

# Global Steel Trade Monitor

## Steel Exports Report: Japan

### Background

March 2019

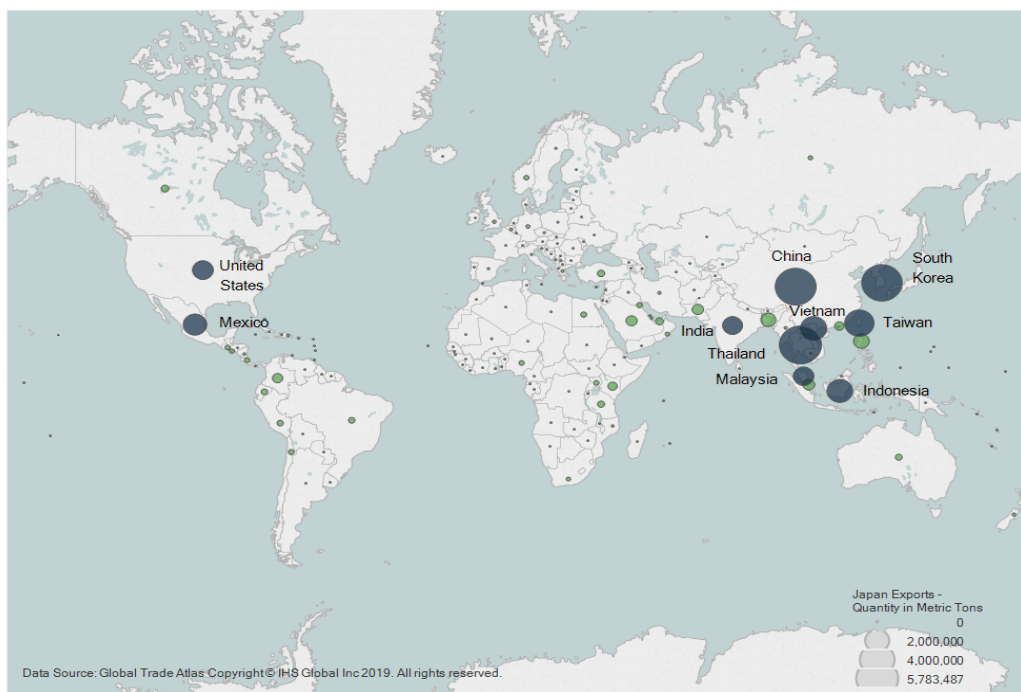
Japan is the second-largest steel exporter in the world (2017). In 2018, Japan exported 35.8 million metric tons of steel — a 4 percent decline from 37.4 million metric tons in 2017. Japan’s exports represented about 8 percent of all steel exported globally in 2017. The volume of Japan’s 2018 steel exports were just over half that of the world’s largest exporter, China. In value terms, steel represented just 4.1 percent of the total amount of goods Japan exported in 2018.

Japan exports steel to more than 130 countries and territories. The 10 countries labeled in the map below represent the top markets for Japan’s exports of steel, receiving more than 1.2 million metric tons each and accounting for 82 percent of Japan’s steel exports in 2018.

### Quick Facts:

- 35.8 million metric tons (2018)
- 41% steel export growth since Q1 2009
- Exports as a share of production at 34.3% in 2018
- 2018 export volume down 4% while export value up 6% compared to 2017
- Top three markets: Thailand, China and South Korea
- Largest producers: Nippon & Sumitomo, JFE, and Kobe
- 30 trade remedies in effect in 10 countries against steel mill imports from Japan

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



# Steel Exports Report: Japan

## Steel Trade Balance

Japan has maintained a persistent trade surplus in steel products. Exports dipped in 2009 after the global recession, while imports remained relatively flat in comparison. Since reaching a low point in 2009, exports have increased 7.7 percent from 2009 to 2018, while imports have increased 101.7 percent over the same time span.

