

Global Steel Trade Monitor

Steel Exports Report: Ukraine

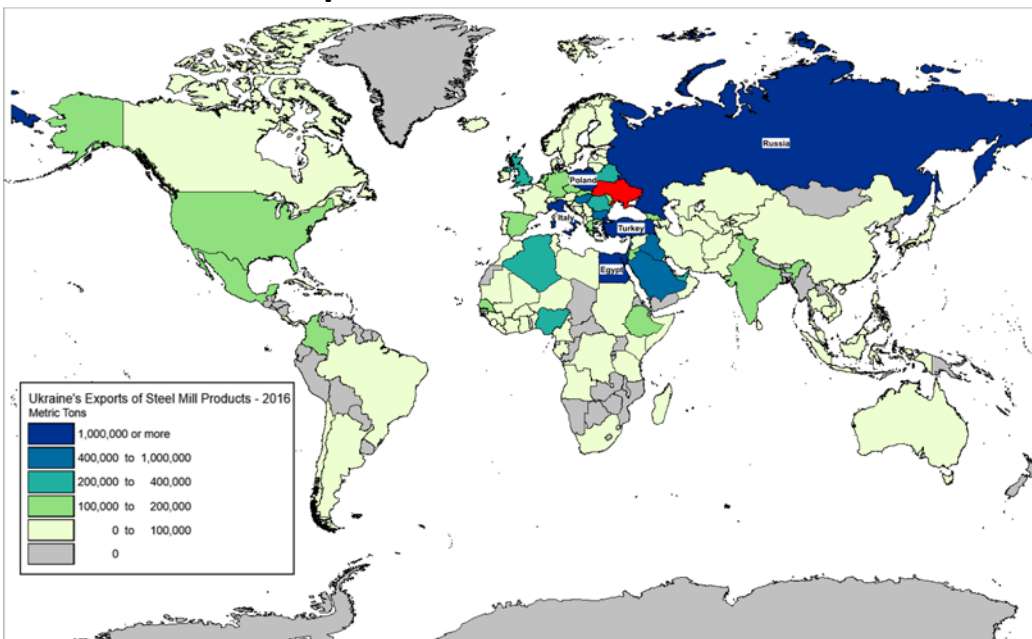
December 2017

Background

Ukraine is the world's sixth-largest steel exporter. In year-to-date 2017 (through September), further referred to as YTD 2017, Ukraine exported 11.2 million metric tons of steel, a 20 percent decrease from 13.9 million metric tons in YTD 2016. Ukraine's exports represented about 4 percent of all steel exported globally in 2016. The volume of Ukraine's 2016 steel exports was slightly larger than that of Italy and Belgium, and roughly one-sixth the size of the largest exporter, China. In value terms, steel represented 17 percent of the total amount of goods Ukraine exported in 2016.

Ukraine exports steel to more than 160 countries and territories. The five countries labeled in the map below represent the top markets for Ukraine's exports of steel, receiving more than 1 million metric tons each and accounting for 54 percent of Ukraine's steel exports in 2016.

Ukraine's Exports of Steel Mill Products - 2016



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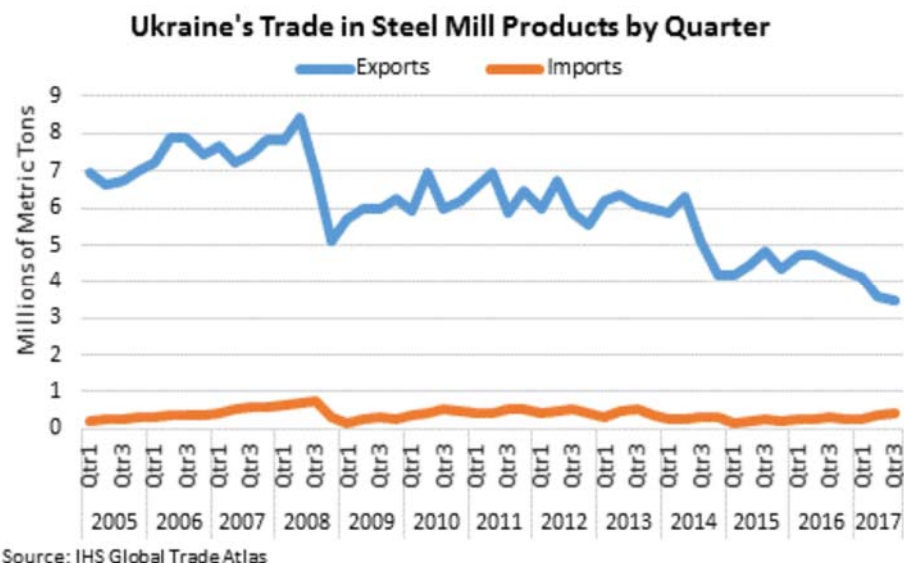
Quick Facts:

- World's sixth-largest steel exporter: 11.2 million metric tons (YTD 2017)
- 47% decline in steel exports between Q1 2011 and Q3 2017
- YTD export volume down 20% while export value up 10%
- Exports as a share of production at 69.4% in YTD 2017
- Top three markets: Italy, Turkey, Russia
- Largest producers: Metinvest, ArcelorMittal Kryvyi Rih, ISD
- 21 trade remedies in effect involving steel mill imports from Ukraine

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Steel Trade Balance

Over the past decade, Ukraine has maintained a trade surplus in steel mill products. Between 2009 and 2013, Ukraine's steel trade surplus averaged 23.1 million metric tons per year. A recent drop in exports in 2014 caused the surplus to narrow. Although it has declined 41 percent since peaking in 2006, Ukraine's steel trade surplus nonetheless stood at 17.1 million metric tons in 2016. In YTD 2017, the surplus has declined 22 percent from YTD 2016 to 10 million metric tons.



Export Volume, Value, and Product

Since the most recent peak at 25.9 million metric tons in 2011, the volume of Ukraine's steel exports has been trending downwards. While exports in 2016 increased by 3 percent to 18.2 million metric tons from 17.8 million metric tons in 2015, between 2011 and 2016, exports decreased by 30 percent. In YTD 2017, exports have decreased 20 percent to 11.2 million metric tons from 13.9 million metric tons in YTD 2016. By contrast, the value of Ukraine's YTD 2017 exports increased by 10 percent compared to YTD 2016 — from \$4.7 billion to \$5.2 billion.

Semi-finished products accounted for the largest volume share of Ukraine's steel exports at 38 percent, or 4.3 million metric tons, in YTD 2017. Flat products accounted for 35 percent, or 3.9 million metric tons, followed by long products at 22 percent (2.5 million metric tons), pipe and tube products at 4 percent (443 thousand metric tons), and stainless steel at 0.4 percent (41 thousand metric tons).



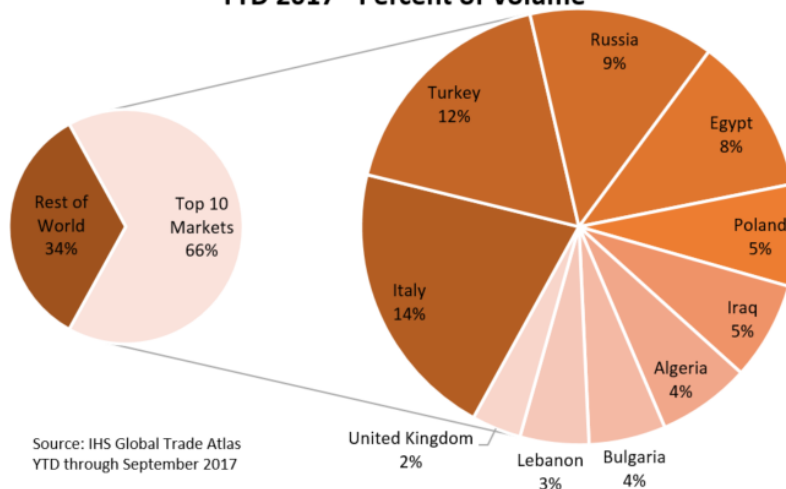
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Exports by Top Market

Exports to Ukraine's top 10 steel markets represented 66 percent of Ukraine's steel export volume in YTD 2017 at 7.4 million metric tons (mmt). Italy was the largest market for Ukraine's exports at 14 percent (1.5 mmt), followed by Turkey at 12 percent (1.3 mmt), Russia at 9 percent (1 mmt), Egypt at 8 percent (0.9 mmt), and Poland at 5 percent (0.6 mmt).

