

Global Steel Trade Monitor

Steel Exports Report: China

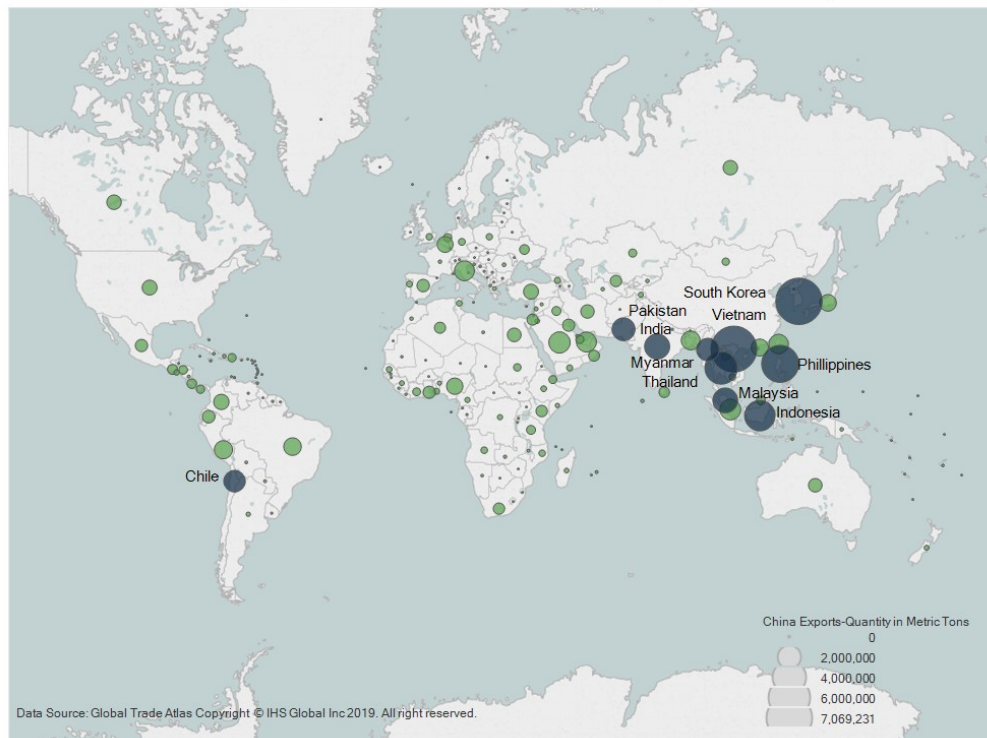
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Background

China is the world's largest steel exporter. In 2018, China exported 66.9 million metric tons of steel, a 9 percent decrease from 73.3 million metric tons in 2017. China's exports represented about 16 percent of all steel exported globally in 2017. The volume of China's 2017 steel exports was almost double that of the world's second-largest exporter, Japan, and more than double that of the third- and fourth-largest exporters, Russia and South Korea. In value terms, steel represented just 2.2 percent of the total amount of goods China exported in 2017.

China exports steel to more than 200 countries and territories. The 10 countries highlighted in the map below represent the top markets for China's exports of steel, receiving more than 1.5 million metric tons each and accounting for 51 percent of China's steel exports in 2018.

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



Quick Facts:

- World's largest steel exporter: 66.9 million metric tons in 2018
- 191% steel export growth since 2009
- 2018 export volume down 9% and export value up 10% since 2017
- Exports as a share of production down from 8.8% in 2017 to 7.2% in 2018
- Top three markets: South Korea, Vietnam, Philippines
- Largest producers: Baowu Group and HBIS Group (Hesteel)
- 148 trade remedies in effect in 20 countries involving steel mill imports from China

