

Global Steel Trade Monitor

Steel Exports Report: Ukraine

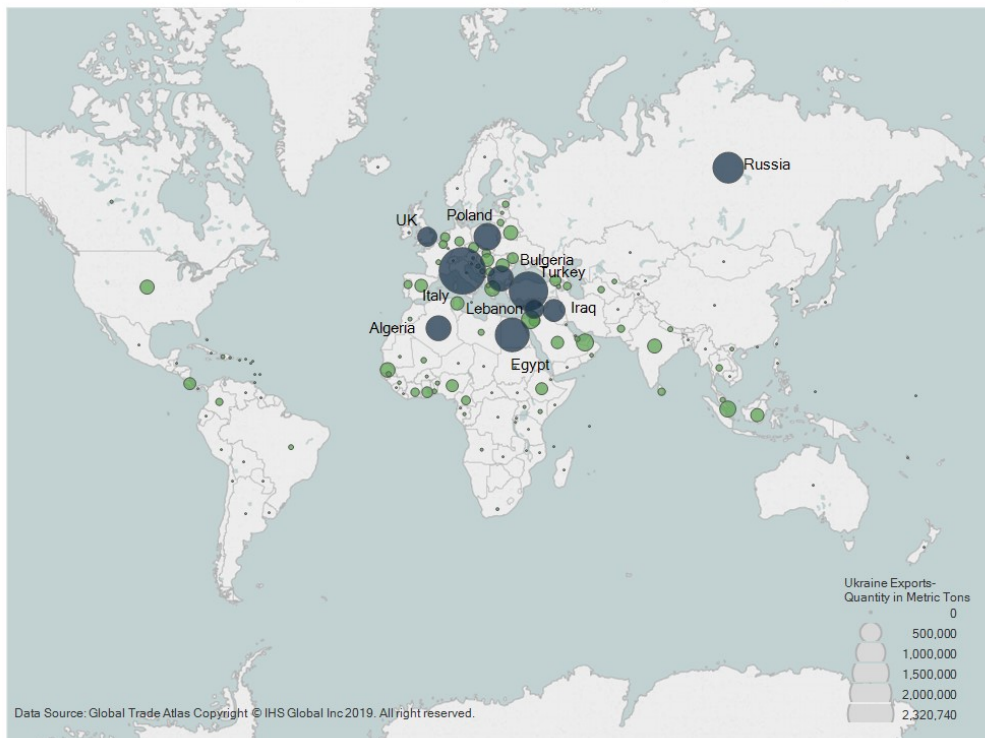
March 2019

Background

In 2017, Ukraine was the world's eleventh largest steel exporter. In 2018, Ukraine exported 15.1 million metric tons of steel, a 1 percent decrease from 15.2 million metric tons in 2017. Ukraine's exports represented about 4 percent of all steel exported globally in 2018, based on available data. The volume of Ukraine's 2018 steel exports was roughly one-fifth that of the world's largest exporter, China. In value terms, steel represented 18 percent of the total value of goods Ukraine exported in 2018.

Ukraine exports steel to more than 120 countries and territories. The 10 countries highlighted in the map below represent the top markets for Ukraine's exports of steel, each receiving more than 350,000 metric tons, and cumulatively accounting for 63 percent of Ukraine's steel

