

Global Steel Trade Monitor

Steel Exports Report: Canada

May 2019

Background

Canada was the world's nineteenth-largest steel exporter in 2017. In 2018, Canada exported 6.5 million metric tons of steel, a 2 percent decrease from 6.7 million metric tons in 2017. Canada's exports represented about 1.5 percent of all steel exported globally in 2017, based on available data. By volume, Canada's 2018 steel exports represented just over one-tenth the volume of the world's largest exporter, China. In value terms, steel represented 1.4 percent of the total goods Canada exported in 2018.

Canada exports steel to over 140 countries and territories. The United States and Mexico represent the top markets for Canada's exports of steel, receiving more than 450 thousand metric tons each. All of Canada's top ten export destination countries are labeled in the map below, accounting for 99% of Canada's steel exports in 2018.

Canada's Exports of Steel Mill Products-2018 (Top Ten in Blue)



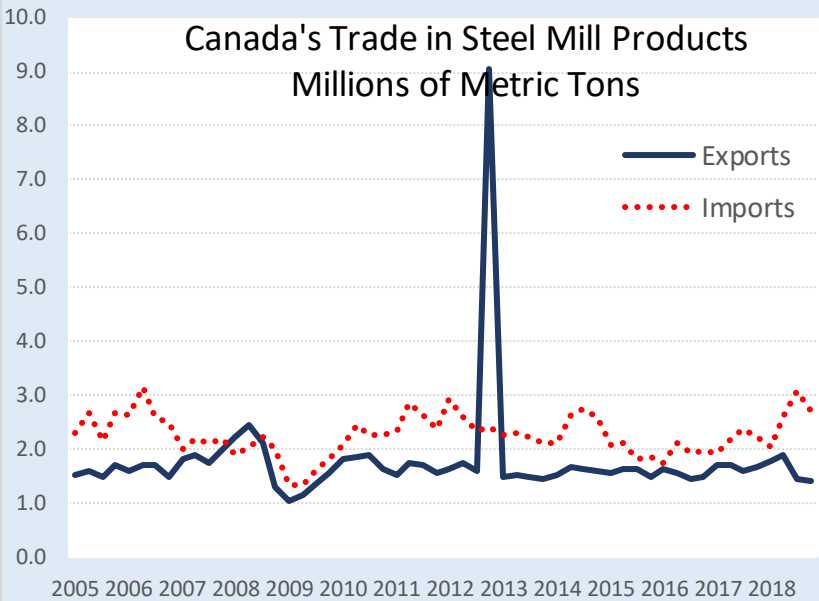
Quick Facts:

- Exported 6.5 million metric tons (2018)
- 29% growth in annual steel exports since 2009
- 2018 export volume down 2% while export value up 6%
- Top markets: United States and Mexico
- Exports as a share of production up from 48.9% in 2017 to 49.9% in 2018
- Largest producers: ArcelorMittal, Essar Steel Algoma
- 0 trade remedies in effect involving steel mill imports from Canada

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Steel Trade Balance

With the exception of three quarters, Canada has maintained a moderate trade deficit in steel products since 2005. Rising exports in the first half of 2008 and a spike in exports in Q4 2012 (resulting from a bulk shipment of semi-finished steel to Egypt) caused the deficit to briefly become a surplus. From their low point in 2009, annual imports have grown 71 percent through 2018, while exports have grown 29 percent between 2009 and 2018. In 2018, Canada’s steel trade deficit amounted to –3.83 million metric tons, an 85 percent increase from –2.07 million metric tons in 2017.