Steel Exports Report: China

Steel Trade Balance

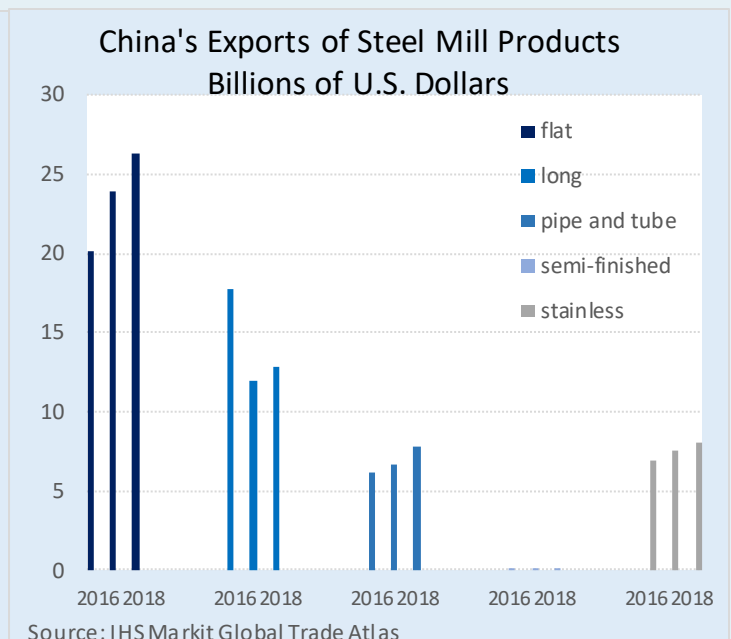
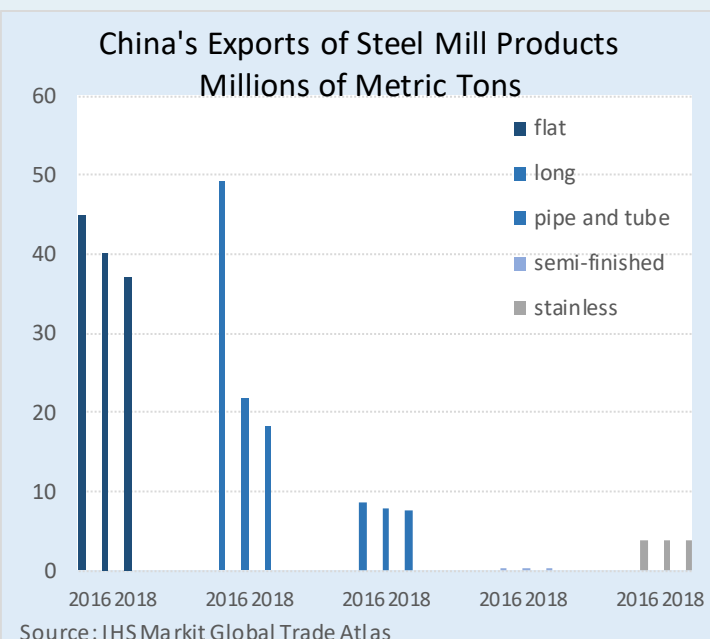
Throughout the last decade, China has maintained a trade surplus in steel products. After a brief decline in exports in 2009, due to the global recession, China's exports have increased significantly, growing 191 percent between 2009 and 2018. Imports decreased by 36 percent over the same period. The trade surplus has been narrowing since 2016 due to a decline in exports. In 2018, the trade surplus narrowed by 11 percent to 52.7 million metric tons from 59.5 million metric tons in 2017.



Export Volume, Value, and Product

In 2015, China's steel exports reached a record high of 110 million metric tons — an increase of 21 percent from 2014 — before declining by 3 percent in 2016 and by 31 percent in 2017 to a total of 73.3 million metric tons. In 2018, exports have fallen 9 percent to 66.9 million metric tons compared to 2017. By contrast, the value of China's steel exports have increased by 10 percent from \$50 billion in 2017 to \$55.1 billion in 2018.