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



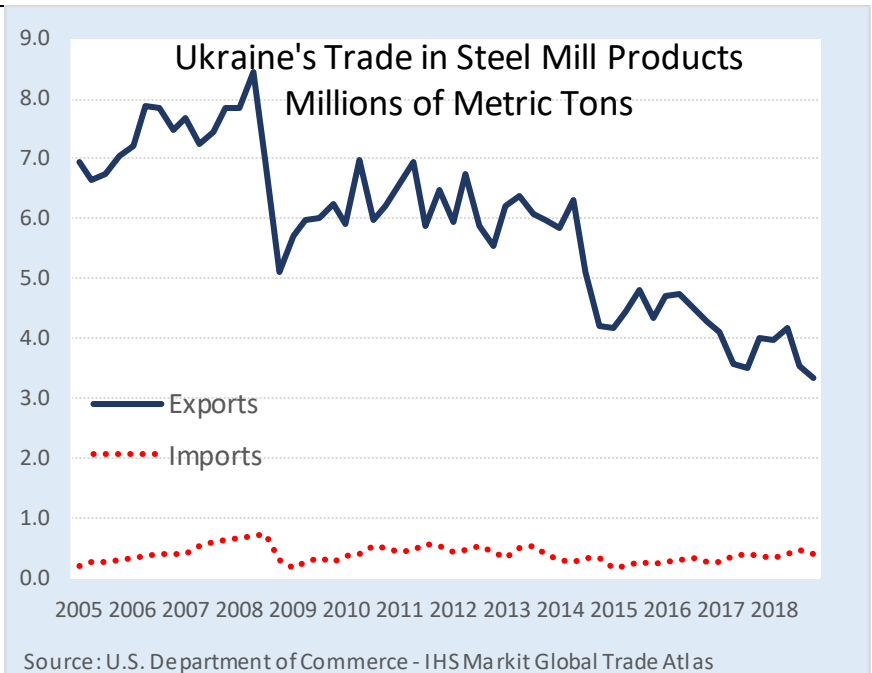
Quick Facts:

- 15.1 million metric tons of exports in 2018
- 37% decline in steel exports since 2009
- 2018 export volume down 1% and export value up 18% since 2017
- Exports as a share of production stayed at remained constant at 71.3% in 2017 and 2018
- Top three markets: Italy, Turkey, Egypt
- Largest producers: Metinvest Holding, ArcelorMittal Kryvyi Rih, ISD
- 27 trade remedies in effect involving steel mill imports from Ukraine

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Steel Trade Balance

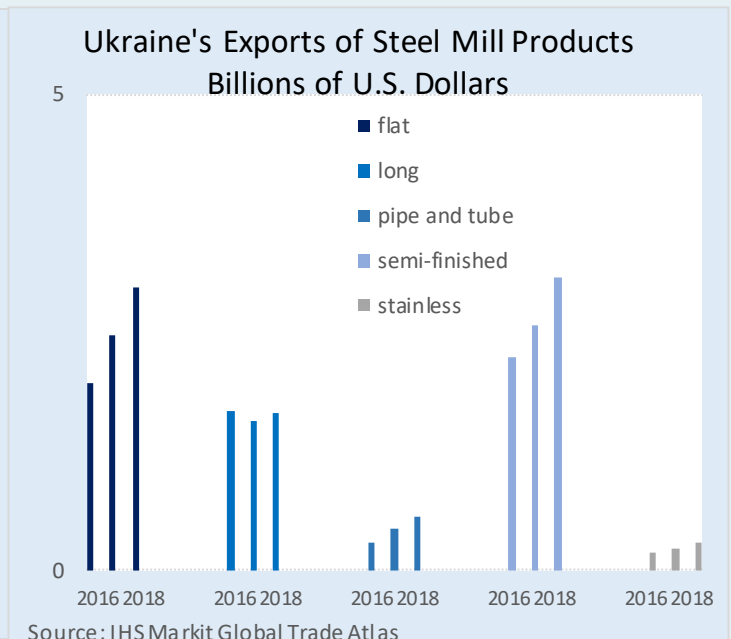
Over the past decade, Ukraine has maintained a trade surplus in steel mill products. Between 2009 and 2013, Ukraine's steel trade surplus averaged 23.1 million metric tons per year. Ukraine has seen a near steady decline in its steel trade balance between 2014 and 2018, falling an average of 2.3 million metric tons a year. Ukraine's steel trade surplus nonetheless stood at 13.6 million metric tons in 2018, down 2 percent from 13.8 million metric tons in 2017.



Export Volume, Value, and Product

Since the most recent peak of 25.9 million metric tons in 2011, the volume of Ukraine's steel exports has been trending downwards, with exports decreasing by 42 percent. From 2017 to 2018, this trend continued, with Ukrainian steel export volumes down 1 percent. By contrast, the value of Ukraine's 2018 exports increased by 18 percent from 2017, reflecting a recent rise in global steel prices. The value of Ukraine's steel exports decreased by 54 percent over the entire period from 2011 to 2018.