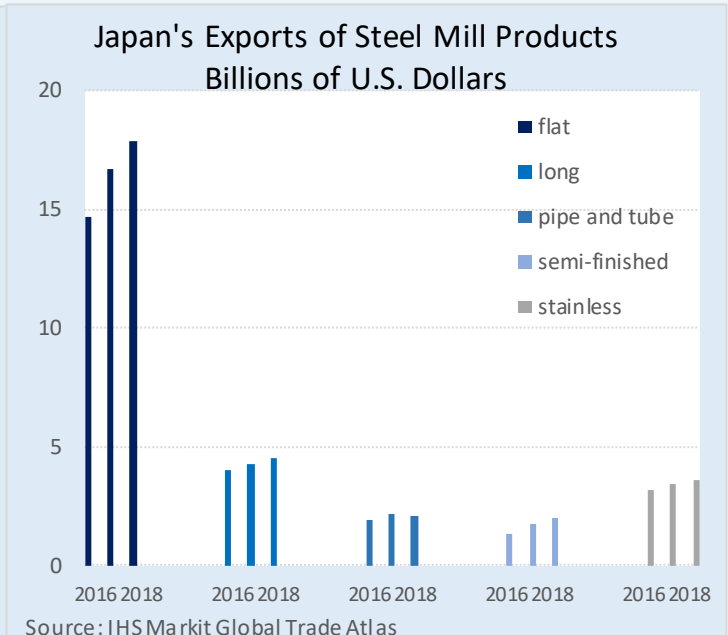
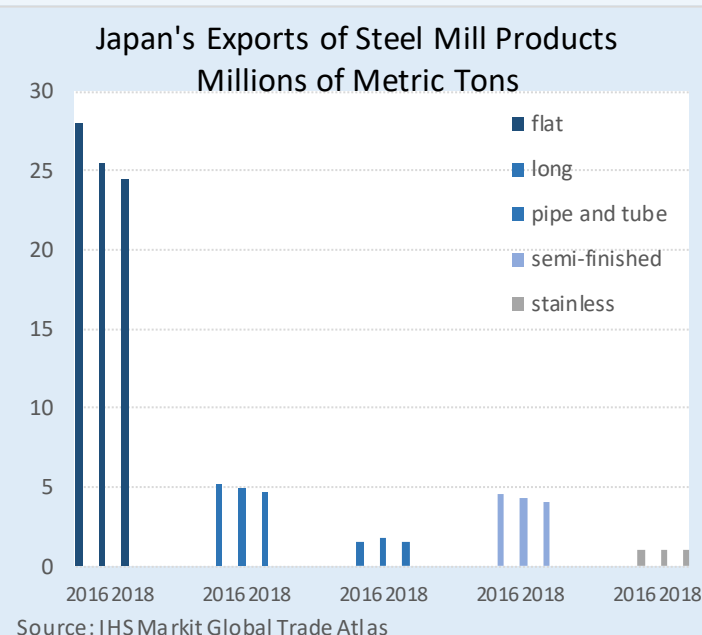
Japan's trade surplus peaked at 38.3 million metric tons in 2010 and has trended downwards with the exception of 2013. In 2018, Japan's steel trade surplus amounted to 29.9 million metric tons, a 5 percent decrease from 31.3 million metric tons in 2017.



## Export Volume, Value, and Product

Japan's steel exports maintained a relatively steady average of around 40 million metric tons per year from 2010 to 2016, before declining to 37.4 million metric tons in 2017. Exports in 2018 amounted to 35.8 million metric tons — a 4 percent decline from 2017. The value of Japan's steel exports decreased every year between 2011 and 2016 due to falling global prices, before increasing over \$3 billion in 2017. In 2018, steel export value increased 6 percent to \$30.0 billion from \$28.3 billion in 2017 due to rising world steel prices.

In 2018, flat products accounted for 69 percent of Japan's exports, or 24.5 million metric tons, followed by long products (13% or 4.7 million metric tons), semi-finished (11% or 4.1 million metric tons), pipe and tube (4% or 1.5 million metric tons), and stainless (3% or 1.0 million metric tons).