Flat products accounted for just over half of China's steel exports in 2018 at 56 percent (37.1 million metric tons). Long products accounted for 27 percent (18.3 million metric tons), followed by pipe and tube products at 11 percent (7.6 million metric tons), stainless steel at 6 percent (3.8 million metric tons), and semi-finished steel at 0.02 percent (14.6 thousand metric tons).



Steel Exports Report: China

Exports by Top Market

Exports to China's top 10 steel markets represented 51 percent of China's steel export volume in 2018 at 34 million metric tons (mmt). South Korea was the largest market for China's exports at 11 percent (7.1 mmt), followed by Vietnam at 10 percent (6.9 mmt), the Philippines at 7 percent (4.5 mmt), Thailand at 5 percent (3.5 mmt), and Indonesia at 5 percent (3 mmt).

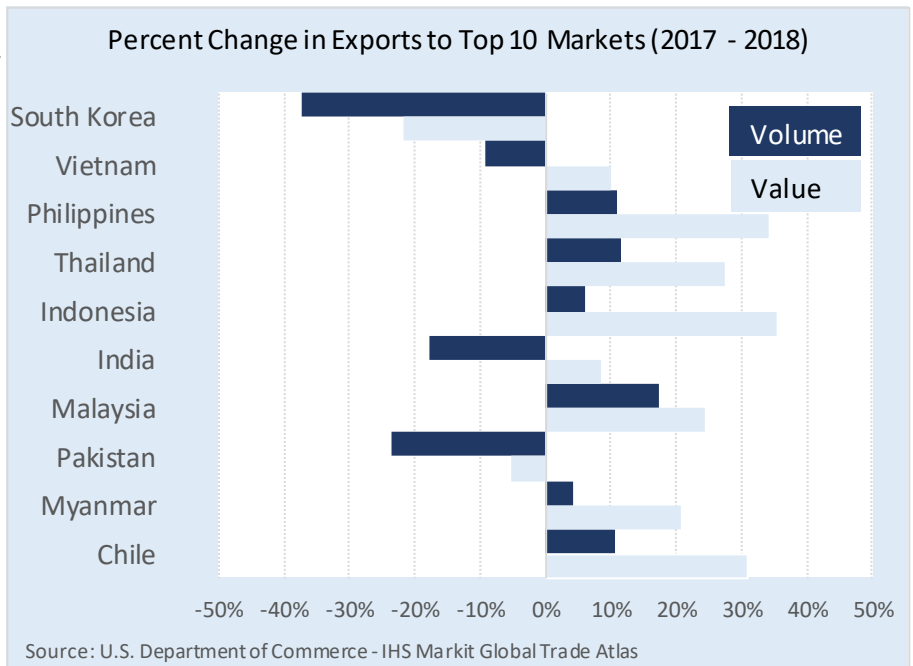
The United States ranked 25th as a destination for China's steel exports, receiving 734.8 thousand metric tons in 2018, a 6 percent decrease from 2017.



Trends in Exports to Top Markets

Between 2017 and 2018, China's exports decreased in volume to 4 of its top 10 export markets. Export volumes to South Korea showed the largest decrease, down 37 percent from 2017, followed by exports to Pakistan (-24%), India (-18%), and Vietnam (-9%). Over the same period, Chinese exports to Malaysia increased 17 percent in volume, followed by Thailand (12%), the Philippines (11%), Chile (11%), Indonesia (6%), and Myanmar (4%).

The value of China's exports increased to the majority of its top 10 export markets in 2018.



Indonesia had the largest increase, rising 35 percent. This is followed by the Philippines (34%), Chile (31%), Thailand (27%), Malaysia (24%), Myanmar (21%), Vietnam (10%), and India (8%). China's exports to two of its top export markets decreased in value with South Korea showing the largest decrease (-22%), followed by Pakistan (-5%).