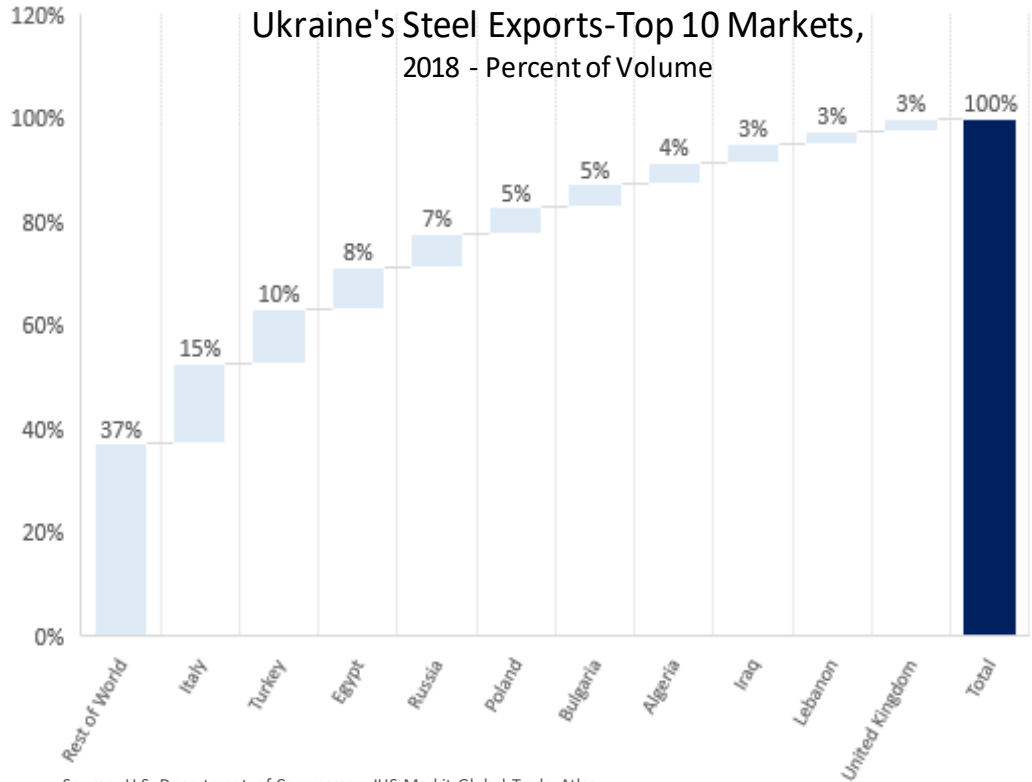
Semi-finished products accounted for the largest volume share of Ukraine's steel exports at 43 percent, or 6.4 million metric tons (mmt), in 2018, followed by flat products at 34 percent (5.2 mmt), long products at 19 percent (2.8 mmt), pipe and tube products at 4 percent (636 thousand metric tons), and stainless steel at 0.4 percent (58 thousand metric tons).



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Exports by Top Market

Exports to Ukraine's top 10 steel markets represented 63 percent of Ukraine's steel export volume in 2018 at 9.47 million metric tons (mmt). Italy was the largest market for Ukraine's exports at 15 percent (2.32 mmt), followed by Turkey at 10 percent (1.58 mmt), Egypt at 8 percent (1.21 mmt), Russia at 7 percent (998 thousand metric tons), and Poland at 5 percent (749 thousand metric tons).



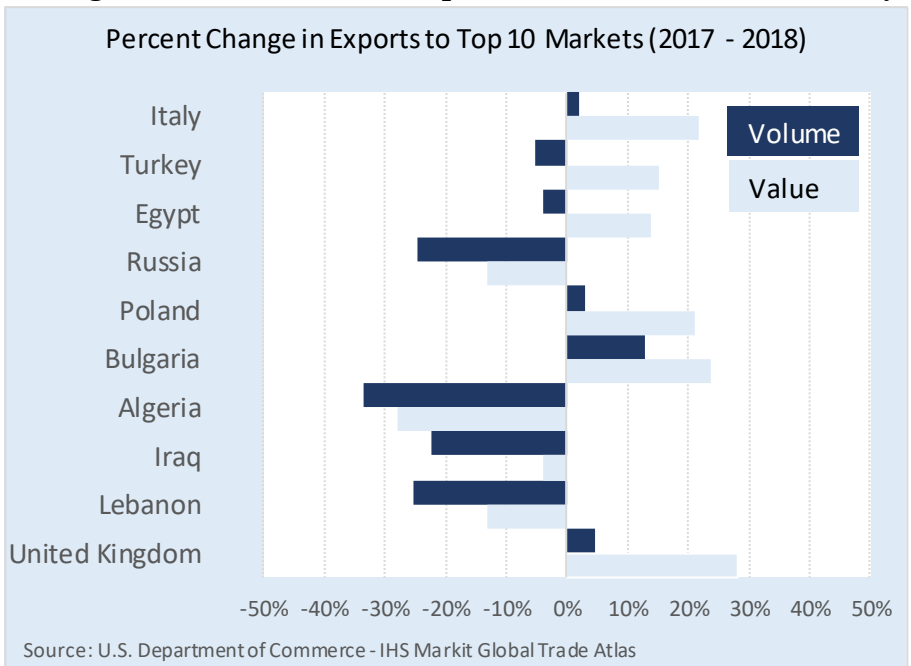
Source: U.S. Department of Commerce - IHS Markit Global Trade Atlas

