD 2017 at 6.3 million metric tons (mmt). The United States was the largest market for Turkey's exports with 13 percent (1.5 mmt) — nearly double the volume of any other export market. Israel ranked second at 7 percent (0.9 mmt), followed by Italy at 6 percent (0.7 mmt), Iraq at 5 percent (0.6 mmt), and Spain at 4 percent (0.5 mmt).

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



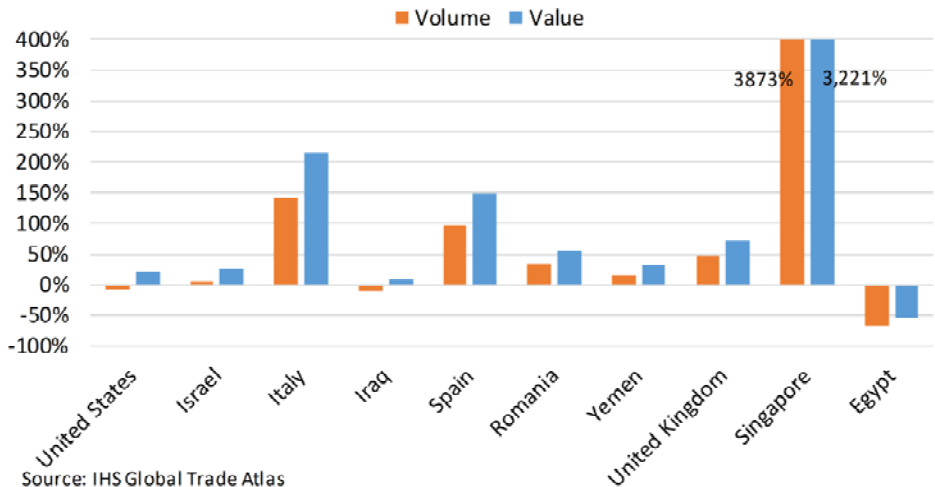
Source: IHS Global Trade Atlas
YTD through September 2017

Trends in Exports to Top Markets

The volume of Turkey's steel exports increased to seven of Turkey's top 10 steel export markets between YTD 2016 and YTD 2017. Exports to Egypt, Iraq and the United States decreased in volume in YTD 2017 — down 68 percent, 11 percent and 7 percent from YTD 2016, respectively. Turkey's exports to Singapore jumped by over 3,800 percent. Other significant volume increases included exports to Italy (up 141%), Spain (up 98%), and the United Kingdom (up 46%).

Export values in YTD 2017 increased to nine of Turkey's top 10 exports markets. As with volume, exports to Singapore showed the largest increase in value, up 3,221 percent from YTD 2016. Other significant value increases included exports to Italy (up 214%), Spain (up 148%), the United Kingdom (up 71%), and Romania (up 56%). Export values to Egypt decreased in YTD 2017 (down 55%).