Steel Exports Report: China

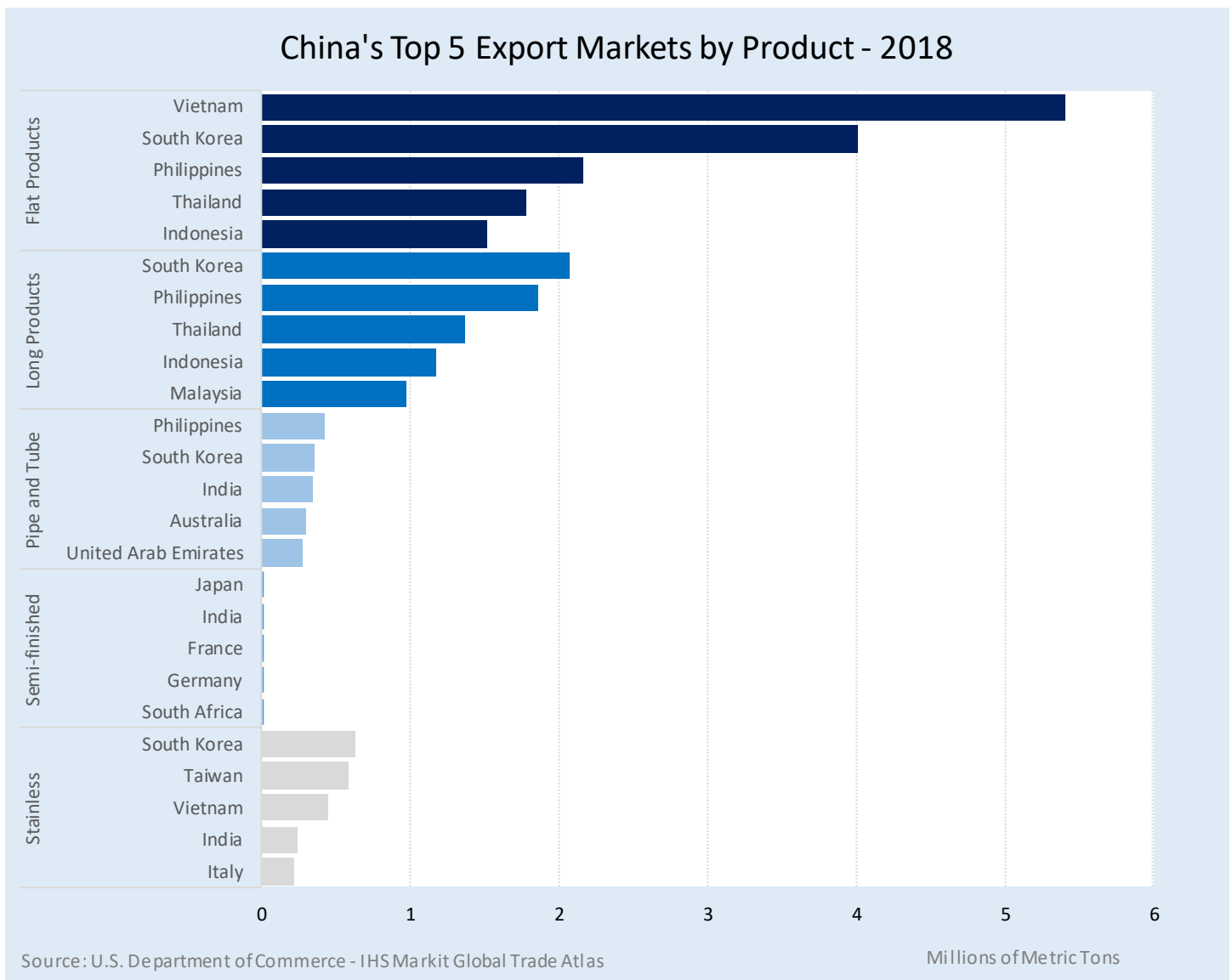
Top Markets by Steel Product Category

China's top export markets by volume vary across types of steel products, with South Korea capturing the largest share in two product categories. South Korea received the largest share of China's long products in 2018 at 11 percent (2.1 million metric tons) and stainless products at 16% (629.4 thousand metric tons).