The United States ranked 18th as a destination for Ukraine's steel exports, receiving 205 thousand metric tons in 2018, down 21 percent from 2017.

Trends in Exports to Top Markets

Between 2017 and 2018, Ukraine's exports decreased in volume to 6 of its top 10 export markets. Export volumes to Algeria showed the largest decrease, down 34 percent from 2017, followed by exports to Lebanon and Russia (both -25%), Iraq (-22%), Turkey (-5%), and Egypt (-4%). Over the same period, Ukraine's exports to Bulgaria increased 13 percent in volume, followed by the United Kingdom (5%), Poland (3%), and Italy (2%).

The value of Ukraine's exports increased to 6 of its top 10 export markets in 2018. The United Kingdom had the largest increase, rising 28 percent. This is followed by the Bulgaria (24%), Italy (22%), Poland (21%), Turkey (15%), and Egypt (14%). Ukraine's exports to 4 of its top export markets decreased in value with Algeria showing the largest decrease (-28%), followed by Russia (-13%), Lebanon (-13%) and Iraq (-4%).



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

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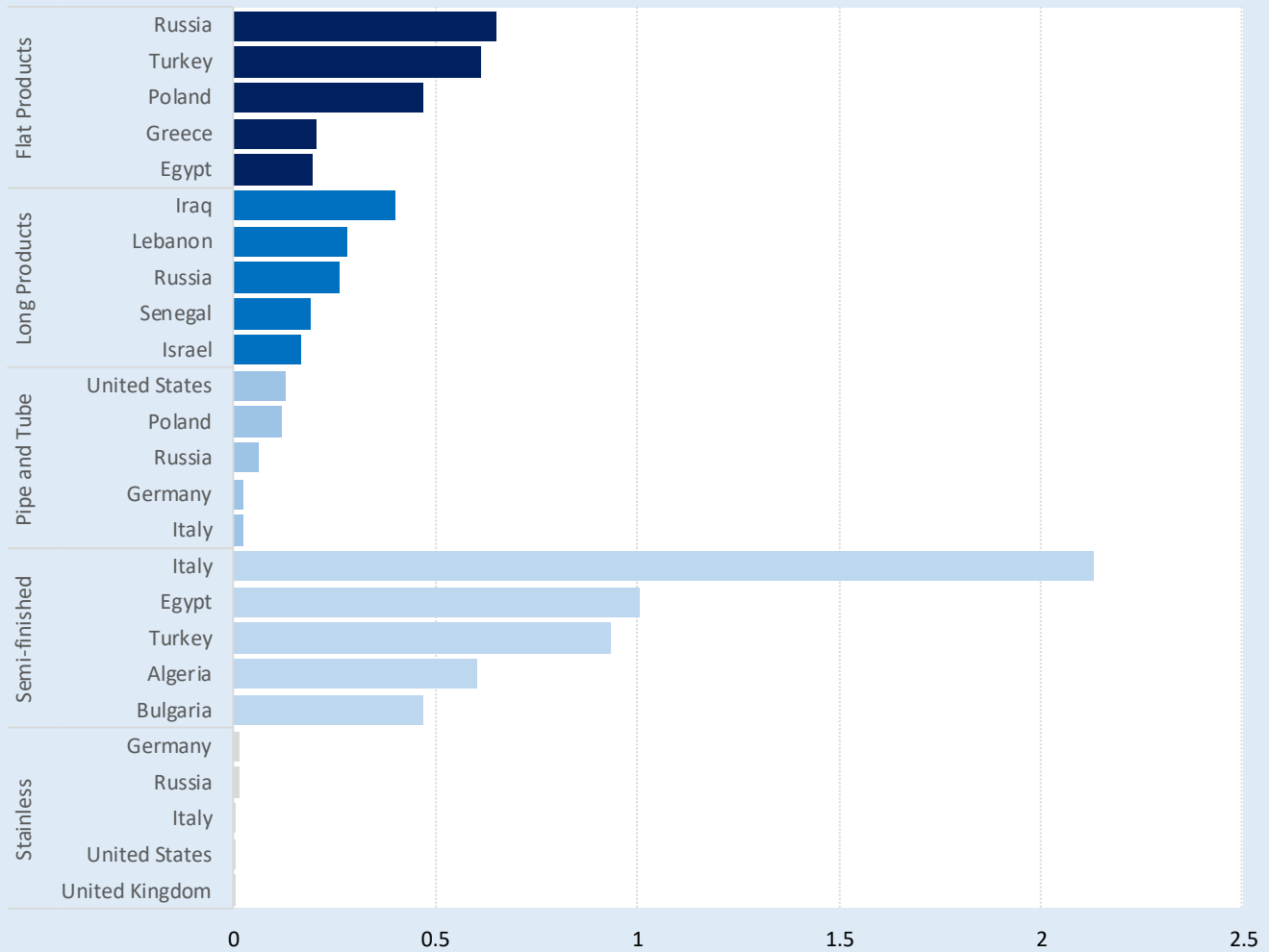
Top Markets by Steel Product Category