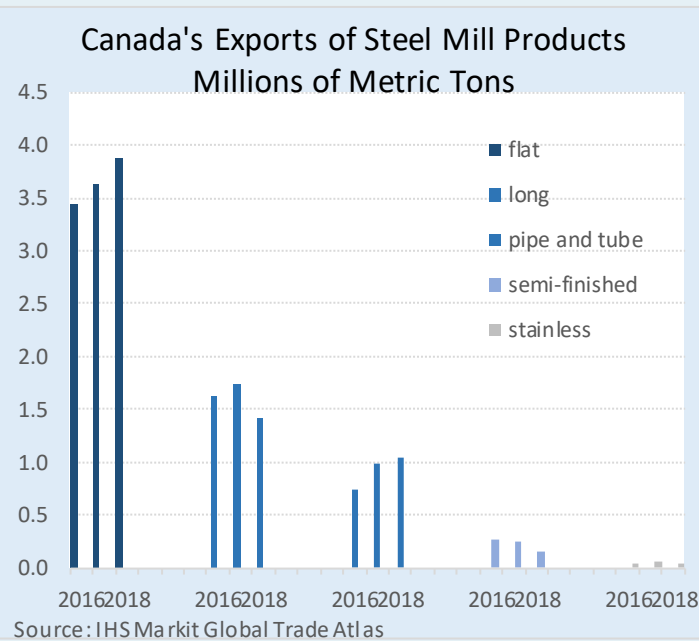


Source: U.S. Department of Commerce - IHS Markit Global Trade Atlas

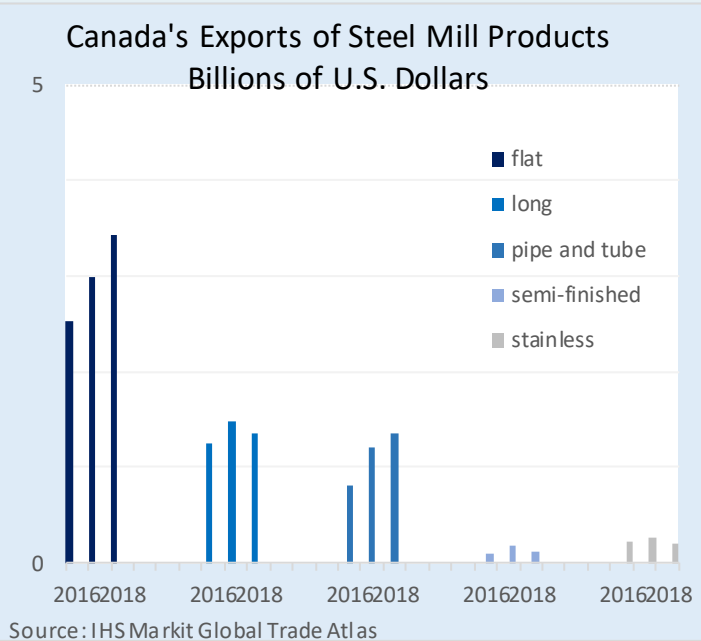
Export Volume, Value, and Product

The volume of Canada’s steel exports has remained relatively flat since 2013 at an average of 6.3 million metric tons per year. Exports in 2018 decreased by 2 percent to 6.5 million metric tons from 6.7 million metric tons in 2017. In value terms, Canada’s steel exports increased by 6 percent to \$6.5 billion from \$6.1 billion in 2017.

Flat products accounted for 59 percent of Canada’s steel exports by volume in 2018 at 3.9 million metric tons. Long products represented the second-largest category at 22 percent (1.4 million metric tons), followed by pipe and tube at 16 percent (1.0 million metric tons), semi-finished steel at 2 percent (149 thousand metric tons), and stainless steel at 1 percent (45 thousand metric tons).



