



Global Steel Trade Monitor

Steel Imports Report: China

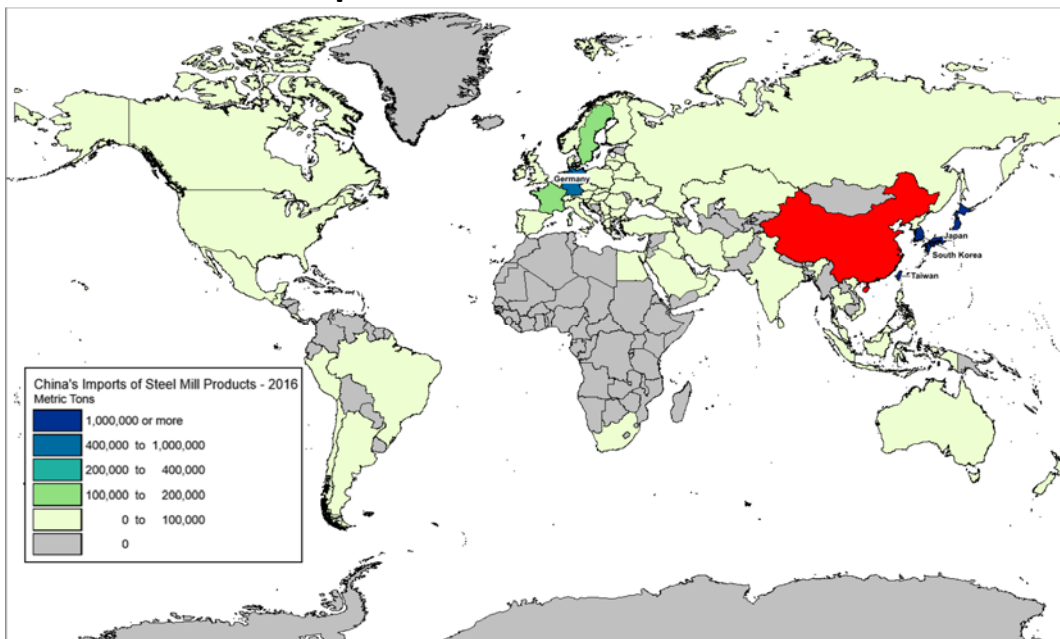
December 2017

Background

China is the world's eighth largest steel importer. In year-to-date 2017 (through September), further referred to as YTD 2017, China imported 10.3 million metric tons of steel, a 3 percent increase from 10 million metric tons in YTD 2016. China's imports represented about 4 percent of all steel imported globally in 2016. The volume of China's 2016 steel imports was less than half that of the world's largest importer, the United States. In value terms, steel represented just 0.8 percent of the total goods imported into China in 2016.

In 2016, China imported steel from over 75 countries and territories. The four countries labeled in the map below represent the top import sources for China's imports of steel, with each sending more than 400 thousand metric tons to China and together accounting for 90 percent of China's steel imports in 2016.

China's Imports of Steel Mill Products - 2016



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

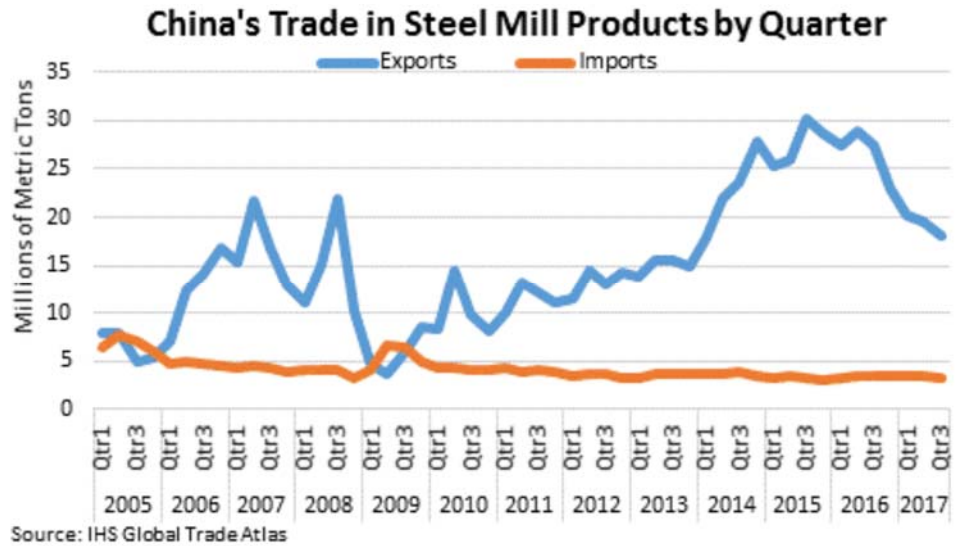
Quick Facts:

- World's eighth largest steel importer: 10.3 million metric tons (YTD 2017)
- 49% steel import decline since Q2 2009
- YTD import volume up 3% while import value up 16%
- Import penetration at 1.7% in YTD 2017
- Top three import sources: Japan, South Korea, Taiwan
- Largest producers: China Baowu Group and HBIS Group
- 8 trade remedies in effect against imports of steel mill products

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Steel Trade Balance

In 2005, China's steel imports and exports were virtually in balance. Since then, however, China's imports and exports have gone in opposite directions. Between Q2 2009 and Q3 2017 imports have declined by 49 percent, while exports have dramatically increased by 378 percent. China has had a steel trade surplus almost every year since 2006. In YTD 2017, China's steel surplus stands at



47.6 million metric tons, a 35 percent decrease from 73.6 million metric tons in YTD 2016.

Import Volume, Value, and Product

China's level of steel imports had been trending downwards in recent years. However, in 2016 the volume of China's steel imports increased by 3 percent to 13.4 million metric tons from 13 million metric tons in 2015. China's imports in YTD 2017 were up 3 percent to 10.3 million metric tons compared to 10 million metric tons in YTD 2016. The value of China's YTD 2017 steel imports increased 16 percent to \$10.9 billion from \$9.4 billion in YTD 2016.

Flat products account for a significant share of China's steel imports. In YTD 2017, China imported 7.9 million metric tons of flat products, or 77 percent of total steel imports. Long products accounted for 12 percent, or 1.2 million metric tons, followed by stainless products at 7 percent (729 thousand metric tons), pipe and tube at 3 percent (266 thousand metric tons), and semi-finished steel at 2 percent (194 thousand metric tons).

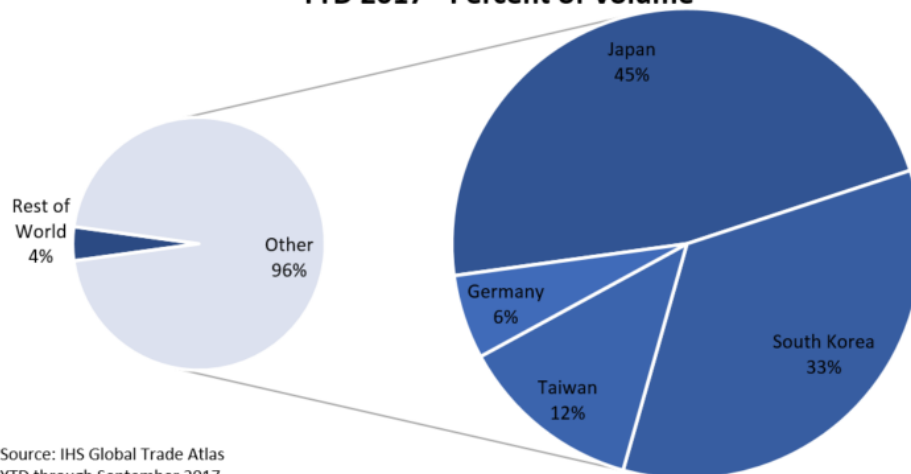


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Imports by Top Source

The top 4 source countries for China's steel imports represented 89 percent of the total steel import volume in YTD 2017 at 9.2 million metric tons (mmt). Japan accounted for the largest share of China's imports by source country at 45 percent (4.3 mmt), followed by South Korea at 33 percent (3.2 mmt), Taiwan at 12 percent (1.2 mmt), and Germany at 6 percent (0.53 mmt).