Ukraine's top export markets by volume vary across types of steel products, with a different country receiving the largest share of each product type.

Russia received the largest share of Ukraine's flat products in 2018 at 13 percent (651.8 thousand metric tons), and was a top-five export destination in every category, except for semi-finished products. Iraq received the largest share of Ukraine's exports of long products at 14 percent (398.7 thousand metric tons). Italy received the largest share of Ukraine's semi-finished steel exports at 33% (2.1 million metric tons), and Germany received the largest share of Ukraine's stainless steel exports at 30 percent (17.5 thousand metric tons).

The United States received the largest share of Ukraine's pipe and tube exports at 21 percent (130.5 thousand metric tons) and was also a top-five export destination for Ukraine's stainless steel, receiving 9 percent (5.1 thousand metric tons) of Ukrainian exports in this steel category.

Ukraine'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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Ukraine's Import Market Share in Top Destinations

In 2018, the import market share for Ukraine's steel products increased in half of Ukraine's top export destinations for which data are available. The share of the Russia's steel imports from Ukraine increased the most in 2018, up 5.7 percentage points followed by import shares in Italy, and the United Kingdom, up 0.6 percentage points and 0.5 percentage points, respectively. The share of imports from Ukraine declined in Bulgaria, Turkey, and Poland, down 3.1, 2.1, and 0.4 percentage points, respectively, compared with 2017. Data from Algeria, Iraq, Lebanon, and Egypt were unavailable for 2018.