Vietnam received the largest share of China's exports of flat products at 15 percent (5.4 million metric tons) and the Philippines received the largest share of China's pipe and tube exports at 6 percent (424.1 thousand metric tons). South Korea followed close behind for both product categories receiving 11 percent (4 million metric tons) of China's flat product exports and 5 percent (352.9 thousand metric tons) of pipe and tube exports.

Japan received the largest share of China's semi-finished exports at 35 percent (5.1 thousand metric tons).

The United States was not a top-five export destination in any product category in 2018.



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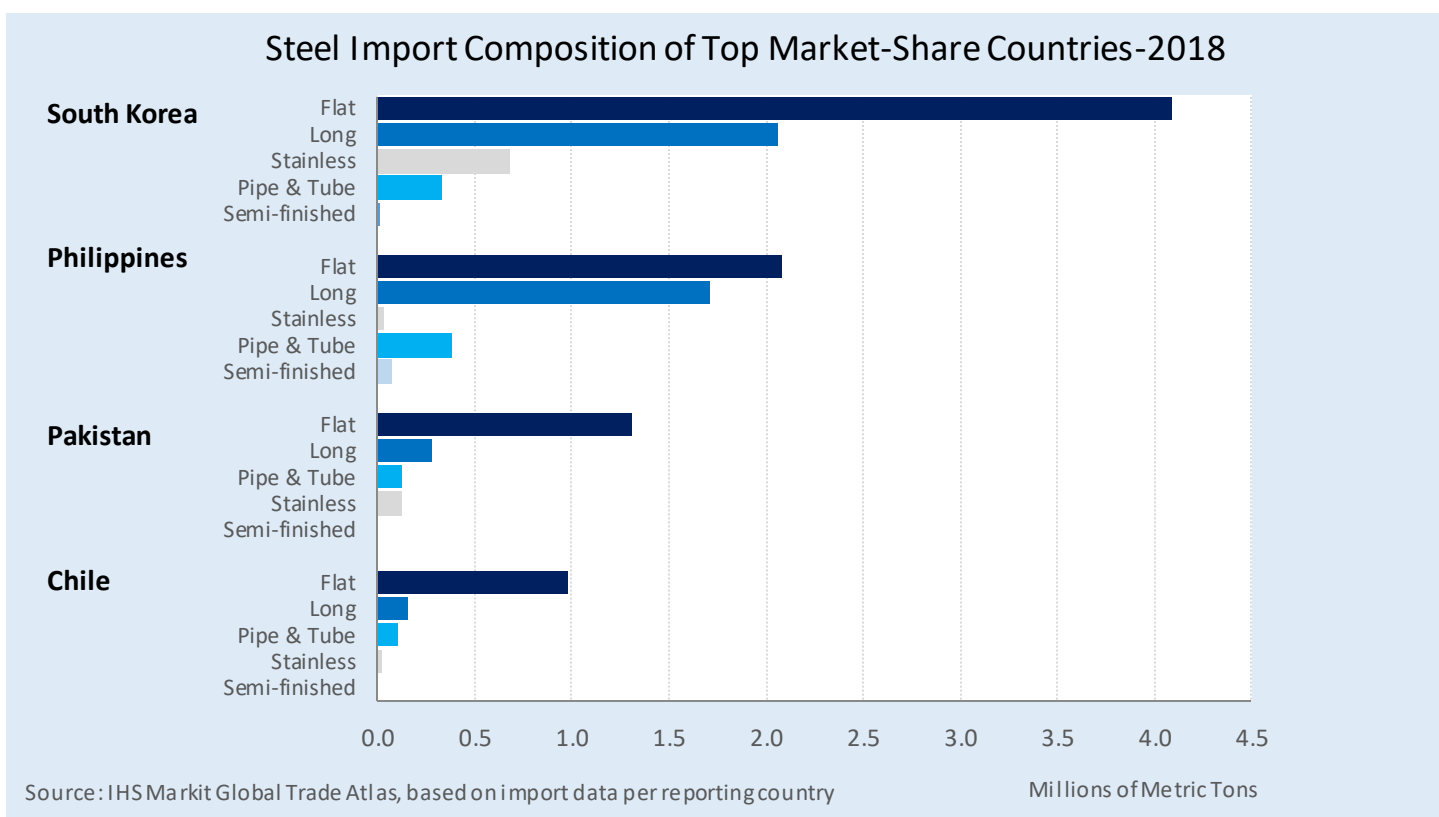
China's Import Market Share in Top Destinations