Source: IHS Markit Global Trade Atlas



Source: IHS Markit Global Trade Atlas

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Exports by Top Market

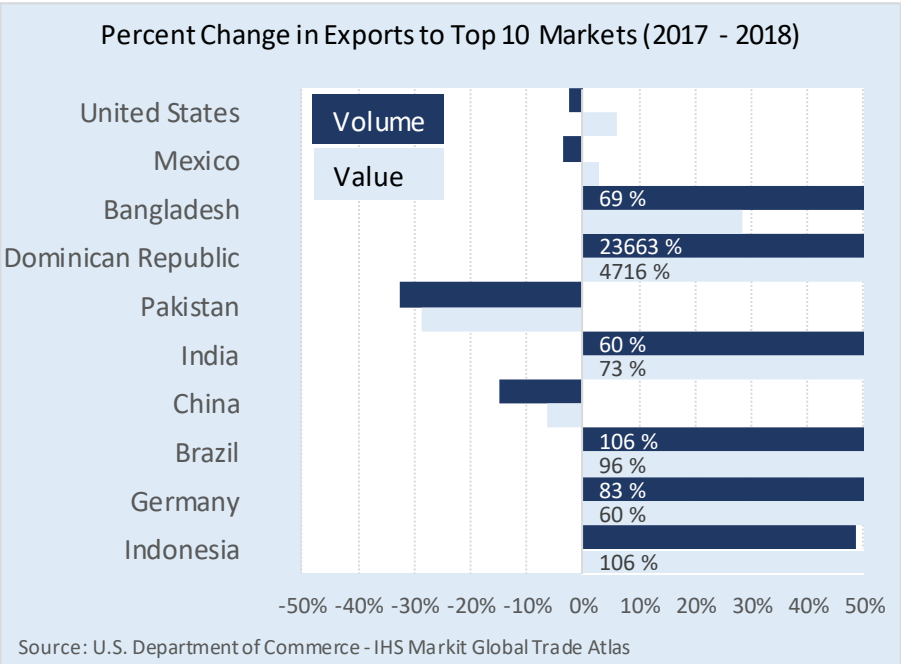
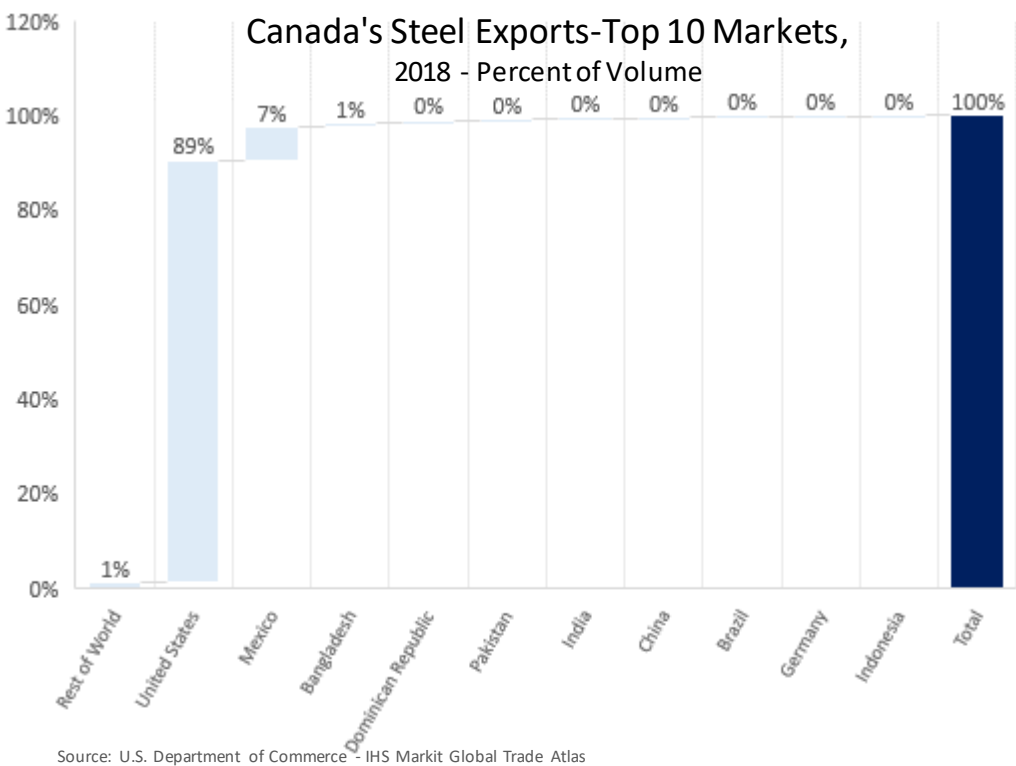
Exports to Canada’s top 10 steel markets represented 99 percent of Canada’s steel export volume in 2017 at 6.47 million metric tons (mmt). Furthermore, the top two markets for Canada’s exports, the United States and Mexico, by themselves accounted for 96 percent of exports by volume. Canada sent 89 percent of its steel exports to the United States in 2017 (5.8 mmt) and 7 percent to Mexico (451 thousand metric tons). Notably, with the

exception of 2012, the United States and Mexico have ranked first and second as top export markets for Canada’s shipments of steel in every year since 2000.