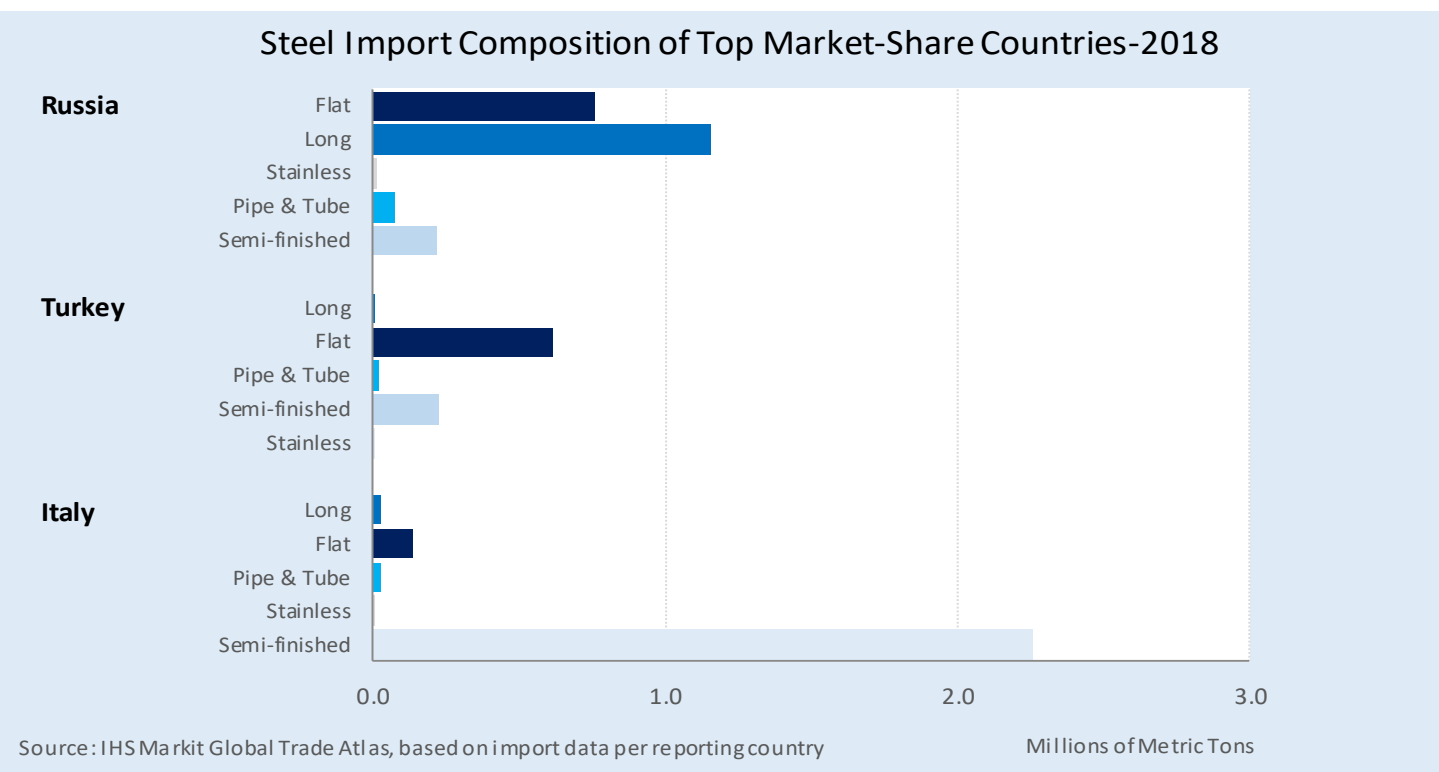
Ukraine's Steel Import Market Share					
Top 10 Export Markets	Share of Imports from Ukraine 2017	Ukraine's Rank in 2017	Share of Imports from Ukraine 2018	Ukraine's Rank in 2018	Change in Share
Italy	11.1%	2	11.7%	1	↑
Turkey	10.6%	2	8.5%	2	↓
Egypt*	35.4%	2	N/A	N/A	N/A
Russia	30.2%	1	35.9%	1	↑
Poland	6.7%	4	6.3%	5	↓
Bulgaria	37.1%	1	34.0%	1	↓
Algeria*	20.4%	1	N/A	N/A	N/A
Iraq**	N/A	0	N/A	0	N/A
Lebanon**	N/A	0	N/A	0	N/A
United Kingdom	4.9%	0	5.4%	7	↑

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

*2018 data unavailable for Egypt and Algeria

**2017 and 2018 Data unavailable for Iraq and Lebanon

Among Ukraine's top export markets, semi-finished steel comprised the largest share of imports from Ukraine in Italy, at 92 percent (2.3 million metric tons, MT) in 2018. Flat products comprised the largest share of steel imports from Ukraine in Turkey, at 26 percent (619.1 thousand MT). In Russia, long products took the largest share of steel imports from Ukraine, with 52 percent (1.2 million MT) of steel imports consisting of long products.