China's Steel Imports - Top 4 Sources
YTD 2017 - Percent of Volume



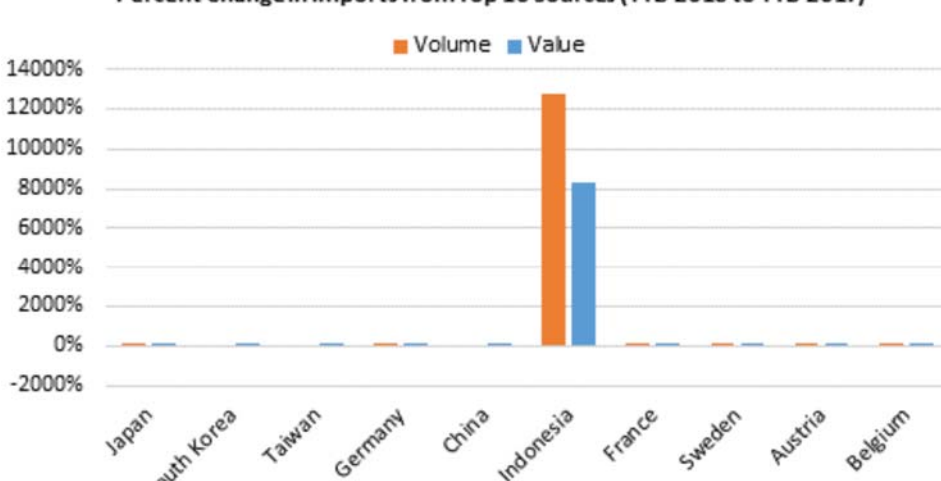
Source: IHS Global Trade Atlas
YTD through September 2017

The United States ranked 11th as a source country for China's steel imports in YTD 2017. China imported 56 thousand metric tons from the United States, which is a 27 percent increase from 44 thousand metric tons in YTD 2016.

Trends in Imports from Top Sources

The volume of China's steel imports increased from seven of China's top 10 steel import sources between YTD 2016 and YTD 2017. China's imports from Indonesia increased the most in volume, up 12,752 percent in YTD 2017, followed by imports from Austria (up 32%), and Germany (up 25%). South Korea, China, and Taiwan were the only top 10 source country that decreased in volume, down 4 percent, 3 percent, and 0.2 percent respectively.

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



Source: IHS Global Trade Atlas
YTD through September 2017

The value of China's steel imports increased from all of its top 10 import source markets in YTD 2017. Increases in steel import value included imports from Indonesia (up 8350%), Taiwan (up 24%), Germany (up 24%), Sweden (up 22%), Japan (up 15%), and Austria (up 15%).

Outside the top 10 sources, other notable volume changes in China's YTD 2017 imports came from 14th-ranked Finland (up 116%), 22nd-ranked Switzerland (up 67%), and the 25th-ranked United Arab Emirates (up 85%).

