



Global Steel Trade Monitor

Steel Imports Report: Canada

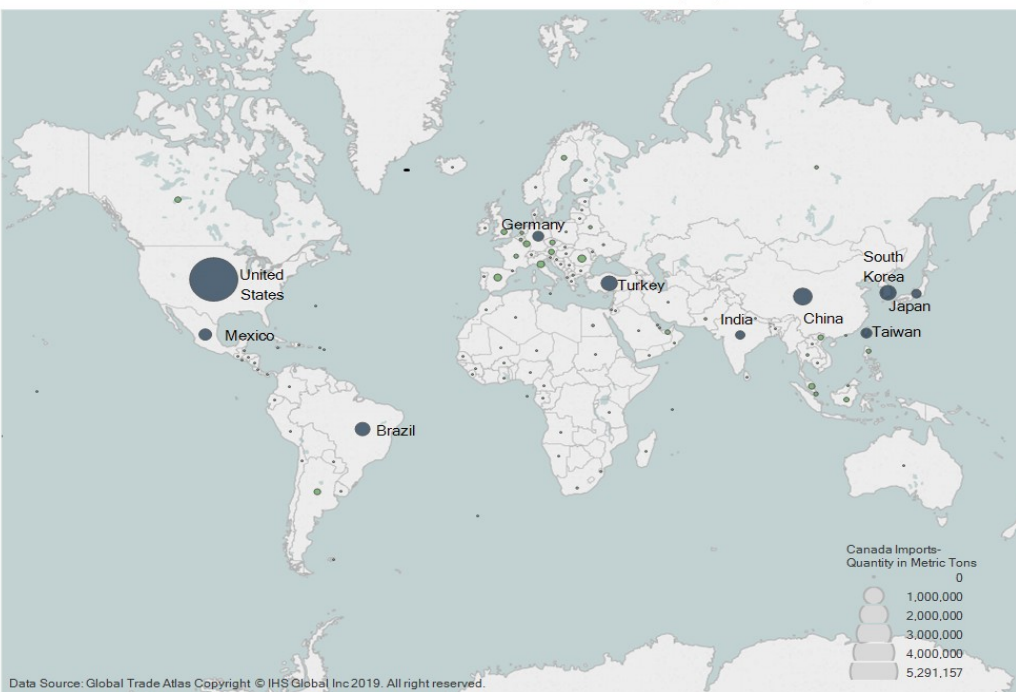
May 2019

Background

Canada was the world's sixteenth-largest steel importer in 2017. In 2018, Canada imported 10.4 million metric tons of steel, a 20 percent increase from 8.7 million metric tons in 2017. Canada's imports represented about 2 percent of all steel imported globally in 2017. The volume of Canada's 2018 steel imports was roughly one-third that of the United States, the world's largest steel importer. In value terms, steel represented just 2.2 percent of the total goods imported into Canada in 2018.

Canada imports steel from 100 countries and territories. The ten countries labeled in the map below represent Canada's top sources of steel in 2018, each sending more than 100 thousand metric tons and together accounting for 8.9 million metric tons of steel or 86 percent of Canada's total steel imports.

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



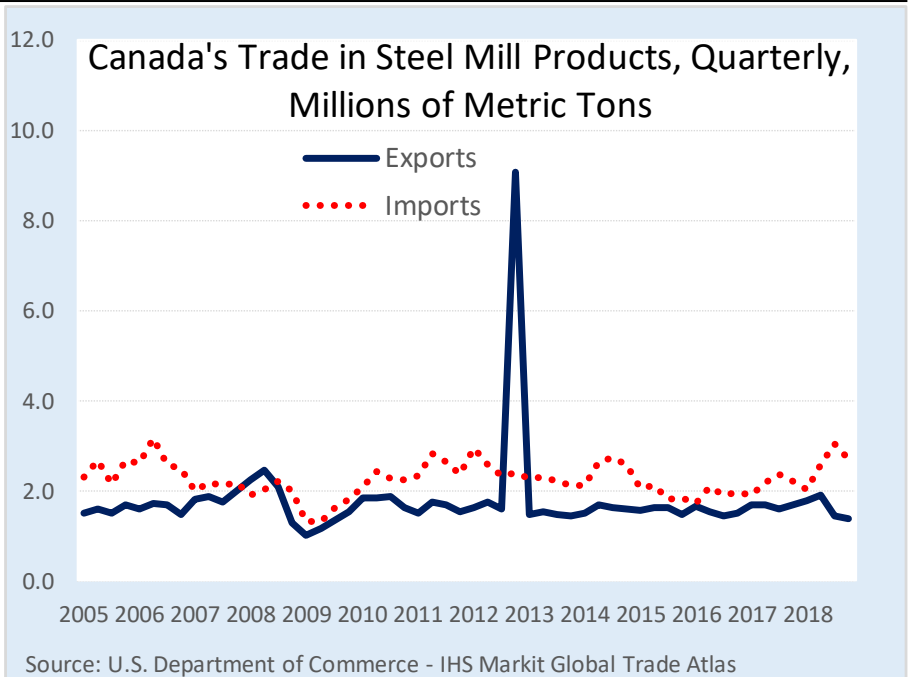
Quick Facts:

- In 2018, Canada imported 10.4 million metric tons of steel
- 71% steel import growth since 2009
- 2018 import volume up 20%, while import value up 11% from 2017
- Import penetration at 61.2% in 2018, up from 55.6% in 2017
- Top three import sources: United States, China, Turkey
- Largest producers: ArcelorMittal, Essar Steel Algoma
- 63 trade remedies in effect against imports of steel mill products

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Steel Trade Balance

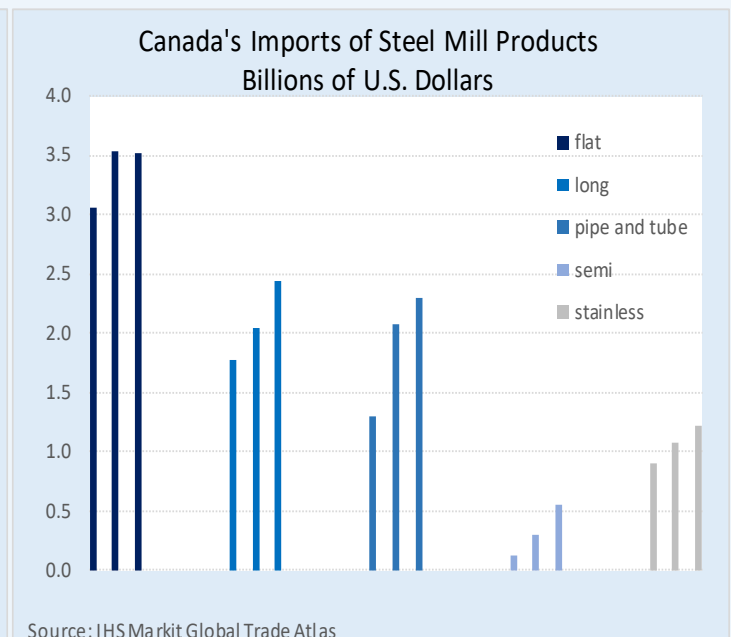
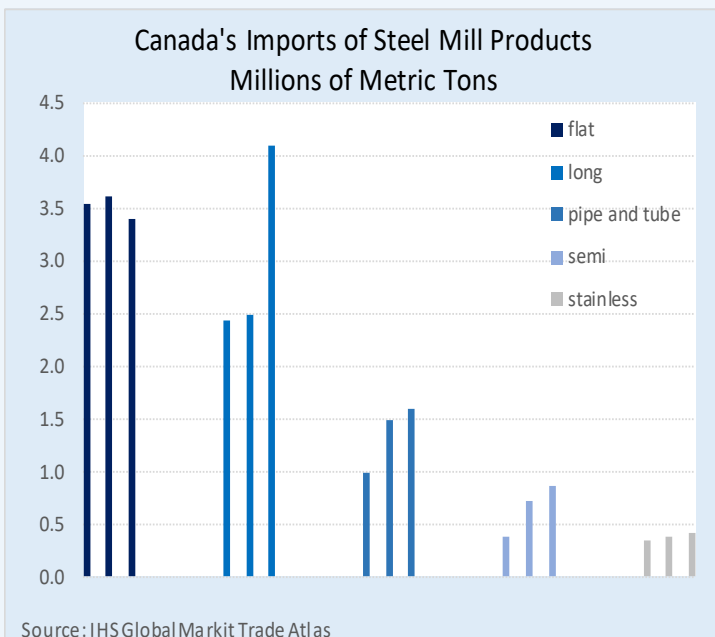
With the exception of three quarters, Canada has maintained a moderate trade deficit in steel products since 2005. Rising exports in the first half of 2008 and a spike in exports in Q4 2012 caused the deficit to briefly become a surplus. Since their recent low points in 2009, imports grew 71 percent by 2018, while exports grew 29 percent. In 2018, Canada's steel trade deficit amounted to 3.83 million metric tons, a 91 percent increase from 2.01 million metric tons in 2017.