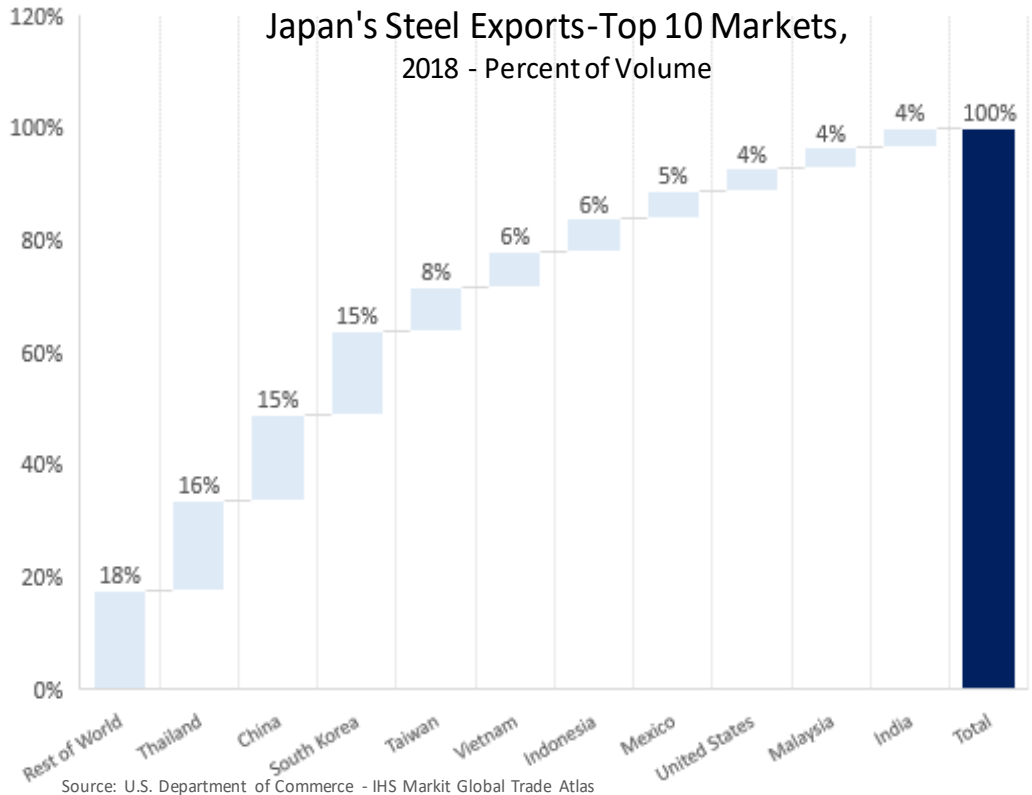


# Steel Exports Report: Japan

## Exports by Top Market

Exports to Japan's top 10 steel markets represented 82 percent of Japan's steel export volume in 2018 at 29.5 million metric tons (mmt). Thailand received the largest share of Japan's exports with 16 percent (5.78 mmt), followed closely by China at 15 percent (5.43 mmt), South Korea at 15 percent (5.34 mmt), and Taiwan at 8 percent (2.80 mmt).

The United States ranked eighth as a destination for Japan's steel exports, receiving 4 percent of exports (1.40 mmt) in 2018 — a decrease of 21 percent from 2017.