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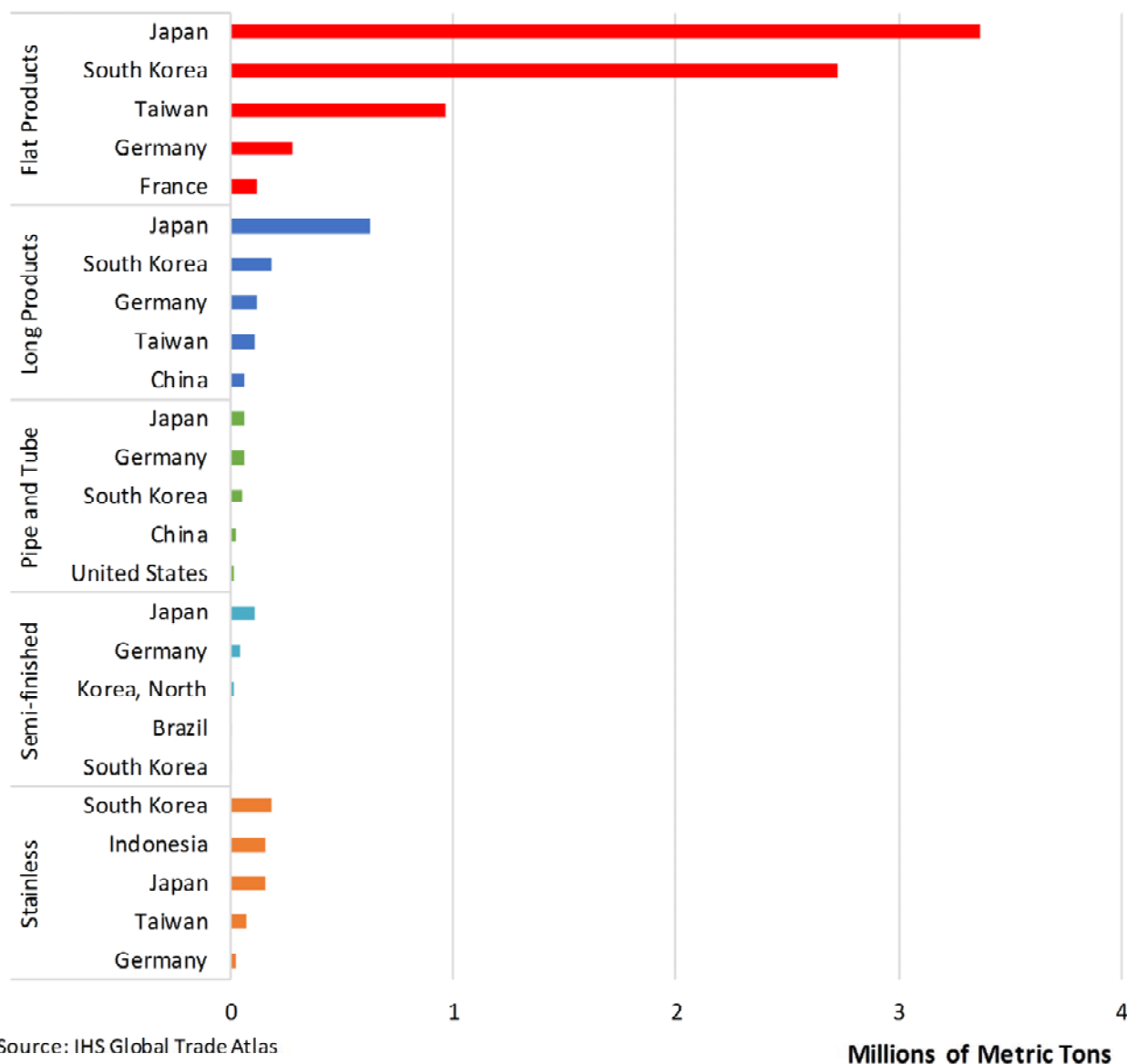
Top Sources by Steel Product Category

The top source countries for China’s imports by volume vary across types of steel products, although Japan held the top spot for imports in nearly all of the five product categories. In YTD 2017, Japan accounted for 43 percent (3.4 million metric tons) of China’s imports of flat products, 51 percent (626 thousand metric tons) of long products, 24 percent (64 thousand metric tons) of pipe and tube products, and 56 percent (108 thousand metric tons) of semi-finished products.

The only product category where Japan was not in the top spot in YTD 2017 was in stainless steel products, which was captured by South Korea with 26 percent (189 thousand metric tons).

The United States was the fifth largest source market for China’s pipe and tube products in YTD 2017 with a 6 percent share, or 15 thousand metric tons.

China's Top 5 Import Sources by Product - YTD 2017



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China's Export Market Share from Top Source Countries

