

Global Steel Trade Monitor

Steel Imports Report: Turkey

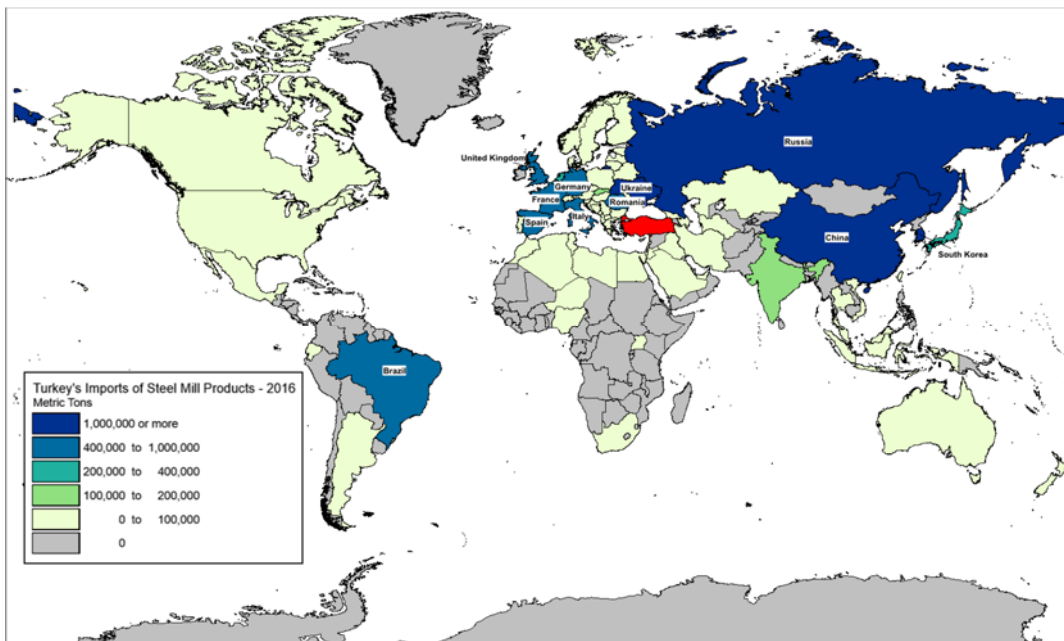
December 2017

Background

Turkey is the world's sixth largest steel importer. In year to date 2017 (through September), further referred to as YTD 2017, Turkey imported 10 million metric tons of steel, an 18 percent decrease from 12.2 million metric tons in YTD 2016. Turkey's imports represented about 4 percent of all steel imported globally in 2016. The volume of Turkey's 2016 steel imports was roughly half that of the world's largest importer, the United States. In value terms, steel represented just 4 percent of the total amount of goods Turkey imported in 2016.

Turkey imports steel from more than 80 countries and territories. The 11 countries labeled in the map below represent the top import sources for Turkey's imports of steel, with each sending more than 400 thousand metric tons and together accounting for 85 percent of Turkey's steel imports in 2016.

Turkey's Imports of Steel Mill Products - 2016



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Quick Facts:

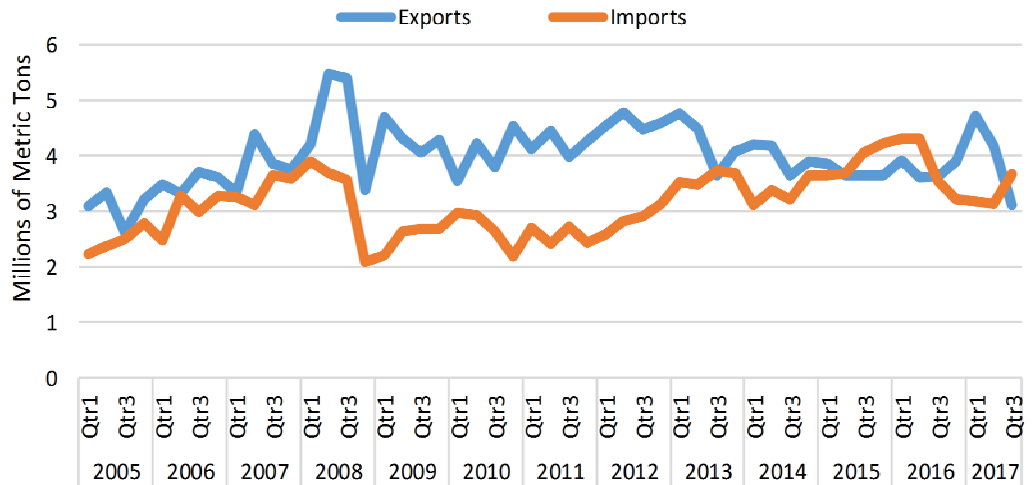
- World's 6th largest steel importer: 10 million metric tons (YTD 2017)
- 4% steel import increase since Q3 2016
- Import penetration down to 38.8% in YTD 2017 from 47.8% in YTD 2016
- YTD import volume down 18% while import value up 6%
- Top three import sources: Russia, Ukraine, China
- Largest producers: Erdemir Group, İçdaş, Habaş
- 6 trade remedies in effect against imports of steel mill products

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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, returning to a surplus until Q3 2017. Turkey's steel trade balance has returned to a surplus, on the whole, of 2 million metric tons in YTD 2017.

Turkey's Trade in Steel Mill Products by Quarter

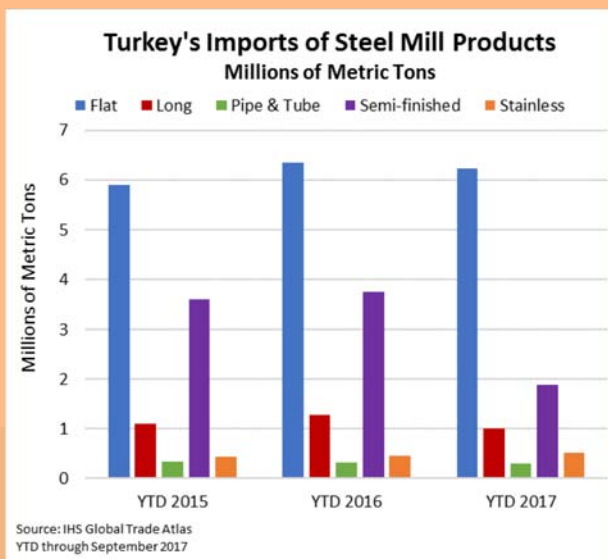


Source: IHS Global Trade Atlas

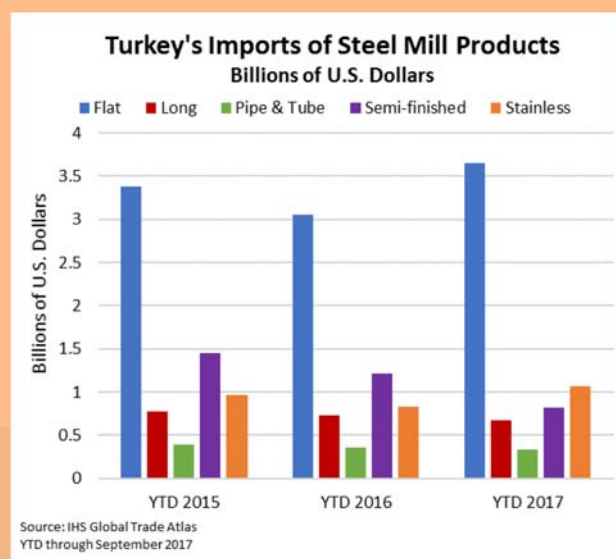
Import Volume, Value, and Product

In 2016, Turkey's steel imports amounted to 15.4 million metric tons, a decline of 2 percent from 15.6 million metric tons in 2015. In YTD 2017, the volume of Turkey's steel imports decreased by 18 percent to 10.0 million metric tons compared to 12.2 million metric tons in YTD 2016. Meanwhile, the value of Turkey's YTD 2017 steel imports grew, up 6 percent to \$6.5 billion from \$6.2 billion in YTD 2016.