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



Source: IHS Global Trade Atlas
YTD through September 2017

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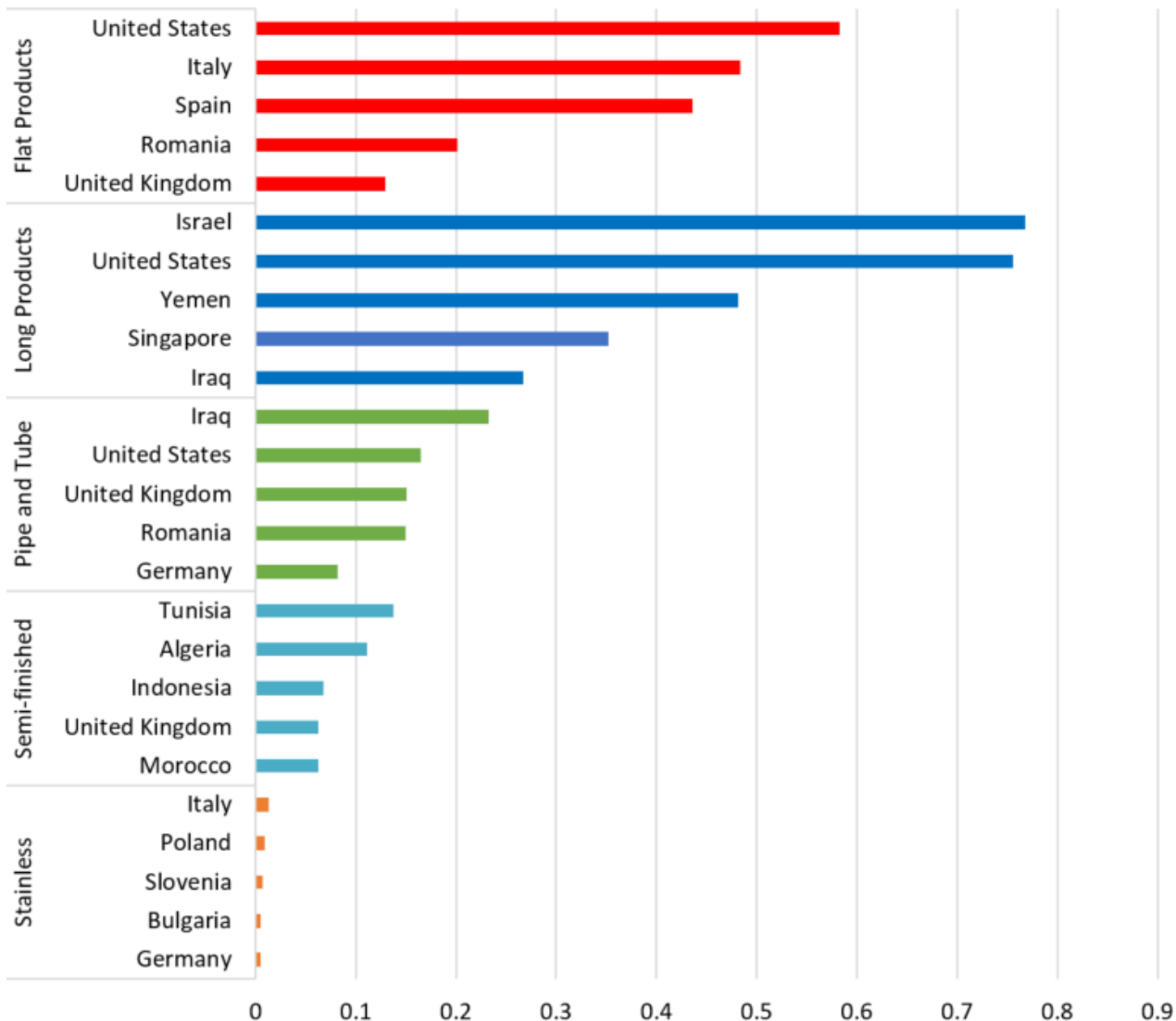
Top Markets by Steel Product Category

Turkey's top export markets by volume vary across types of steel products. Turkey exported the largest share of flat products to the United States in YTD 2017 at 19 percent (583 thousand metric tons), followed by Italy at 15 percent (483 thousand metric tons). Israel accounted for the largest share of Turkey's exports of long products at 11.4 percent (768 thousand metric tons), followed closely by the United States at 11.2 percent (756 thousand metric tons).

Iraq was the largest market for Turkey's pipe and tube exports in YTD 2017 at 17 percent (233 thousand metric tons), with the United States second at 12 percent (165 thousand metric tons).

Tunisia accounted for the largest share of semi-finished exports at 21 percent (138 thousand metric tons), while Italy was the largest destination for stainless exports at 15 percent (13 thousand metric tons).

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



Source: IHS Global Trade Atlas
YTD through September 2017

Millions of Metric Tons

Steel Exports Report: Turkey

Turkey's Import Market Share in Top Destinations

In 2016, the import market share for Turkey's steel products increased or remained the same in all of Turkey's top 10 export markets for which data are available. The share of imports from Turkey in Israel saw the largest increase in 2016, up 3.1 percentage points, followed by Egypt (up 2.4 percentage points), Spain (up 1.5 percentage points), and Romania (up 1.1 percentage points). Import shares from

Turkey's Steel Import Market Share				
Top 10 Export Markets	Share of Imports from Turkey - 2015	Turkey's Rank in 2015	Share of Imports from Turkey - 2016	Turkey's Rank in 2016
United States	7.3%	4	7.3%	5
Egypt	1.9%	3	4.3%	6
United Arab Emirates	19.5%	2	N/A	N/A
Israel	21.5%	0	24.6%	0
Iraq	N/A	N/A	N/A	N/A
Yemen	77.2%	1	N/A	N/A
Italy	2.1%	13	2.4%	12
Romania	13.1%	1	14.2%	1
United Kingdom	5.9%	7	6.5%	6
Spain	2.4%	10	3.9%	7