Trends in Exports to Top Markets

Between 2017 and 2018, the volume of Canada’s steel exports increased to 6 of its top 10 steel export markets. Exports to the Dominican Republic showed the largest increase from 2017, up 23,663 percent, followed by exports to Brazil (106%). Exports also increased to Germany (83%), Bangladesh (69%), India (60%), and Indonesia (48%). During 2018, export volumes decreased to Pakistan (-33%), China (-15%), Mexico (-3%), and the United States (-2%).

In 2018, export values increased to 8 of Canada’s top 10 steel export markets relative to 2017. Export values increased for exports to the Dominican Republic (4,716%), Indonesia (106%), Brazil (96%), India (73%), Germany (60%), Bangladesh (28%), the United States (6%), and Mexico (3%). Export values only decreased for exports to Pakistan (-29%) and China (-7%).



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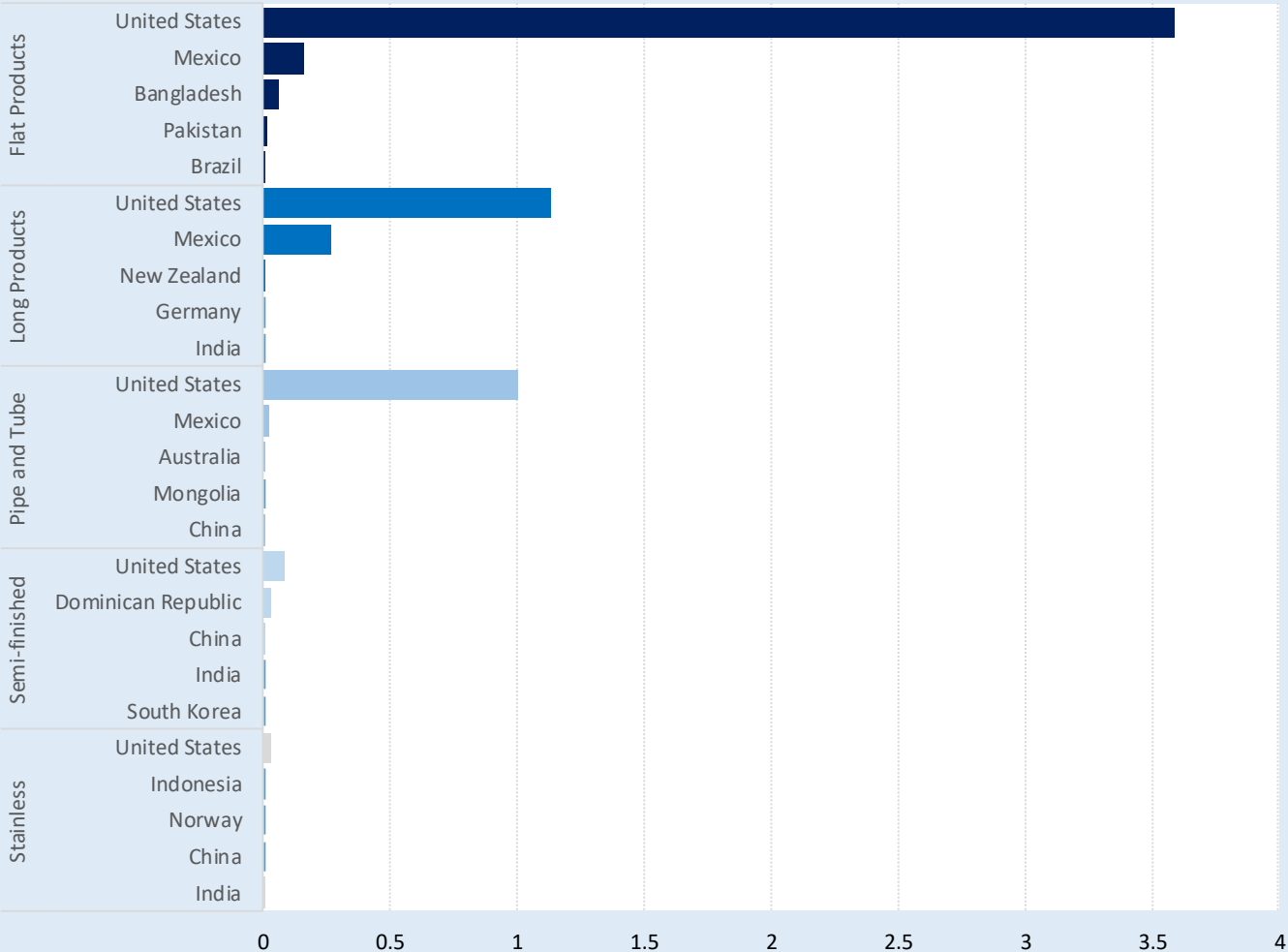
Top Markets by Steel Product Category