In YTD 2017, flat products accounted for the largest share of Turkey's steel imports at 62 percent, or 6.2 million metric tons. Semi-finished steel accounted for 19 percent, or 1.9 million metric tons, of Turkey's imports of steel in YTD 2017, followed by long products at 10 percent (1 million metric tons), stainless products at 5 percent (523 thousand metric tons), and pipe and tube products at 3 percent (311 thousand metric tons).



Source: IHS Global Trade Atlas
YTD through September 2017



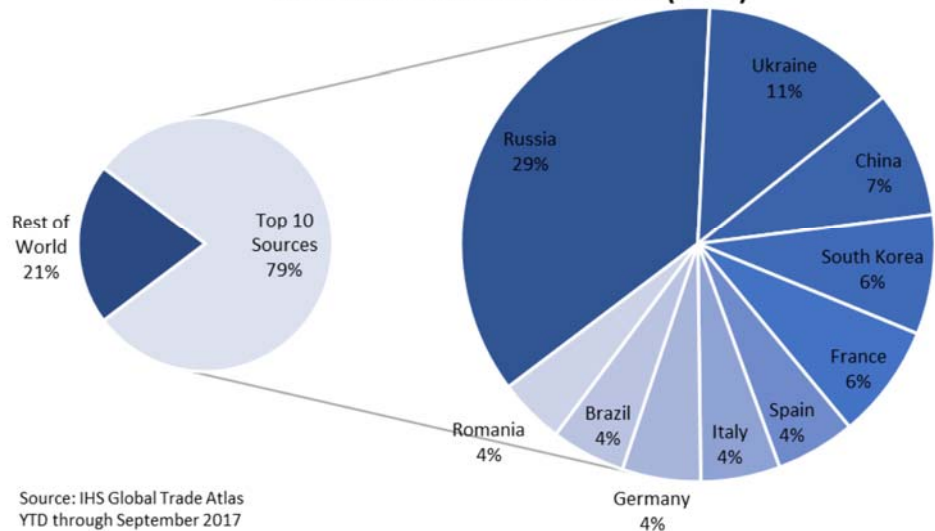
Source: IHS Global Trade Atlas
YTD through September 2017

Steel Imports Report: Turkey

Imports by Top Source

The top 10 source countries for Turkey's steel imports represented 79 percent of the total steel import volume in YTD 2017 at 7.9 million metric tons (mmt). Russia accounted for the largest share of Turkey's imports by source country at 29 percent (2.9 mmt), followed by Ukraine at 11 percent (1.1 mmt), China at 7 percent (0.69 mmt), South Korea at 7 percent (0.65 mmt), and France at 6 percent (0.62 mmt).

Turkey's Steel Imports - Top 10 Sources
YTD 2017 - Percent of Volume (mmt)