In 2018, the import market share for China's steel products decreased in all but one of China's top export destinations for which data are available. The share of South Korea's steel imports from China showed the largest decrease in 2018, down 9.7 percentage points from 2017, followed by import shares in India, the Philippines, and Pakistan down 8.5 percentage points, 3.2 percentage points, and 2.5 percentage points, respectively. The share of imports from China in Chile, Indonesia and Thailand also decreased in 2018.

China's Steel Export Market Share					
Top 10 Export Markets	Share of Imports from China 2017	China's Rank in 2017	Share of Imports from China 2018	China's Rank in 2018	Change in Share
South Korea	58.2%	1	48.6%	1	↓
Vietnam*	N/A	N/A	N/A	N/A	N/A
Philippines	50.3%	1	47.1%	1	↓
Thailand	22.1%	2	21.9%	2	↓
Indonesia	26.7%	1	25.6%	1	↓
India	28.0%	2	19.5%	2	↓
Malaysia	24.1%	1	26.4%	1	↑
Pakistan	55.7%	1	53.1%	1	↓
Myanmar*	N/A	N/A	N/A	N/A	N/A
Chile	62.7%	1	61.2%	1	↓

Source: IHS Markit Global Trade Atlas, based on import data per reporting country
*Import data unavailable for Vietnam and Myanmar

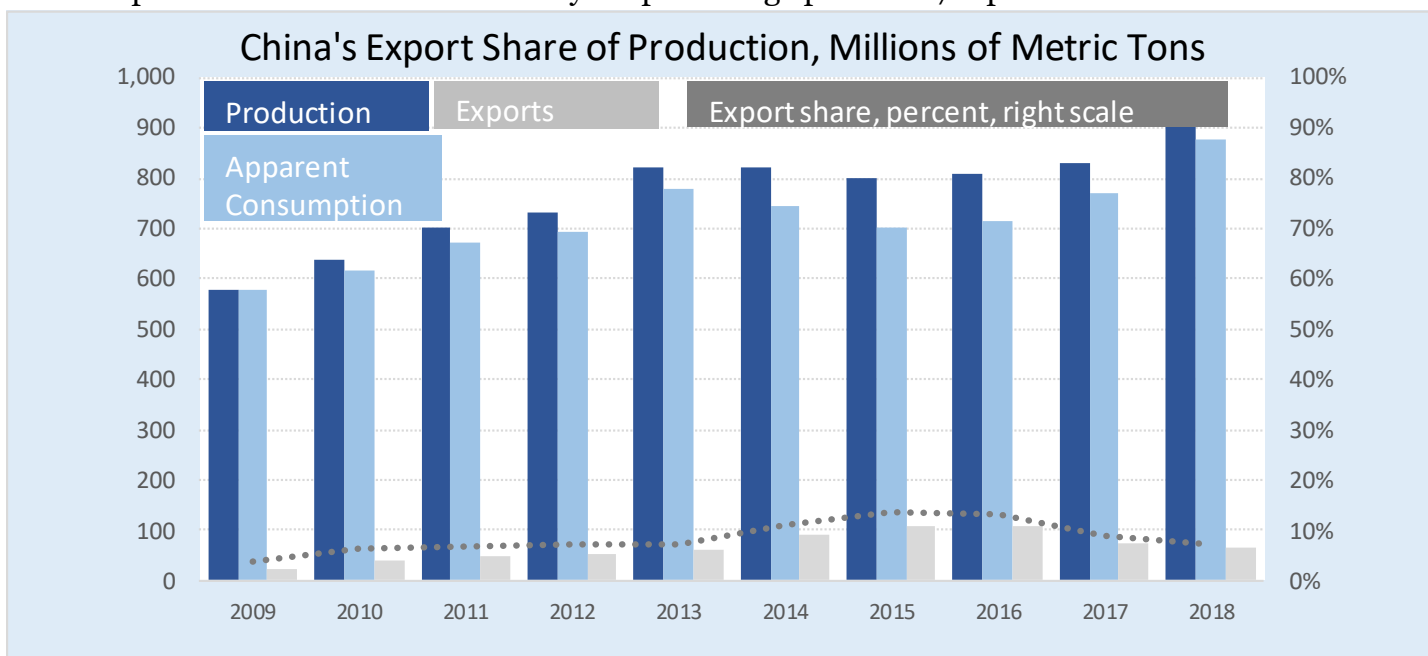
Among China's top export markets, South Korea, the Philippines, Pakistan and Chile received more than 50 percent of their total steel imports from China in 2018. Flat products accounted for the largest share of steel imports from China in all four countries. Flat products accounted for 57 percent (4.1 million metric tons) of imports in South Korea, 49 percent (2.1 million metric tons) of imports in the Philippines, 71 percent (1.3 million metric tons) of imports in Pakistan, and 78 percent (978 thousand metric tons) of imports in Chile.