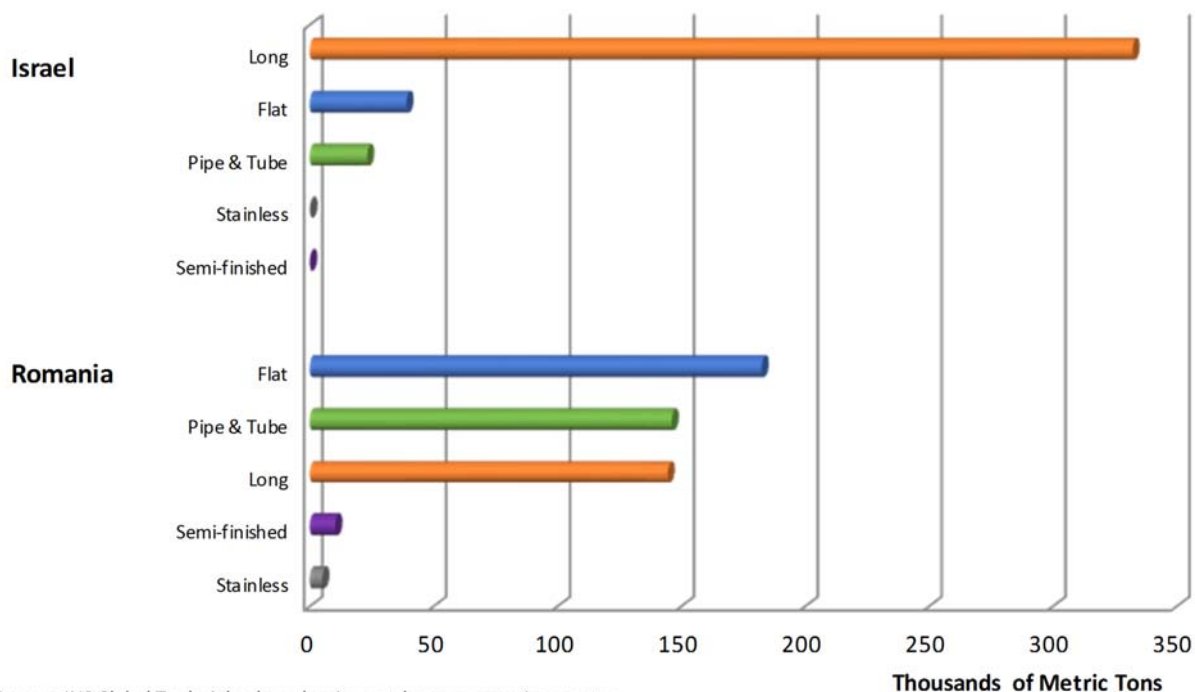
Source: IHS Global Trade Atlas, based on import data per reporting country

Note: Data for Iraq and 2016 data for United Arab Emirates and Yemen not available

Turkey in Italy and the United Kingdom increased by less than one percentage point, while Turkey's import share in the United States remained unchanged in 2016.

Among Turkey's top export markets, Israel and Romania received the largest shares of their total steel imports from Turkey in 2016 at 24.6 percent and 14.2 percent, respectively. Long products accounted for a significant share of Israel's imports from Turkey at 84 percent (332 thousand metric tons). Flat products accounted for 37 percent of Romania's imports from Turkey (182 thousand metric tons). Pipe and tube accounted for 30 percent of Romania's imports from Turkey (146 thousand metric tons), followed closely by pipe and tube at 30 percent (146 thousand metric tons).