The United States is Canada’s top export by volume for all types of steel products, while the rest of the top 5 export destinations vary by product. The United States was the destination for 93 percent (3.6 million metric tons) of Canada’s flat product exports, followed by Mexico at 4 percent (163 thousand metric tons).

The United States received 79 percent of long product exports (1.1 million metric tons), followed by Mexico at 19% (266 thousand metric tons). The United states received 96 percent of pipe and tube product exports (1.0 million metric tons), while Mexico was the second largest export market at 2 percent (22 thousand metric tons).

The United States was also the top market for semi-finished steel products at 60 percent (89 thousand metric tons), followed by the Dominican Republic at 21 percent (32 thousand metric tons). The United States was the export destination for 77 percent of all stainless steel exports (34 thousand metric tons) followed by Indonesia at 6 percent (3 thousand metric tons).

Canada's Top 5 Export Markets by Product - 2018



Source : U.S. Department of Commerce - IHS Markit Global Trade Atlas

Millions of Metric Tons

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Canada's Import Market Share in Top Destinations

In 2018, the import market share for Canada's steel products remained mostly unchanged in the majority of Canada's top 10 export destinations for which data are available. The share of imports from Canada in the United States, and Mexico increased by 1.8 percentage points and 1.6 percentage points respectively. Import shares in Brazil increased by 0.2 percentage points. While import shares in India, China, Germany and Indonesia remained constant relative to 2017. Only Pakistan had a notable decrease in the share of steel imports from Canada (down .1 percentage points from 2017).