At 226 thousand metric tons, the United States ranked 13th as a destination for Ukraine's steel exports in YTD 2017, up 41 percent from 160 thousand metric tons in YTD 2016.

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



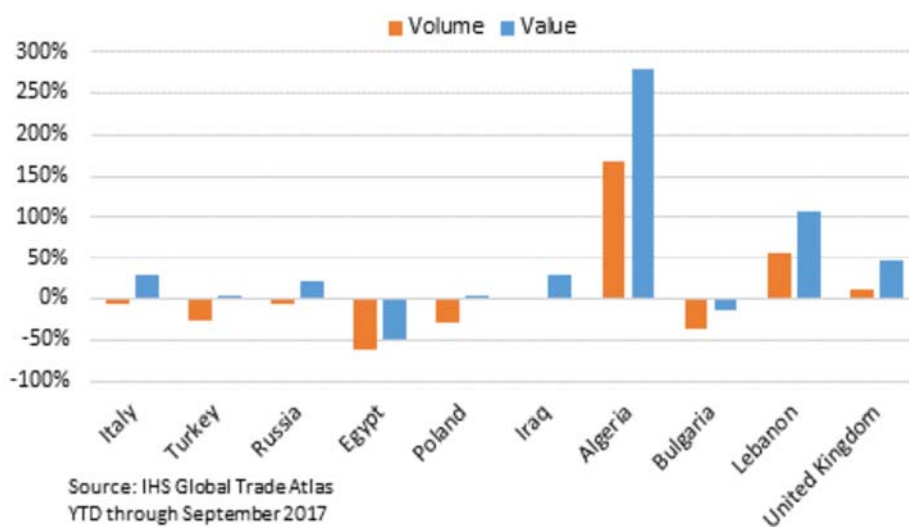
Source: IHS Global Trade Atlas
YTD through September 2017

Trends in Exports to Top Markets

While the volume of Ukraine's steel exports decreased to seven of its top 10 steel export markets between YTD 2016 and YTD 2017, the overall value of Ukraine's steel exports increased to eight of the top 10 markets, suggesting an increase in steel prices.

Ukraine's exports to Egypt showed the largest decrease in volume in YTD 2017, down 62 percent from YTD 2016, followed by exports to Bulgaria (down 37%), Poland (down 29%), Turkey (down 26%), Italy (down 7%), Russia (down 7%), and Iraq (down 2%). Only Ukraine's exports to Algeria, Lebanon, and the United Kingdom increased in volume — up 168 percent, 56 percent, and 11 percent, respectively.

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



Source: IHS Global Trade Atlas
YTD through September 2017

Significant export value increases occurred to Algeria (up 279% in YTD 2017), Lebanon (up 107%), the United Kingdom (up 46%), Iraq (up 29%), and Italy (up 28%). Only Ukraine's exports to Egypt and Bulgaria decreased in value in YTD 2017, down 50 percent and 13 percent, respectively.

Outside the top 10 markets, other notable changes in export volume in YTD 2017 included Ukraine's exports to Singapore (up 924%), Pakistan (up 437%), and the United States (up 41%).