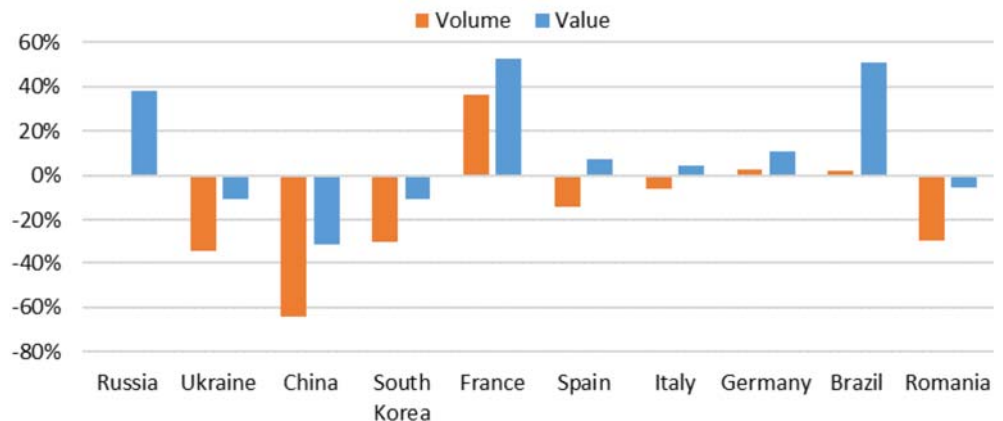
Source: IHS Global Trade Atlas
YTD through September 2017

The United States ranked 40th as a source for Turkey's steel imports in YTD 2017. Turkey imported 7.5 thousand metric tons from the United States in YTD 2017 — an 11 percent increase from 6.8 thousand metric tons in YTD 2016.

Trends in Imports from Top Sources

The volume of Turkey's steel imports decreased from six of the top ten steel import sources between YTD 2016 and YTD 2017, while the overall value of Turkey's steel imports increased from six of the top ten source countries.

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



Source: IHS Global Trade Atlas
YTD through September 2017

In terms of value, Turkey's imports from China decreased the most in YTD 2017, down 32 percent from YTD 2016, followed by South Korea and Ukraine (each down 11%), and Romania (down 6%). Considerable increases in import value included France (up 53%), Brazil (up 51%), Russia (up 38%), and Germany (up 11%). Significant declines in steel volume between YTD 2016 and YTD 2017 included Turkey's imports from China (down 64%), Ukraine (down 34%), South Korea and Romania (each down 30%), and Spain (down 14%). Only Turkey's imports from France increased significantly in volume, up 36 percent from YTD 2016.