Steel Exports Report: China

Overall Production and Export Share of Production

China's crude steel production increased steadily between 2016 and 2018. In 2018, production increased 12 percent to 928.3 million metric tons from 831.7 million metric tons in 2017. The gap between production and apparent consumption (a measure of steel demand) narrowed to 52.7 million metric tons in 2018. Between 2009 and 2016, China's steel exports as a share of production more than tripled from 4 percent to 13.2 percent, before decreasing in 2017. In 2018, the export share of production decreased further by 1.6 percentage points to 7.2 percent.



	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Production	577.1	638.7	702.0	731.0	822.0	822.8	798.8	808.4	831.7	928.3
Apparent Consumption	576.3	615.2	671.6	691.7	776.5	746.2	701.8	715.2	772.2	875.6
Exports	23.0	40.5	46.5	53.3	60.1	91.3	110.0	106.6	73.3	66.9
Export Share of Production	4.0%	6.3%	6.6%	7.3%	7.3%	11.1%	13.8%	13.2%	8.8%	7.2%

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

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 10 producers accounting for only 310.5 million metric tons, or 37 percent, of total 2017 production, based on available data.

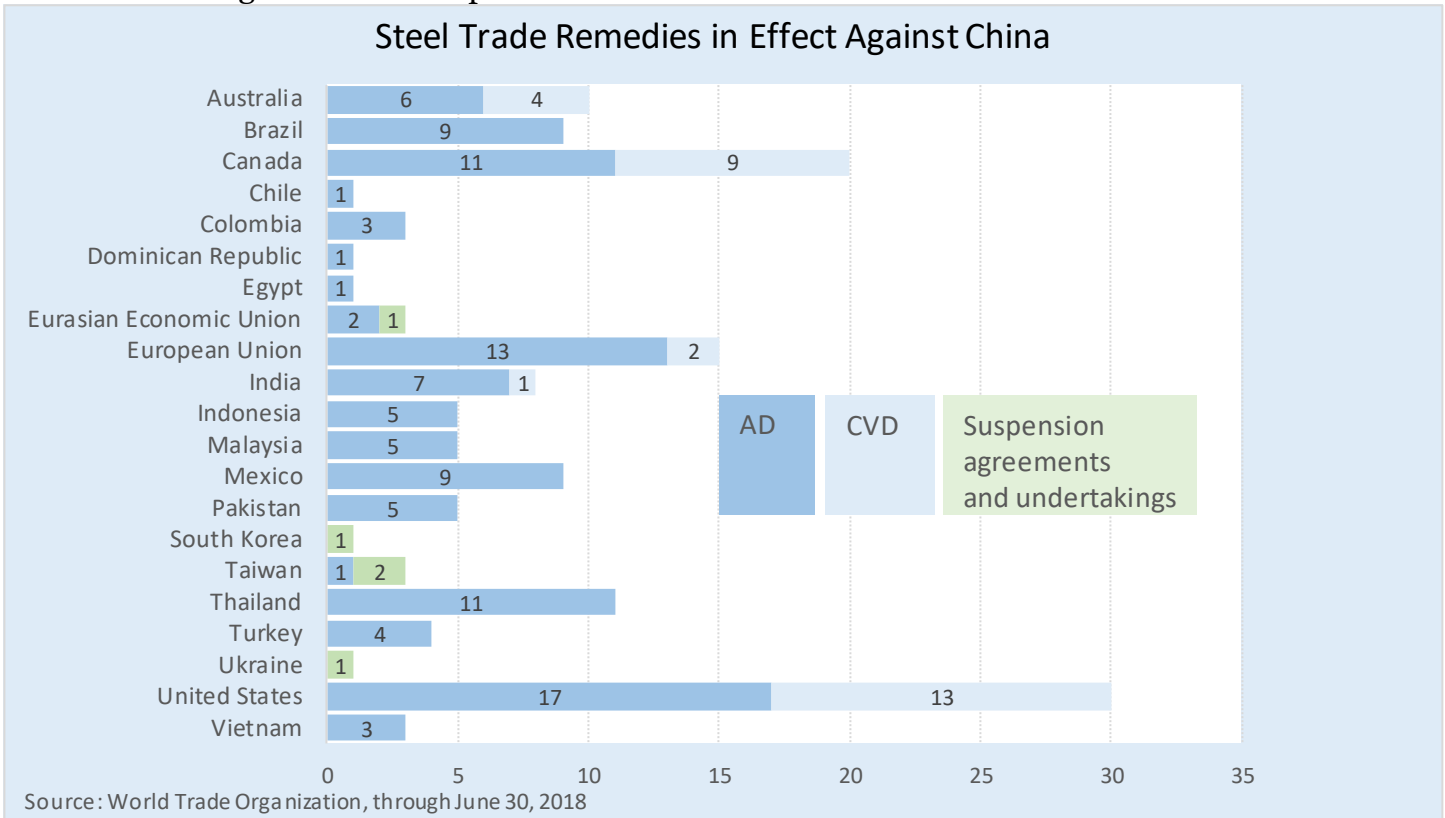
Rank	Company	Production (mmt)	Main Products
1	China Baowu Group	65.4	Billets, tubes, pipes, bars, plates Plates, sheets, wire rod, bars, sections
2	HBIS Group (Hesteel)	45.6	
3	Shagang Group	38.4	Rebar, wire rod, slabs, coils
4	Ansteel Group	35.8	Wire rod, pipe, plates, cold-rolled
5	Shougang Group	27.6	Plates, strips, wire, pipes
6	Shandong Steel Group	21.7	H-beams, strip, plates, bars
7	Jianlong Group	20.3	Sheets, strips, rebar, billets, pipes
8	Valin Group	20.2	Pipe & tube, wire, wire rod
9	Maanshan Steel	19.7	Sheets, sections, wire, bars
10	Benxi Steel	15.8	Coils, sheets, plates

Source: World Steel Association; Hoover's; Bloomberg; Company websites

Steel Exports Report: China

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 China.



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/>.



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