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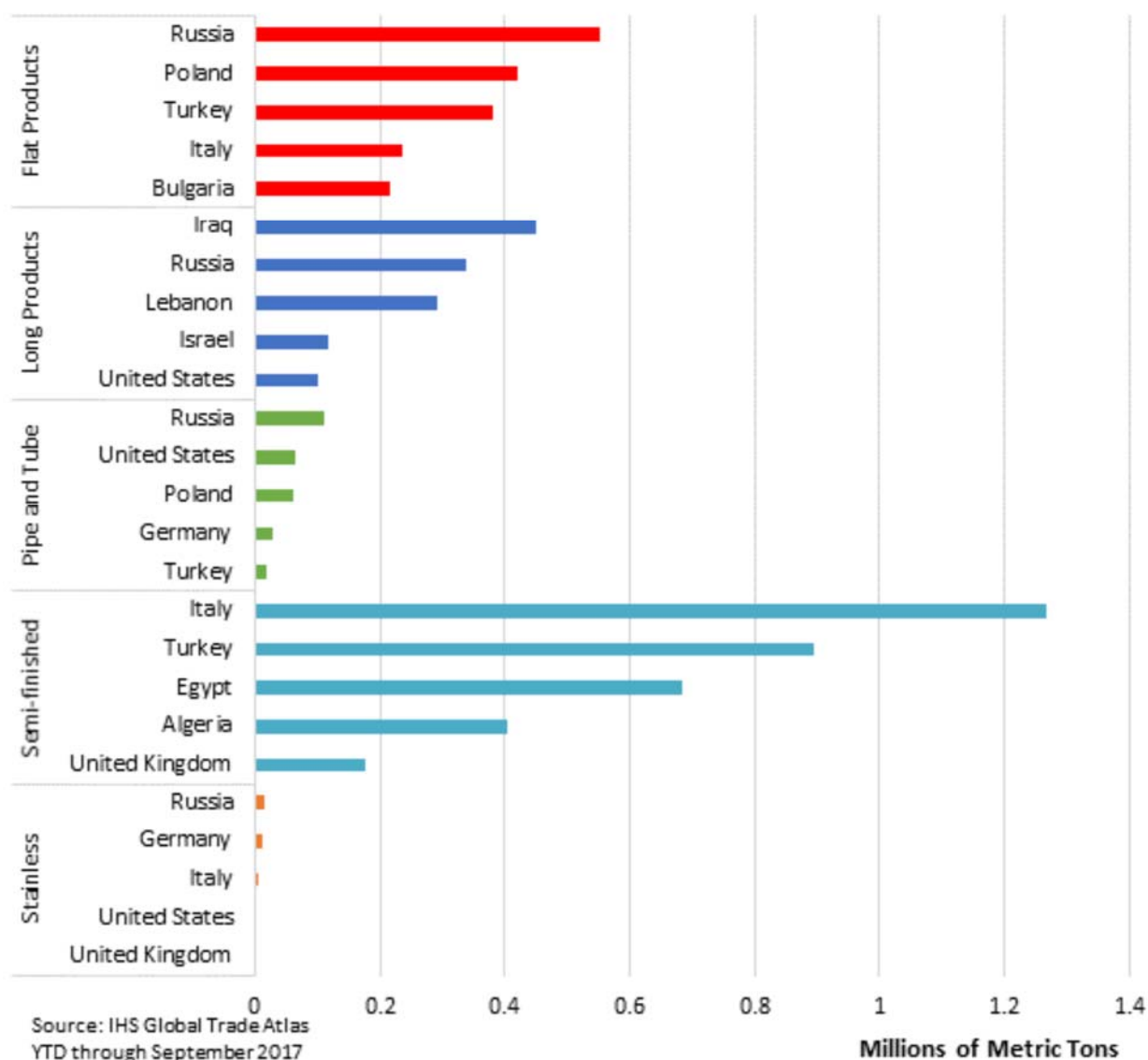
Top Markets by Steel Product Category

Ukraine's top export markets by volume vary across types of steel products, though Russia held the top spot in three out of five product categories. In YTD 2017, Ukraine sent the largest share of flat product exports to Russia at 14 percent (553 thousand metric tons), followed by Poland at 11 percent (420 thousand metric tons). Russia was also the largest market for Ukraine's pipe and tube exports at 25 percent (110 thousand metric tons), and stainless steel exports at 34 percent (14 thousand metric tons).

Iraq was the largest market for Ukraine's long product exports in YTD 2017 at 18 percent (451 thousand metric tons), followed by Russia at 14 percent (337 thousand metric tons), and Italy accounted for the largest share of Ukraine's semi-finished exports at 30 percent (1.3 million metric tons).

The United States was a top-five export destination in long products, pipe and tube, and stainless steel in YTD 2017.

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



Steel Exports Report: Ukraine

Ukraine's Import Market Share in Top Destinations

Among Ukraine's top export destinations for which 2016 data are available, the import market share for Ukraine's steel products increased notably in both Israel (up 15.5 percentage points in 2016) and Hungary (up 7.5 percentage points). Import shares from Ukraine in Egypt and Poland increased by 3.5 percentage points and 1.5 percentage points, respectively. Import shares in Bulgaria showed the largest decrease in 2016, down 6 percentage points, followed by Russia (down 3.2 percentage points), Turkey (down 1 percentage point), and Italy (down 0.3 percentage points).