Steel Imports Report: Turkey

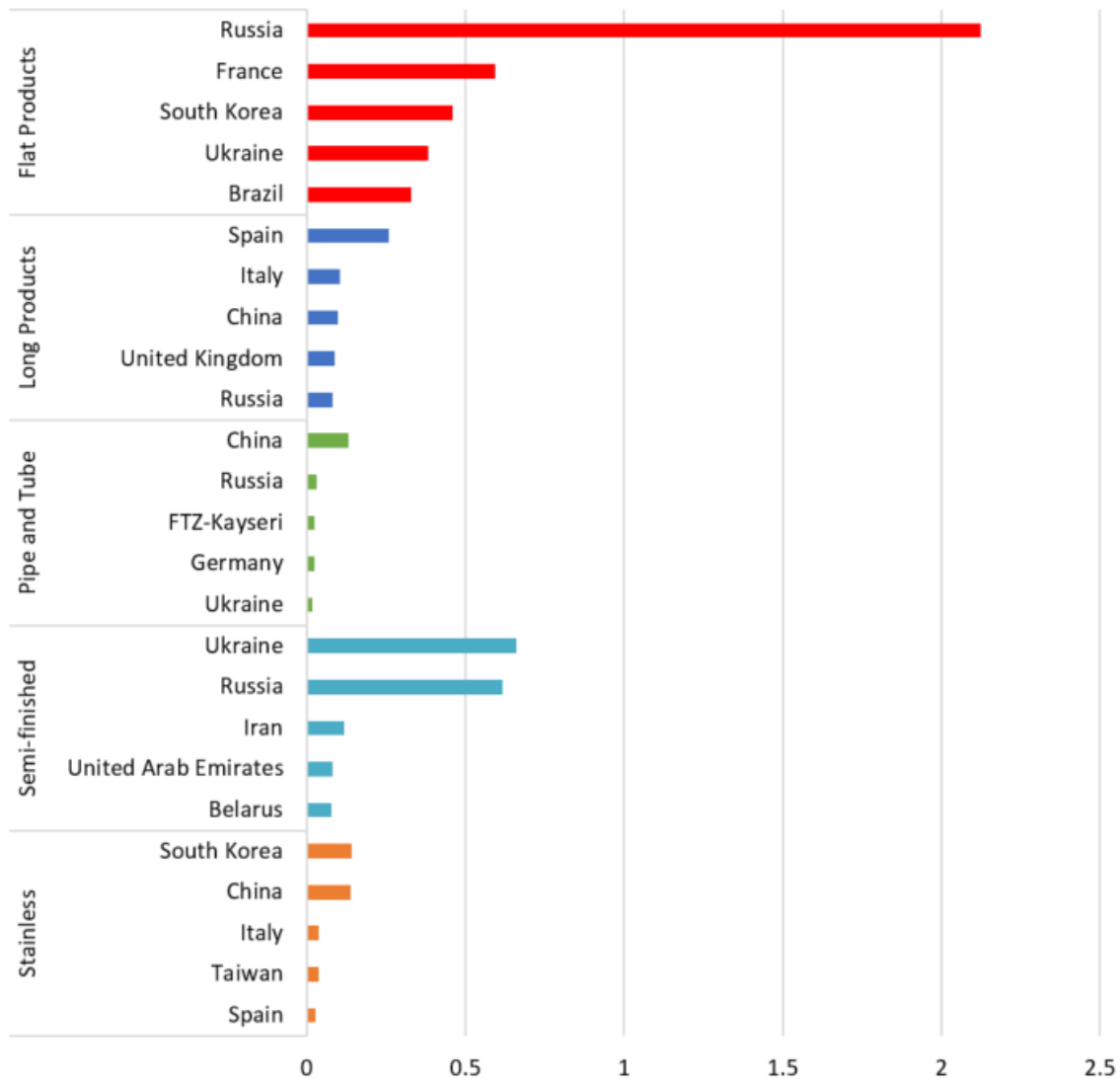
Top Sources by Steel Product Category

The top source countries for Turkey’s imports by volume vary across types of steel products. Russia accounted for the largest share of Turkey’s imports of flat products in YTD 2017 at 34 percent (2.1 million metric tons).

Spain accounted for the largest share of Turkey’s imports of long products at 25 percent (258 thousand metric tons). China was the largest source of Turkey’s imports of pipe and tube products at 42 percent (132 thousand metric tons) and South Korea was the largest source of Turkey’s stainless products at 27 percent (142 thousand metric tons). Ukraine accounted for the largest share of imports of semi-finished products at 35 percent (661 thousand metric tons).

The United States was not a top 5 source country for any product category in YTD 2017.