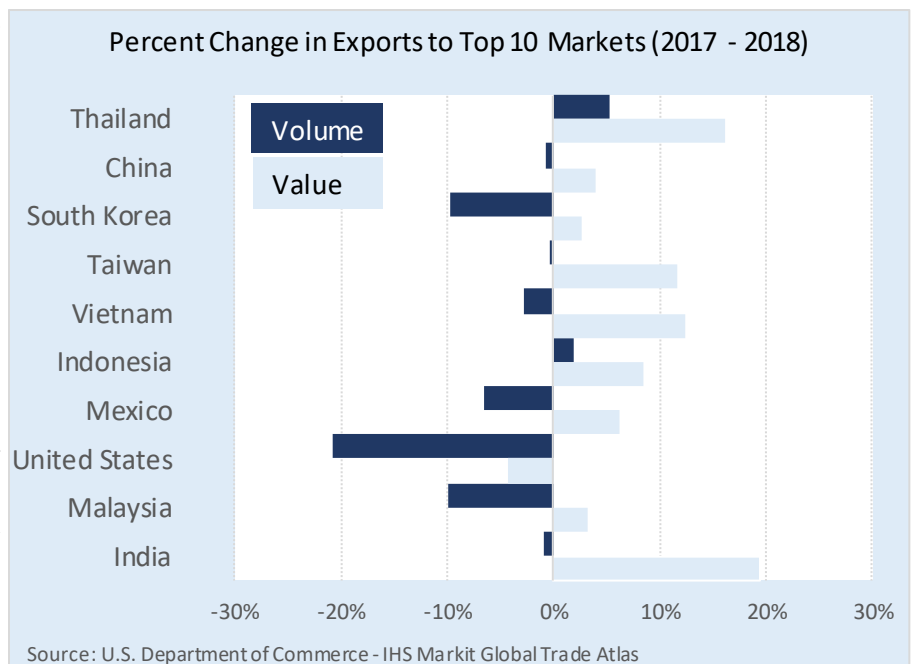


## Trends in Exports to Top Markets

The volume of Japan's steel exports decreased to 8 of Japan's top 10 steel export markets from 2017 to 2018. Export volumes to the United States declined the most (-21%), followed by Malaysia (-10%), South Korea (-10%), Mexico (-7%), Vietnam (-3%), India (-1%), China (-1%), and Taiwan (-0.4%). Japanese exports to Thailand (5%) and Indonesia (2%) were the only increases in volume in 2018.

The overall value of Japan's steel exports increased to 9 of the top 10 markets, reflecting rising global steel prices. Markets that experienced the largest increases in steel value from 2017 to 2018 included India (19%), Thailand (16%), and Taiwan and Vietnam (both 12%). Exports to the United States were the only exports to decline in value (-4%).

Outside the top 10 markets, other notable volume changes included Japan's exports to 14th-ranked Pakistan (-23%), 19th-ranked UAE (-33%), and 22nd-ranked Tanzania (40%).