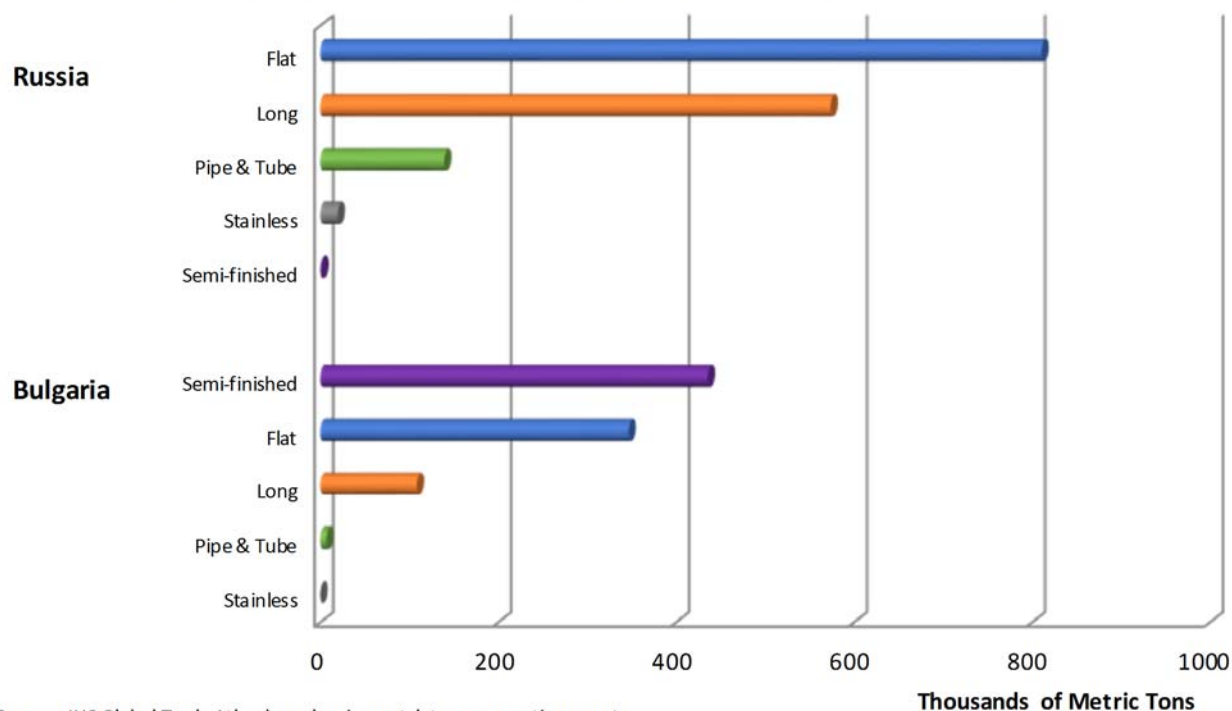
Ukraine's Steel Import Market Share				
Top 10 Export Markets	Share of Imports from Ukraine - 2015	Ukraine's Rank in 2015	Share of Imports from Ukraine - 2016	Ukraine's Rank in 2016
Egypt	5.0%	2	8.4%	3
Turkey	14.3%	3	13.3%	3
Italy	11.6%	3	11.3%	2
Russia	37.9%	1	34.8%	1
Poland	8.8%	2	10.3%	2
Bulgaria	52.0%	1	46.0%	1
Iraq	N/A	N/A	N/A	N/A
Saudi Arabia	8.8%	4	N/A	N/A
Israel	1.9%	9	17.5%	3
Hungary	7.9%	6	15.5%	1

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

Note: Data for Iraq and 2016 data for Saudi Arabia not available

Among Ukraine's top export markets, Russia and Bulgaria received more than a third of their steel imports from Ukraine in 2016. Flat products accounted for slightly over half of Russia's steel imports from Ukraine at 52 percent (811 thousand metric tons), while semi-finished steel accounted for just under half of Bulgaria's imports from Ukraine at 49 percent (435 thousand metric tons).