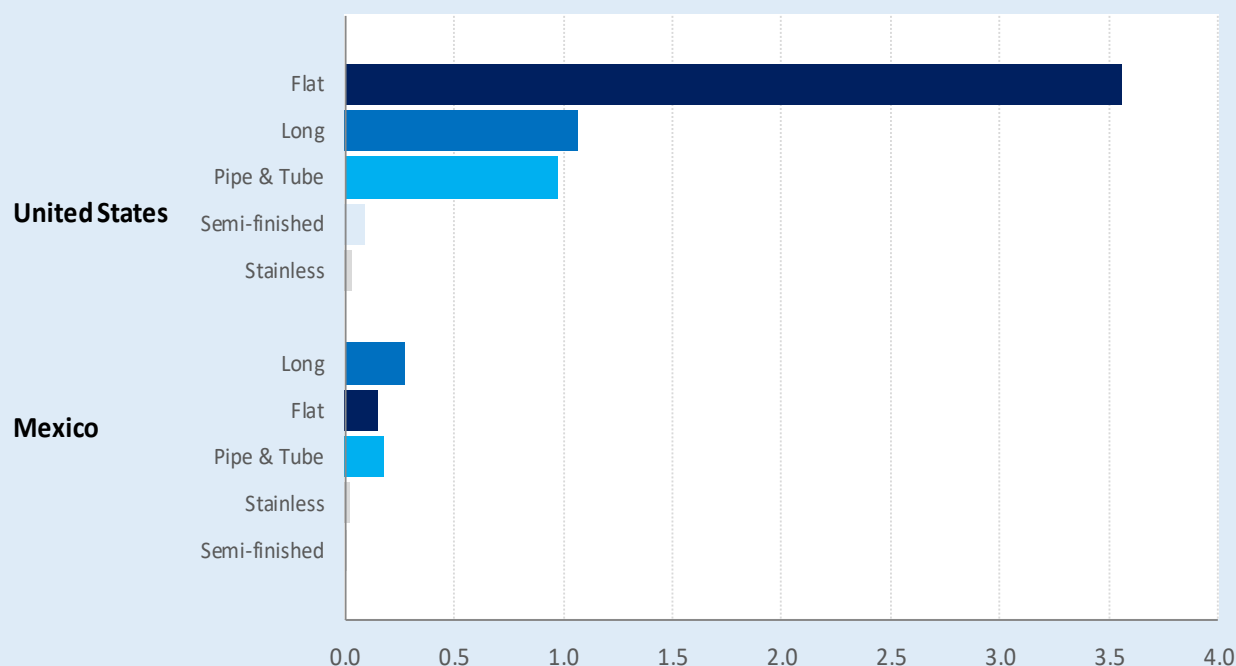
Canada's Steel Import Market Share						
Top 10 Export Markets	Share of Imports from Canada 2017	Canada's Rank in 2017	Share of Imports from Canada 2018	Canada's Rank in 2018	Change in Share	
United States	16.8%	1	18.6%	1	↑	
Mexico	4.2%	5	5.8%	5	↑	
Bangladesh*	N/A	N/A	N/A	N/A	N/A	
Dominican Republic*	N/A	N/A	N/A	N/A	N/A	
Pakistan	1.8%	6	1.7%	7	↓	
India	0.2%	26	0.2%	27	↑	
China	0.1%	28	0.1%	29	↓	
Brazil	0.1%	38	0.3%	28	↑	
Germany	0.0%	54	0.0%	51	↑	
Indonesia	0.0%	29	0.1%	29	↑	

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

*Data unavailable for Dominican Republic and Bangladesh

Among Canada's top export markets, the United States and Mexico received the highest shares of their total steel imports from Canada, and in the remaining six countries for which data are available, Canada accounted less than 2 percent of imports. In 2018, flat products accounted for the largest share of steel imports from Canada in the United States at 62 percent (3.6 million metric tons), while long products accounts for the largest share of steel imports from Canada to Mexico at 43 percent (271 thousand metric tons).