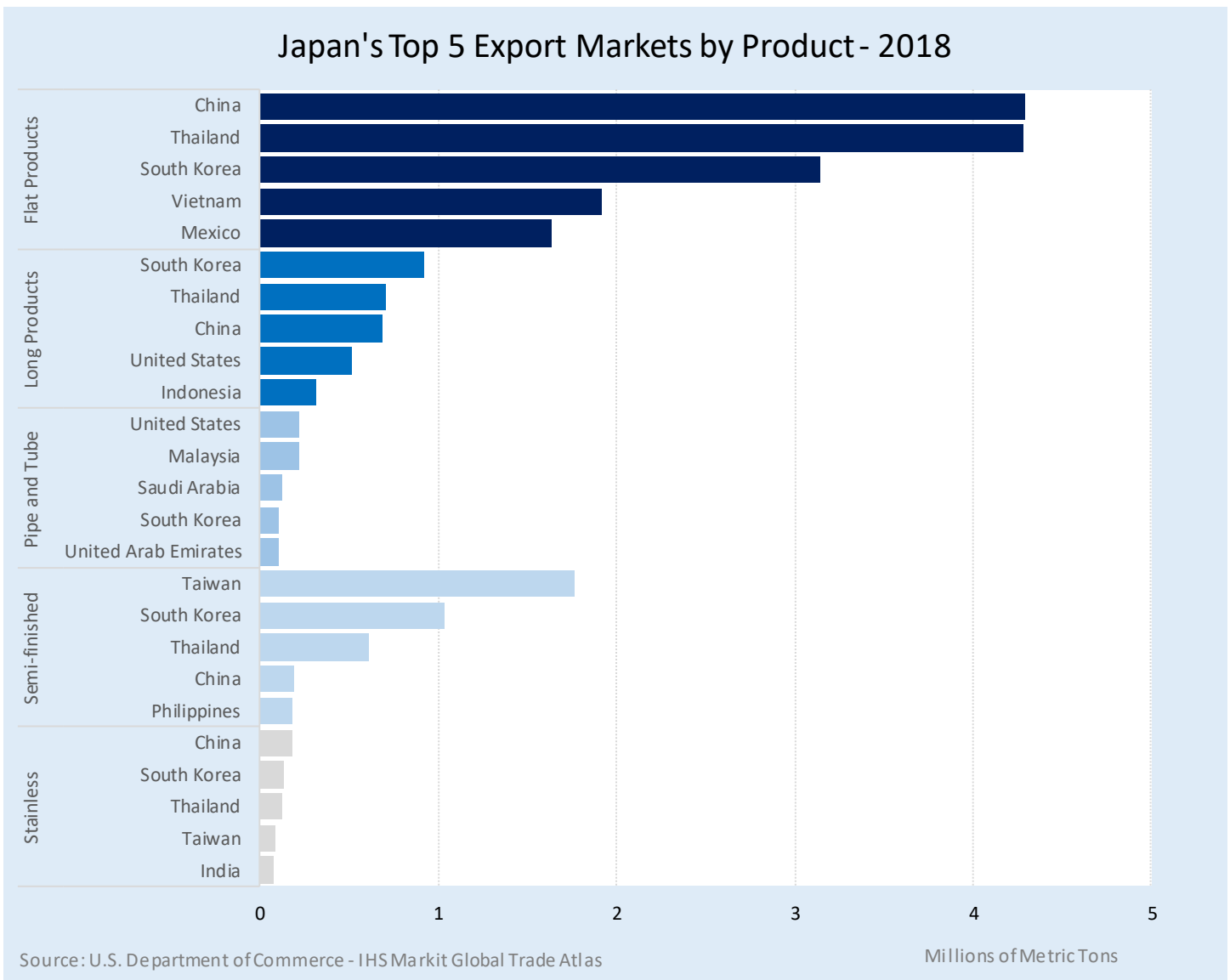
# Steel Exports Report: Japan

## Top Markets by Steel Product Category

Japan's top export markets by volume vary across types of steel products. China accounted for the largest share of Japan's exports of flat products in 2018 at 17.5 percent (4.29 million metric tons), followed closely by Thailand at 17.5 percent (4.328million metric tons).

Japan exported the largest share its of long products to South Korea at 20 percent (918.4 thousand metric tons), followed by Thailand at 15 percent (708.5 thousand metric tons and China at 15 percent (690.4 thousand metric tons). The largest share of Japan's pipe and tube exports went to the United States at 14 percent (219.8 thousand metric tons), followed closely by Malaysia at 14 percent (218.7 thousand metric tons).

Taiwan accounted for the largest share of Japan's semi-finished exports in 2018 at 43 percent (1.77 million metric tons), followed by South Korea at 26 percent (1.04 million metric tons) while China accounted for the largest share of stainless steel at 18 percent (180.7 thousand metric tons). South Korea was the second largest export market for stainless steel at 14% (136.9 thousand metric tons).



# Steel Exports Report: Japan

## Japan's Import Market Share in Top Destinations

In 2018, the import market share for Japan's steel products decreased in the majority of Japan's top 10 export markets. The share of Mexico's steel imports from Japan decreased the most (down 6.6 percentage points from 2017), followed by Malaysia (down 2.5 percentage points), and China (down 1.5 percentage points). Japan's share of import volumes declined by 0.5 percentage points in both the U.S. and Taiwan. South Korea, Thailand and Indonesia increased the percentage of their imports from Japan by 5.6, 1.4, and 0.3 percentage points, respectively.