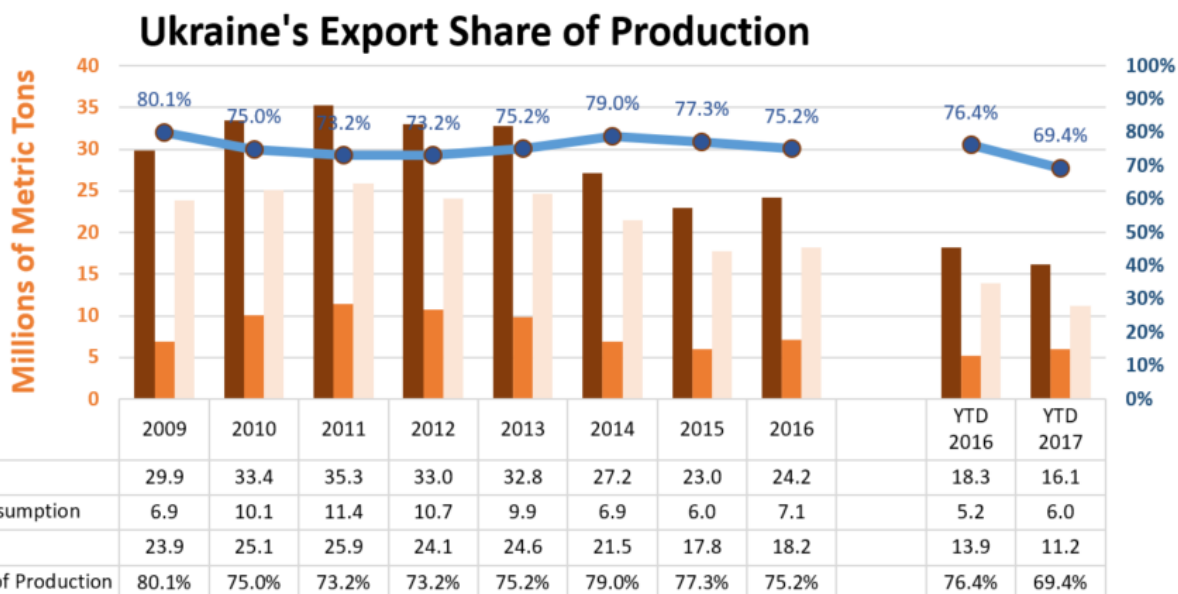
Steel Import Composition of Top Market-Share Countries - 2016



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

Steel Exports Report: Ukraine

Overall Production and Export Share of Production



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

Ukraine's crude steel production increased by 18 percent between 2009 and 2011 before falling by 31 percent between 2011 and 2016 to 24.2 million metric tons. In YTD 2017, production has decreased 12 percent to 16.1 million metric tons from 18.3 million metric tons in YTD 2016. Apparent consumption (a measure of steel demand) shrank in tandem with production between 2011 and 2016, but production has dwarfed demand by an annual average of 21.2 million metric tons since 2009. Demand in YTD 2017 was up 15 percent from YTD 2016 and fell behind production by 10.2 million metric tons. Ukraine's steel exports as a share of production averaged 76 percent per year over the period. The export share of production in YTD 2017 decreased 7 percentage points to 69.4 percent from 76.4 percent in YTD 2016.

Top Producers

Ukraine's steel production is heavily concentrated in four major companies: Metinvest, ArcelorMittal Kryvyi Rih, ISD, and Zaporizhstal Iron and Steelworks (50.2% owned by Metinvest). The top two steel producers themselves accounted for over half of Ukraine's total production in 2016, based on available data.

Ukraine's Top Steel Producers in 2016			
Rank	Company	Production (mmt)	Main Products
1	Metinvest Holding	10.3	Hot-rolled, plate, billet, bars, rails, pipe
2	PJSC ArcelorMittal Kryvyi Rih	6.3 (2015)	Rebar, wire rod, bars, sections, billets
3	ISD (Industrial Union of Donbass)	4.8	Hot-rolled, cold-rolled, plate, pipe
4	JSC Zaporizhstal	4.0 (2014)	Hot-rolled, cold-rolled, plate, tinplate, formed products

Source: World Steel Association; Metal Bulletin, *Iron and Steelworks of the World Directory 2017*; 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 Ukraine.

Steel Mill Trade Remedies in Effect Against Ukraine				
Country	AD	CVD	Suspension Agreements and Undertakings	Total
Brazil	2			2
Canada	3			3
Eurasian Economic Union	4			4
European Union	1			1
India	1			1
Indonesia	1			1
Mexico	3			3
Pakistan	1			1
Thailand	1			1
United States	2		2	4
TOTAL	19	0	2	21

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 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 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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