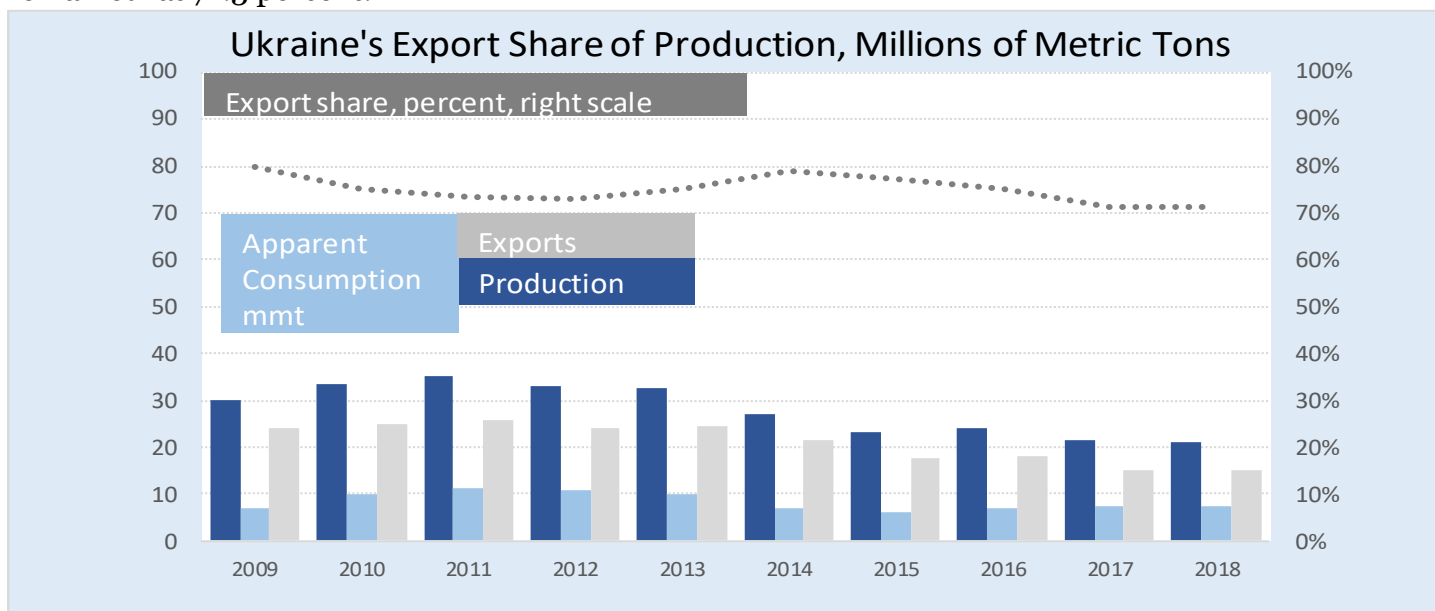


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Overall Production and Export Share of Production

Ukraine's crude steel production has steadily decreased from a peak of 25.9 million metric tons in 2011. Production in 2018 decreased by 1 percent from 2017 to 15.0 million metric tons. Apparent consumption (a measure of steel demand) has also shrunk from a peak of 11.4 million metric tons in 2011 to a low of 6.0 mmt in 2015, but has subsequently increased to 7.6 mmt in 2018. Demand in 2018 was up 2 percent from 2017 but still fell behind production by 13.5 million metric tons.

Ukraine's steel export share of production peaked at 78.9 percent in 2014 and has decreased nearly 12 percentage points to 71.3 percent in 2018. From 2017 to 2018, export share of production remained at 71.3 percent.



	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Production	29.9	33.4	35.3	33.0	32.8	27.2	23.0	24.2	21.3	21.1
Apparent Consumption	7.0	10.1	11.4	10.7	9.9	6.9	6.0	7.1	7.5	7.6
Exports	23.9	25.1	25.9	24.1	24.6	21.5	17.8	18.2	15.2	15.1
Export Share of Production	80.0%	75.1%	73.3%	73.1%	75.1%	78.9%	77.2%	75.3%	71.3%	71.3%

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

Top Producers

Ukraine's steel production is heavily concentrated in three major companies: Metinvest Holding, ArcelorMittal Kryvyi Rih, and ISD (50.2% owned by Metinvest). The top two steel producers together accounted for over 75 percent Ukraine's total steel production in 2017, based on available data.