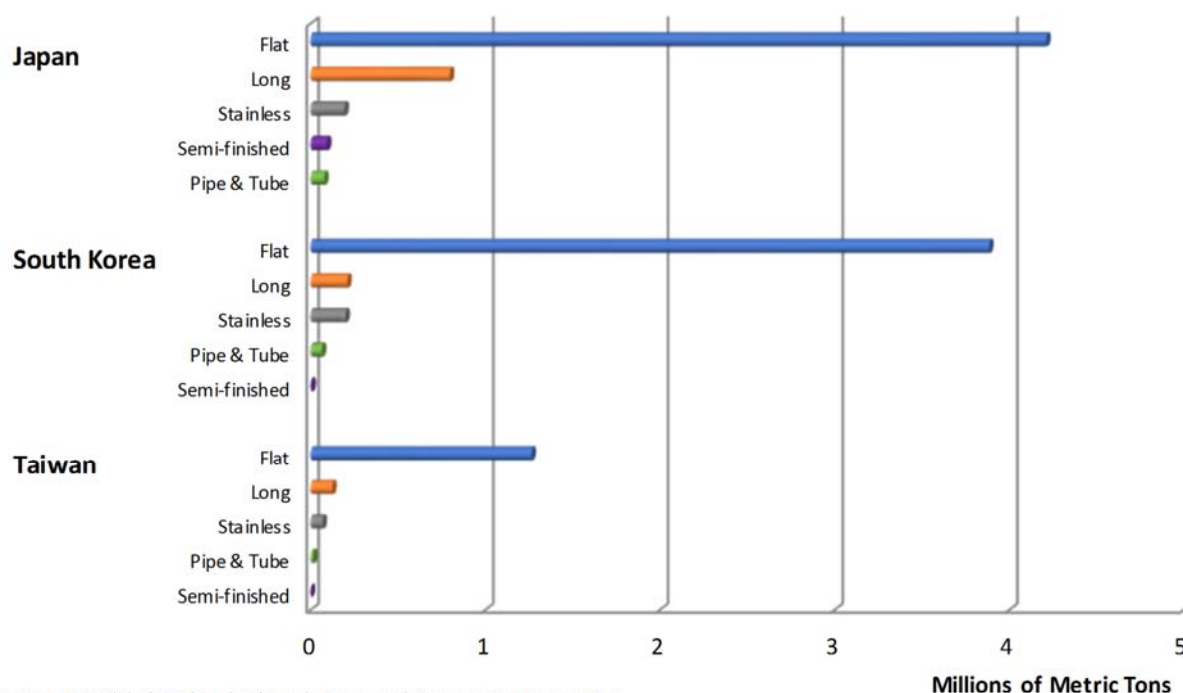
In 2016, the share of steel exports sent to China from its top import sources either increased or remained the same in the majority of cases. The share of South Korea's steel exports to China showed the largest increase in 2016 (up 2.1 percentage points), followed by Kazakhstan (up 1.4 percentage points). Export shares to China in Japan, Germany, and Austria increased by half a percentage point or less. Sweden and Taiwan had the largest decreases in their share of steel exports to China, down 0.9 percentage points and 0.7 percentage points, respectively. Export shares to China in France and Belgium remained the same in 2016 compared to 2015.

China's Steel Export Market Share				
Top 10 Import Sources	Share of Exports to China - 2015	China's Rank in 2015	Share of Exports to China - 2016	China's Rank in 2016
Japan	12.8%	2	13.3%	3
South Korea	12.3%	2	14.4%	1
Taiwan	12.8%	1	12.1%	2
Germany	2.0%	14	2.2%	13
France	1.0%	16	1.0%	17
Sweden	3.6%	9	2.7%	13
Belgium	0.8%	14	0.8%	13
Kazakhstan	1.9%	7	3.3%	8
Austria	0.4%	27	0.9%	21
Luxembourg	2.3%	12	2.0%	13

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

Among China's top import sources, Japan, South Korea, and Taiwan sent the largest shares of their total steel exports to China in 2016. Flat products accounted overwhelmingly for the largest share of steel exports to China for all three sources. Flat products accounted for 78 percent (4.2 million metric tons) of Japan's steel exports to China, 89 percent (3.9 million metric tons) of South Korea's exports, and 86 percent (1.3 million metric tons) of Taiwan's exports.