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



Source: IHS Global Trade Atlas
YTD through September 2017

Steel Imports Report: Turkey

Turkey's Export Market Share from Top Source Countries

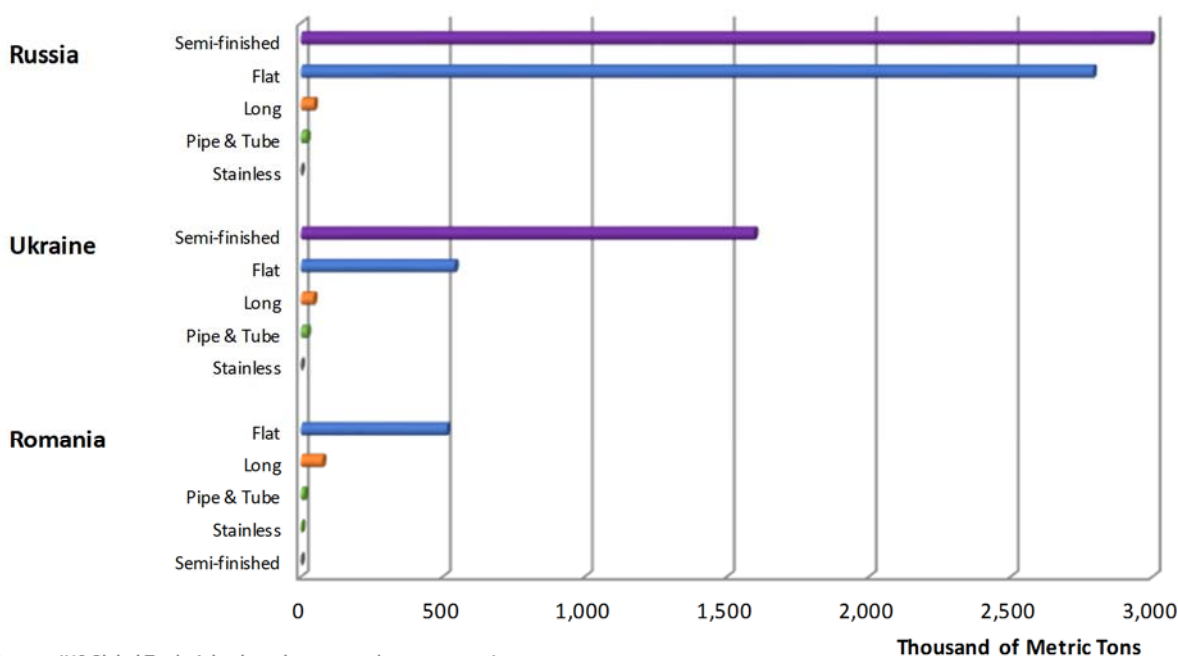
In 2016, the share of steel exports sent to Turkey from its top import sources decreased in six of Turkey's top 10 import source countries. The share of Ukraine's steel exports to Turkey showed the largest decrease (down 2.1 percentage points), followed by Romania (down 2 percentage points) and France (down 1.3 percentage points). Export shares to Turkey in Russia, China, and Italy each decreased by less than one percentage point. Brazil had the largest increase in its share of exports to Turkey in 2016, up 1.9 percentage points.

Turkey's Steel Export Market Share				
Top 10 Import Sources	Share of Exports to Turkey - 2015	Turkey's Rank in 2015	Share of Exports to Turkey - 2016	Turkey's Rank in 2016
Russia	19.6%	1	18.8%	1
China	2.8%	9	2.0%	14
Ukraine	14.2%	2	12.1%	2
South Korea	3.4%	9	3.7%	9
Romania	26.5%	1	24.6%	1
France	5.9%	5	4.7%	5
Spain	6.1%	7	6.5%	6
Italy	4.0%	6	3.5%	8
Germany	2.1%	13	2.1%	14
Brazil	7.5%	2	9.3%	2

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

Among Turkey's top sources, Russia, Ukraine, and Romania sent the largest shares of their total steel exports to Turkey in 2016. Semi-finished products accounted for the largest share of steel exports to Turkey in Russia and Ukraine at 51 percent (3 million metric tons) and 72 percent (1.6 million metric tons), respectively. Flat products ranked first in Romania's exports to Turkey at 85 percent (513 thousand metric tons), and second in both Russia's and Ukraine's exports to Turkey at 48 percent (2.8 million metric tons) and 25 percent (542 thousand metric tons), respectively.