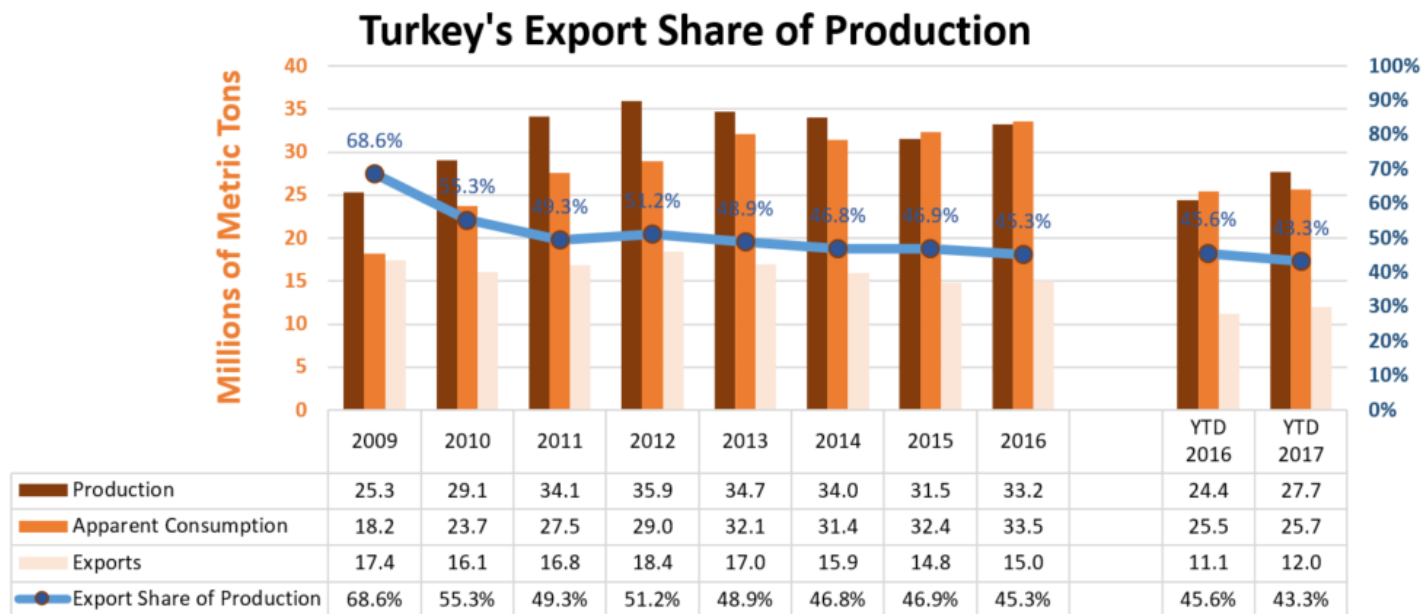
Steel Import Composition of Top Market-Share Countries - 2016



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

Steel Exports Report: Turkey

Overall Production and Export Share of Production



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

After increasing steadily between 2009 and 2012, crude steel production in Turkey levelled off at an average of 33.3 million metric tons per year between 2013 and 2016. Turkey's crude steel production increased 14 percent to 27.7 million metric tons in YTD 2017, from YTD 2016's total of 24.4 million metric tons. The gap between production and apparent consumption (a measure of steel demand), which stood at 7.1 million metric tons or 28 percent of production in 2009, shrank steadily over the next seven years. By 2016, Turkey's demand slightly outpaced production by just over 334 thousand metric tons. In YTD 2017, production has outpaced apparent consumption by 2 million metric tons. Exports as a share of production decreased slightly to 43.3 percent in YTD 2017 from 45.6 percent in YTD 2016.

Top Producers

Though steel production in Turkey began with the emergence of state-owned companies in the 1930s, steel works were all privatized by 2002. The majority of Turkey's crude steel production uses electric arc furnace technology, and long products make up the majority of Turkey's finished steel production.

Turkey's Top Steel Producers in 2016			
Rank	Company	Production (mmt)	Main Products
1	Erdemir Group	8.9	Flat products, wire rod, pipe
2	İçdaş	3.7 (2014)	Billets, rebar, wire rod
3	Tosyali Holding	3	Hot-rolled sheet, billets, pipe, rebar
4	Habaş	3 (capacity)	Carbon, stainless, hot-rolled
5	İsdemir (owned by Erdemir)	N/A	Hot-rolled flat, billets, rebar, profiles, structural steel
6	Çolakoğlu Metalurji	N/A	Billets, slabs, hot-rolled coil, hot-rolled sheet, rebar
7	Kardemir	N/A	Billets, profiles, rebar

Sources: World Steel Association; Turkish Steel Producers Association; Hoover's; Company websites

Steel Exports Report: **Turkey**

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 Turkey.

Steel Mill Trade Remedies in Effect Against Turkey				
Country	AD	CVD	Suspension Agreements and Undertakings	Total
Canada	3			3
Dominican Republic	1			1
Morocco	1			1
Thailand	1			1
United States	7	5		12
TOTAL	13	5	0	18

Source: World Trade Organization, through June 30, 2017

Global Steel Mill Safeguards in Effect	
Country	Product(s)
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 June 30, 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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