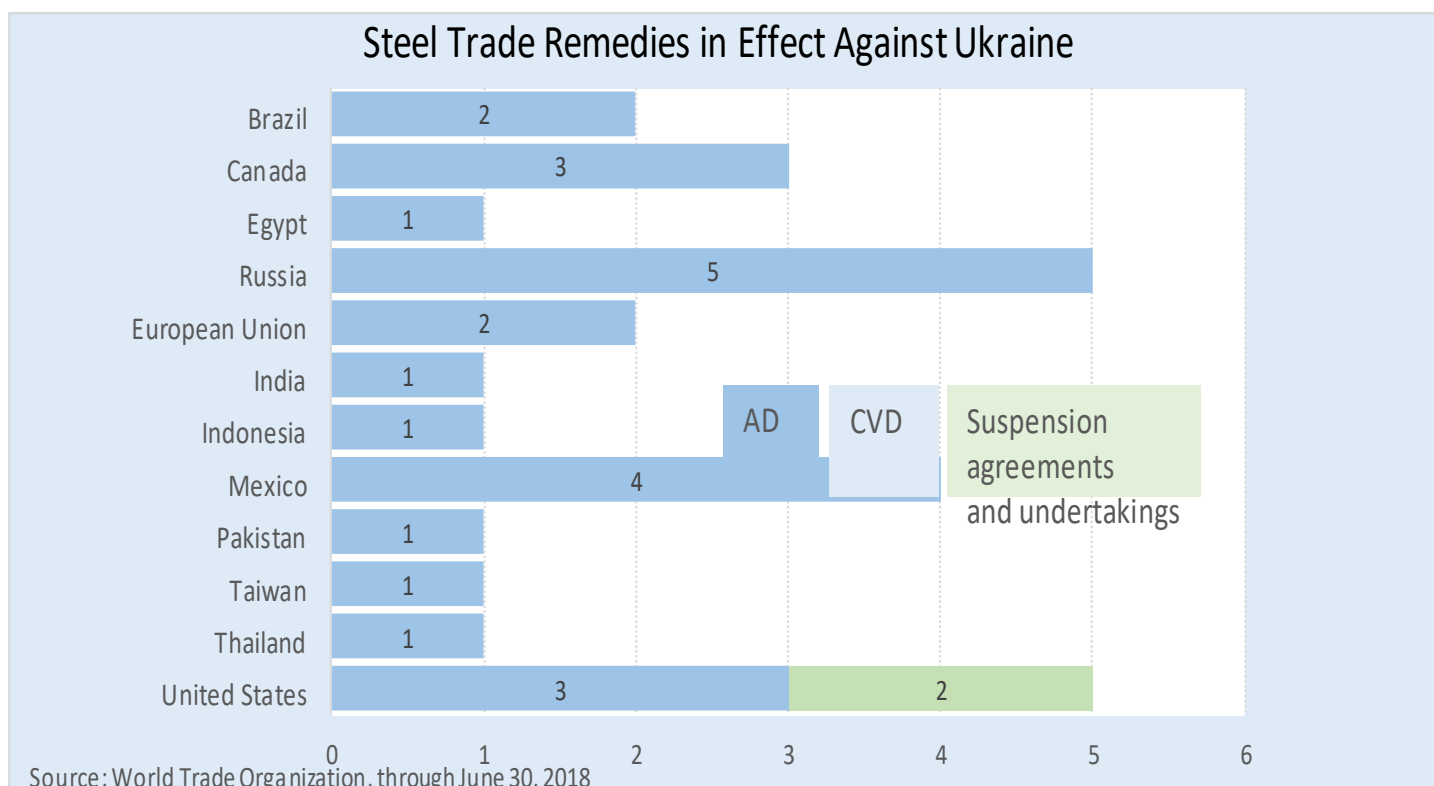
Rank	Company	Production (mmt)	Main Products
1	Metinvest Holding	10	Hot-rolled, plate, billet, bars, rails, pipe
2	PJSC ArcelorMittal Kryvyi Rih	7	Rebar, wire rod, billets, bars, sections
3	ISD (Industrial Union of Donbass)	N/A	Hot-rolled, cold-rolled, plate, pipe

Source: World Steel Association; Metal Bulletin, Iron and Steelworks of the World Directory, 2017; 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 various countries have against steel mill products from Ukraine.



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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