Among Japan's top export markets, China, Thailand, and South Korea received the largest shares of their total

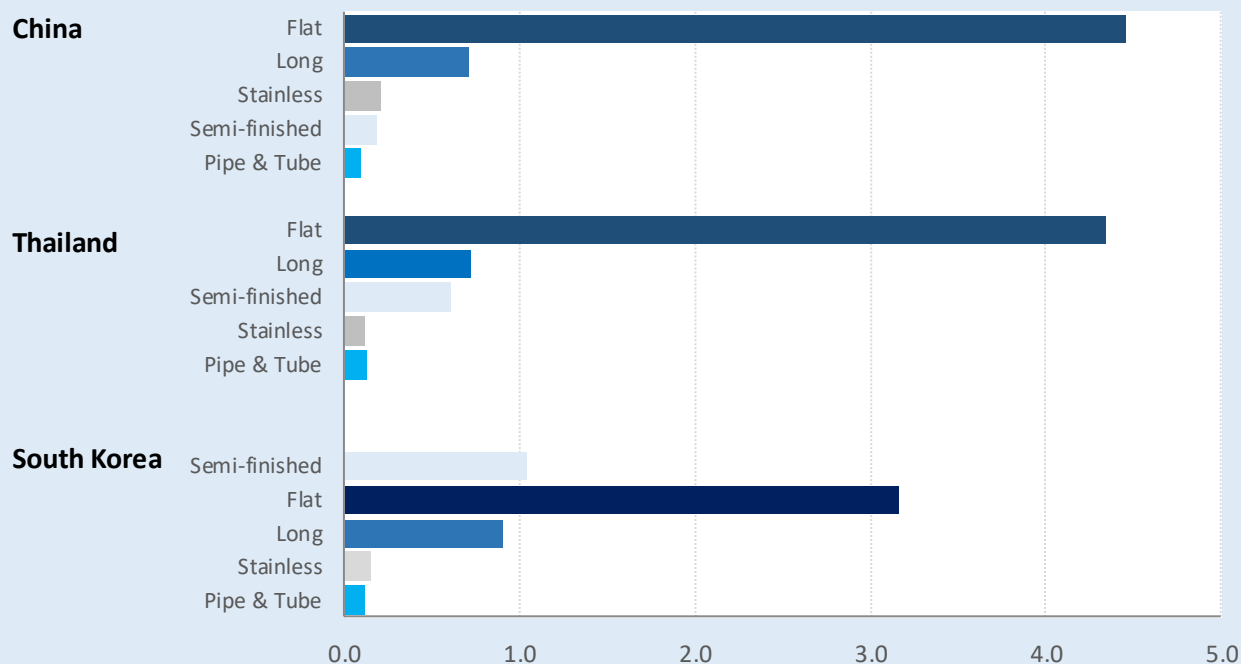
steel imports from Japan in 2018 at 39.8 percent, 38.8 percent, and 36.3 percent, respectively. Flat products accounted for the largest share of steel imports from Japan in all three countries, accounting for 79 percent (4.5 million metric tons) in China, 73 percent (4.3 million metric tons) in Thailand and 59 percent (3.2 million metric tons) in Korea.

Japan's Steel Export Market Share						
Top 10 Export Markets	Share of Imports from Japan 2017	Japan's Rank in 2017	Share of Imports from Japan 2018	Japan's Rank in 2018	Change in Share	
South Korea	30.7%	2	36.3%	2	↑	
Thailand	37.3%	1	38.8%	1	↑	
China	41.3%	1	39.8%	1	↓	
Taiwan	37.9%	1	37.3%	1	↓	
Vietnam*	N/A	N/A	N/A	0	N/A	
Indonesia	18.7%	2	19.0%	2	↑	
Mexico	21.5%	2	14.9%	2	↓	
United States	5.0%	7	4.5%	6	↓	
Malaysia	21.5%	2	19.0%	2	↓	
India	14.9%	3	13.8%	3	↓	