Steel Import Composition of Top Market-Share Countries-2018

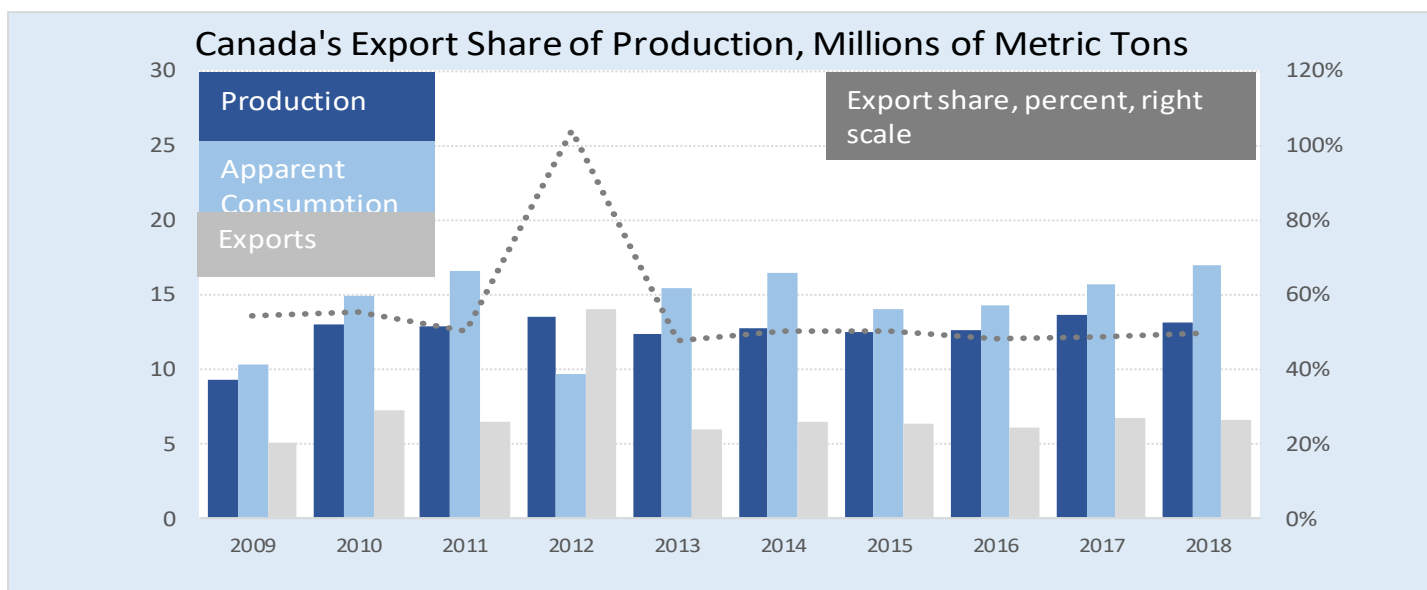


Source: IHS Markit Global Trade Atlas, based on import data per reporting country

Millions of Metric Tons

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Overall Production and Export Share of Production



	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Production	9.3	13.0	12.9	13.5	12.4	12.7	12.5	12.7	13.6	13.1
Apparent Consumption	10.3	14.9	16.6	9.7	15.4	16.4	14.0	14.3	15.6	16.9
Exports	5.1	7.2	6.5	14.1	5.9	6.4	6.3	6.1	6.7	6.5
Export Share of Production	54.5%	55.1%	50.4%	104.0%	47.7%	50.3%	50.4%	48.3%	48.9%	49.9%

Source: U.S. Department of Commerce, World Steel Association, IHS Markit Global Trade Atlas

Canada's crude steel production averaged 12.8 million metric tons between 2013 and 2019. Production in 2018 was down 4 percent to 13.1 million metric tons, from 13.6 million metric tons in 2017. Apparent consumption (a measure of steel demand) has outpaced production for much of the period, excluding 2012 when a spike in exports pushed demand down. The gap between demand and production increased to 3.8 million metric tons, up from 2.1 million metric tons in 2017. Since 2009, exports as a share of production maintained an average of around 50.6 percent, excluding 2012 when a spike in semi-finished exports to Egypt caused the share to hit 104 percent. In 2018, exports as a share of production increased to 49.9 percent from 48.9 percent in 2017.

Top Producers

Steel production in Canada is dominated by foreign-owned companies, as many domestically-owned firms were purchased by steel companies from outside Canada. The largest producer, Luxembourg-based ArcelorMittal, alone accounts for roughly half of Canadian steel production through its two subsidiaries.

Canada's Top Steel Producers in 2017			
Rank	Company	Production (mmt)	Main Products
1	ArcelorMittal Dofasco	4.5 (shipments)	Hot-rolled sheet, cold-rolled sheet, galvanized
2	ArcelorMittal Long Products	2 (production)	Semi-finished, reinforcing bars, bars, wire rod, wire
3	Essar Steel Algoma	2.8	Hot-rolled sheet, cold-rolled sheet, plates
4	Evrast	N/A	Plate, coil, OCTG
5	Gerdau	N/A	Long products
6	U.S. Steel Canada	N/A	Hot-rolled sheet, cold-rolled sheet, galvanized

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 provide statistics on global steel mill safeguards.

Currently, no countries have trade remedies in effect against steel mill products from Canada.

Global Steel Mill Safeguards in Effect	
Country	Product(s)
Gulf Cooperation Council	Flat-rolled steel
India	Hot-rolled steel flat sheets and plates
Indonesia	1) Flat-rolled products of iron or non-alloy steel; 2) I and H sections of other alloy steel
Malaysia	1) Steel concrete reinforcing bar; 2) 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
South Africa	Hot-rolled steel flat products
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	1) Semi-finished and certain finished products of alloy and non-alloy steel; 2) Pre-painted galvanized steel sheet and strip
Source: World Trade Organization, through September 30, 2018	

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/>.



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 ECGlobalSteelStats@trade.gov

trade.gov/steel