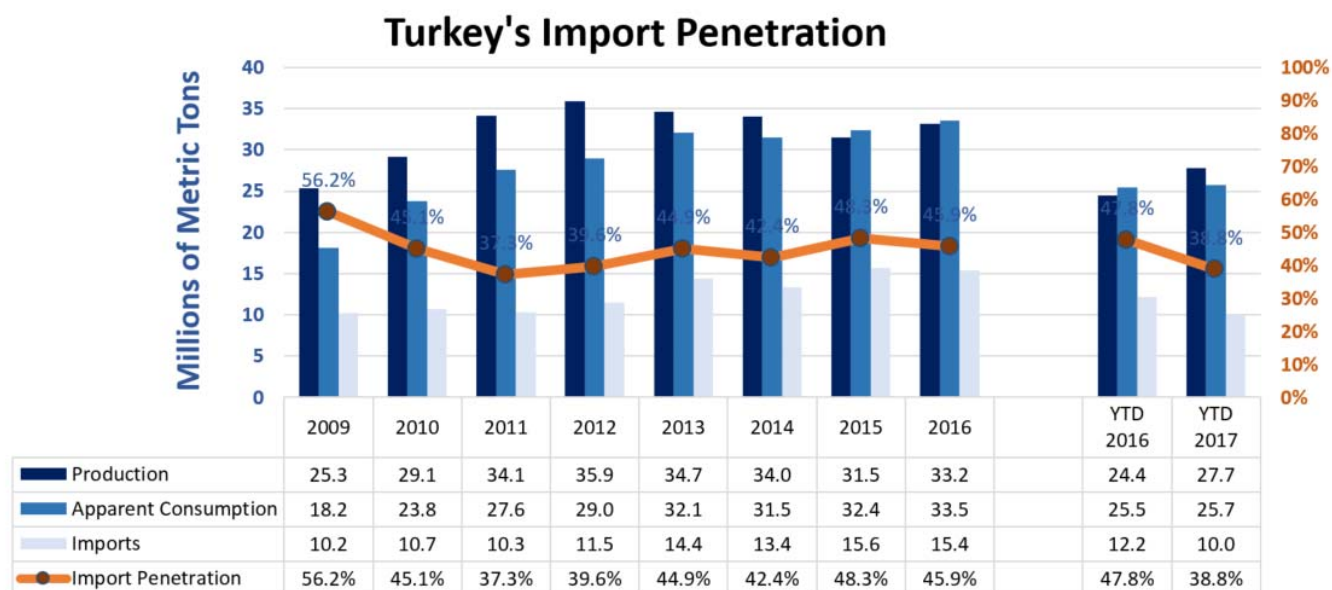
Steel Export Composition of Top Market-Share Countries - 2016



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

Steel Imports Report: Turkey

Overall Production and Import Penetration



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

Turkey's crude steel production increased 14 percent to 27.7 million metric tons in YTD 2017, up 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 six years. By 2015, Turkey's demand outpaced the country's production by over 800 thousand metric tons and by over 300 thousand metric tons in 2016. Between YTD 2016 and YTD 2017, demand increased 1 percent, and production once again outpaced demand by 2 million metric tons. Turkey's steel import penetration level decreased to 38.8 percent in YTD 2017, down from 47.8 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	8.6	Flat products, wire rod, pipe
2	İçdaş	3.7 (2014)	Billets, reinforcing bars, wire rod
3	Habaş	2.5 (capacity)	Carbon, stainless, hot-rolled
4	İsdemir (owned by Erdemir)	N/A	Hot-rolled flat, billets, reinforcing bars, profiles, structural steel
5	Çolakoğlu Metalurji	N/A	Billets, slabs, hot-rolled coil, hot-rolled sheet, reinforcing bars
6	Kardemir	N/A	Billets, profiles, reinforcing bars

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

Steel Imports 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 Turkey has against imports of steel mill products from various countries. Turkey has no steel mill safeguards in effect.

Turkey's Trade Remedies in Effect Against Steel Mill Imports				
Country	AD	CVD	Suspension Agreements and Undertakings	Total
China	3			3
Malaysia	1			1
Taiwan	1			1
Vietnam	1			1
TOTAL	6	0	0	6

Source: World Trade Organization, through June 30, 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/>.



INTERNATIONAL
TRADE
ADMINISTRATION

Steel Import Monitoring and Analysis
1401 Constitution Ave., NW, Room 21006
Washington, D.C. 20230

T 202.482.2105
F 202.501.1377
Email ECCGlobalSteelStats@trade.gov

trade.gov/steel