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

\*2017 and 2018 data unavailable for Vietnam

## Steel Import Composition of Top Market-Share Countries-2018

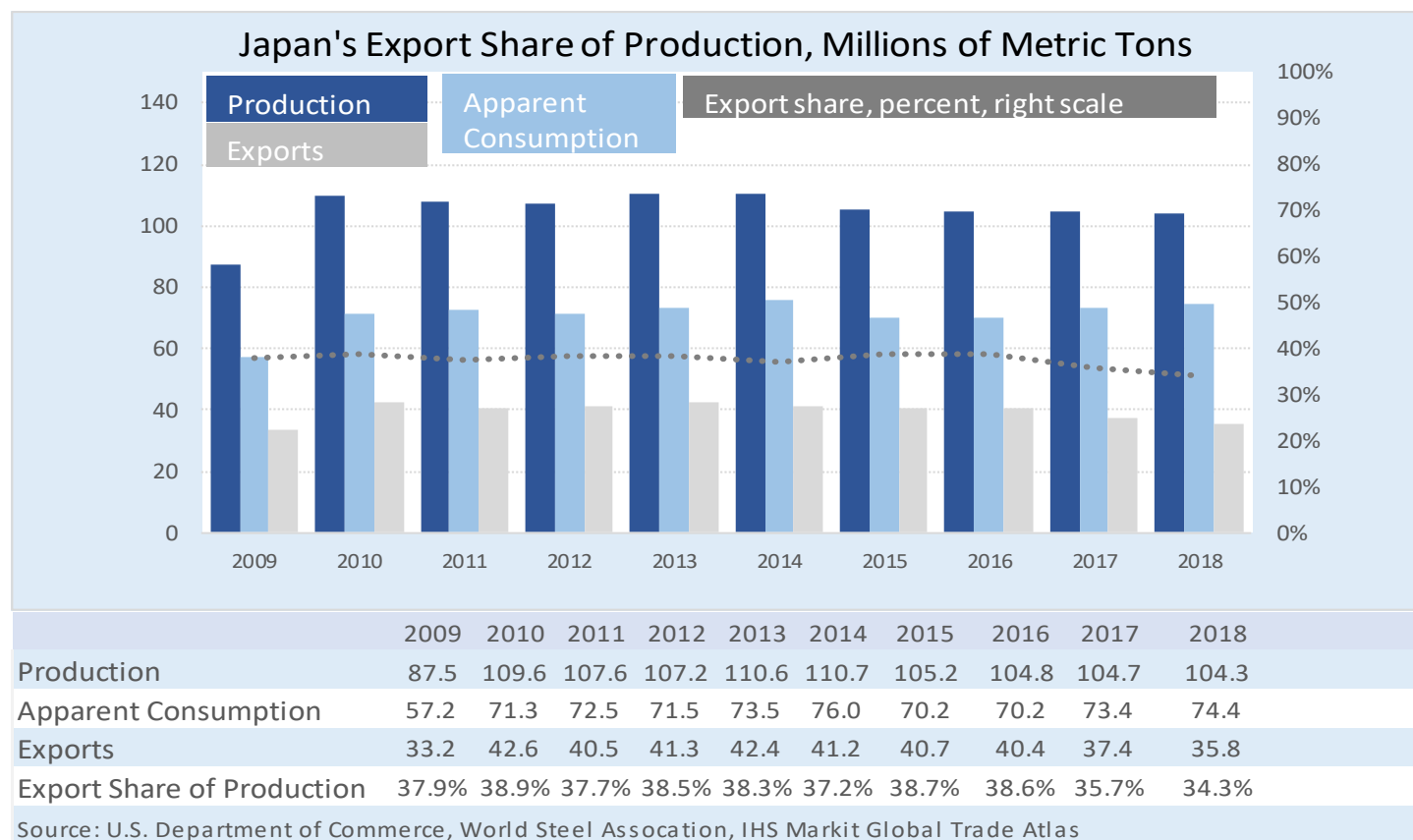


Source: IHSMarkit Global Trade Atlas, based on import data per reporting country

Millions of Metric Tons

# Steel Exports Report: Japan

## Overall Production and Export Share of Production



Japan's crude steel production increased by 25 percent between 2009 and 2010 and then maintained an average of 107.2 million metric tons through 2018. In 2018, production has decreased by .35 percent to 104.3 million metric tons from 104.7 million metric tons in 2017. Apparent consumption (a measure of steel demand) has followed a similar growth trend, though it has been consistently outpaced by production, and the gap between the two stood at 29.9 million metric tons in 2018. In 2018, apparent consumption increased by 1 percent from 2017. Between 2009 and 2017, Japan's steel exports as a share of production remained fairly flat, decreasing just 2.2 percentage points to 35.7 percent over the period. Exports as a share of production declined by 1.4 percentage points in 2018, down to 34.3 percent from 35.7 percent in 2017.