Steel Export Composition of Top Market-Share Countries - 2016

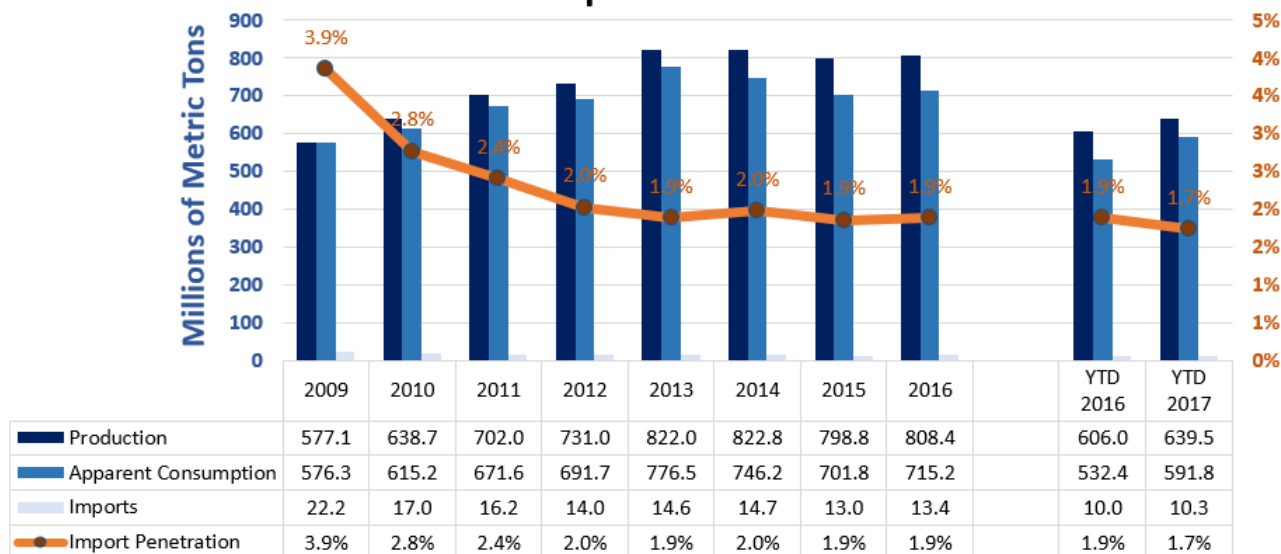


Source: IHS Global Trade Atlas, based on export data per reporting country

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Overall Production and Import Penetration

China's Import Penetration



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

China's crude steel production increased steadily between 2009 and 2014 but levelled off in 2015 and 2016. Production in 2016 increased 1.2 percent to 808.4 million metric tons from 798.8 million metric tons in 2015. In YTD 2017, production increased 6 percent compared to the same period in 2016 going from 606 million metric tons to 639.5 million metric tons. The gap between production and apparent consumption (a measure of steel demand), which was nearly non-existent in 2009, has grown steadily larger over the years. By 2016, China's production outpaced the country's demand by 93.1 million metric tons. In YTD 2017 this gap was 47.6 million metric tons a 35% decrease from YTD 2016. Imports have contributed little to domestic demand, as shown by a minimal import penetration level that has held relatively steady; it is at 1.7 percent for YTD 2017.

Top Producers

China Baowu Group (the result of a merger between Baosteel Group and Wuhan Steel Group) is China's largest steel-producing company. China's steel production is spread out across many companies, with the country's top 9 producers accounting for only 291.3 million metric tons, or 36 percent of total 2016 production, based on available data.

China's Top Steel Producers in 2016			
Rank	Company	Production (mmt)	Main Products
1	China Baowu Group	63.8	Billets, tubes, pipes, bars, plates
2	HBIS Group (Hesteel)	46.2	Plates, sheets, wire rod, bars, sections
3	Shagang Group	33.3	Rebar, wire rod, slabs, coils
4	Ansteel Group	33.2	Wire rod, pipe, plates, cold-rolled
5	Shougang Group	26.8	Plates, strips, wire, pipes
6	Shandong Steel Group	23	H-beams, strip, plates, bars
7	Maanshan Steel	18.6	Sheets, sections, wire, bars
8	Jianlong Group	16.5	Sheets, strips, rebar, billets, pipes
9	Valin Group	15.5	Pipe & tube, wire, wire rod
10	Benxi Steel	14.4	Coils, sheets, plates

Source: World Steel Association; Hoover's; Bloomberg; 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 China has against imports of steel mill products from various countries. China has no steel mill safeguards in effect.

China's Trade Remedies in Effect Against Steel Mill Imports				
Country	AD	CVD	Suspension Agreements and Undertakings	Total
European Union	3			3
Japan	3			3
South Korea	1			1
United States	1			1
TOTAL	8	0	0	8

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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