### Top Producers

Japan's steel production is concentrated among a small number of steel producing companies, with the country's top three producers accounting for 85.25 million metric tons, or 81 percent of total 2017 production, based on available data.

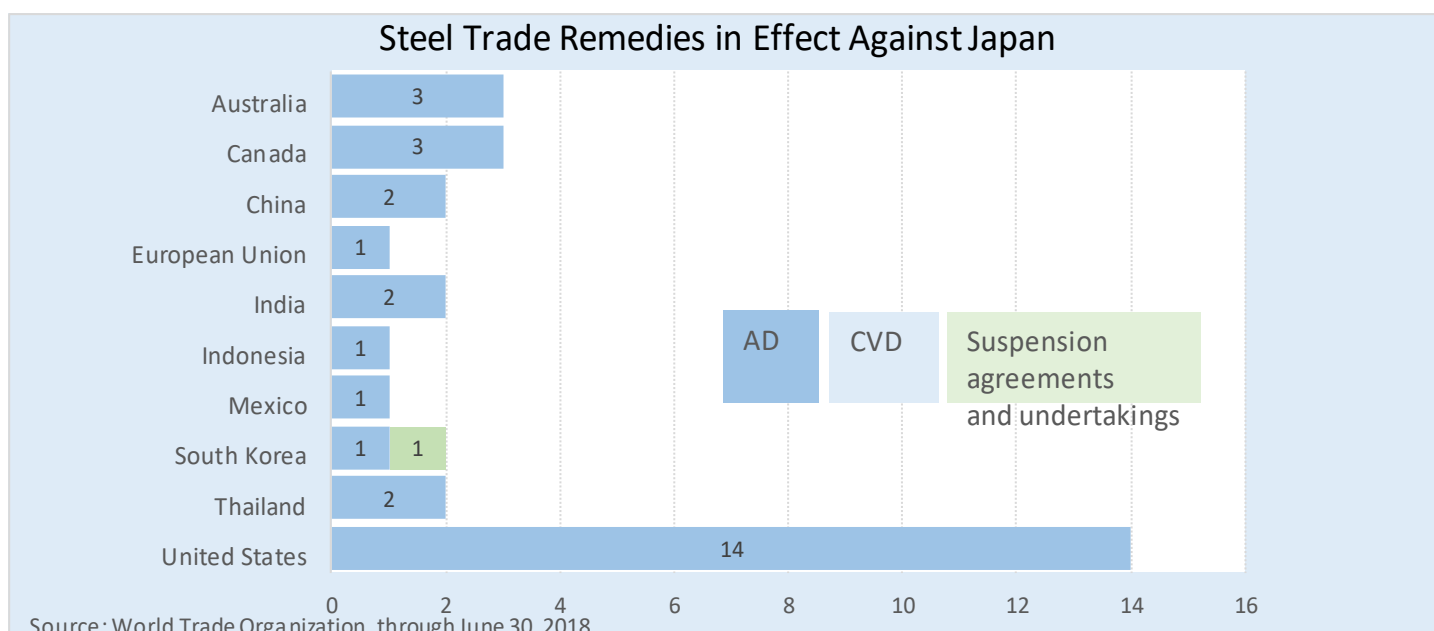
Japan's Top Steel Producers in 2017			
Rank	Company	Production (mmt)	Main Products
1	Nippon Steel and Sumitomo Metal Corporation	47.36	Bars, plates, sheets, pipe and tube, structural, rails, stainless
2	JFE Steel Corporation	30.15	Sheets, plates, pipes, electrical, stainless, bars, wire rods
3	Kobe Steel, Ltd.	7.74	Wire rod, bars, plates, sheets

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

# Steel Exports Report: Japan

## 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 tables below provide statistics on the current number of trade remedies various countries have against steel mill products from Japan.



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

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**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.

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**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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