Import Volume, Value, and Product

Since 2016, the volume of Canada's imports of steel mill products have trended modestly upwards. In 2018, Canada imported 10.4 million metric tons, a 20% increase from 8.7 million metric tons in 2017. Similarly, the value of Canada's imports increased between 2016 and 2018, import value in 2018 increased by 11 percent to \$10.0 billion from \$9.0 billion in 2017.

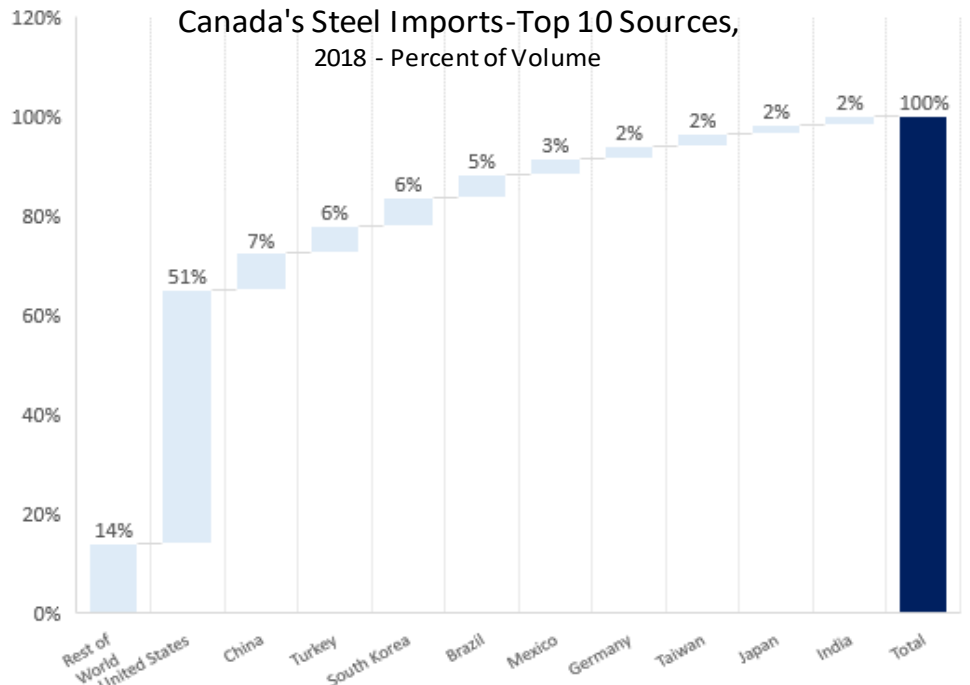
Long products accounted for 39 percent of Canada's steel imports in 2018 – a total of 4.1 million metric tons. Flat products accounted for 33 percent of imports (3.4 million metric tons), followed by pipe and tube products at 15 percent (1.6 million metric tons), semi-finished products at 8 percent (867 thousand metric tons), and stainless products at 4% (408 thousand metric tons).



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Imports by Top Source

The top 10 source countries for Canada's steel imports represent 86 percent of the total steel import volume in 2018 at 8.9 million metric tons (mmt). The United States accounted for the largest share of Canada's imports by source country with 51 percent (5.3 mmt), followed by China at 7 percent (766 thousand metric tons), Turkey and South Korea both at 6 percent (583 thousand metric tons and 581 thousand metric tons respectively), and Brazil at 5 percent (478 thousand metric tons).



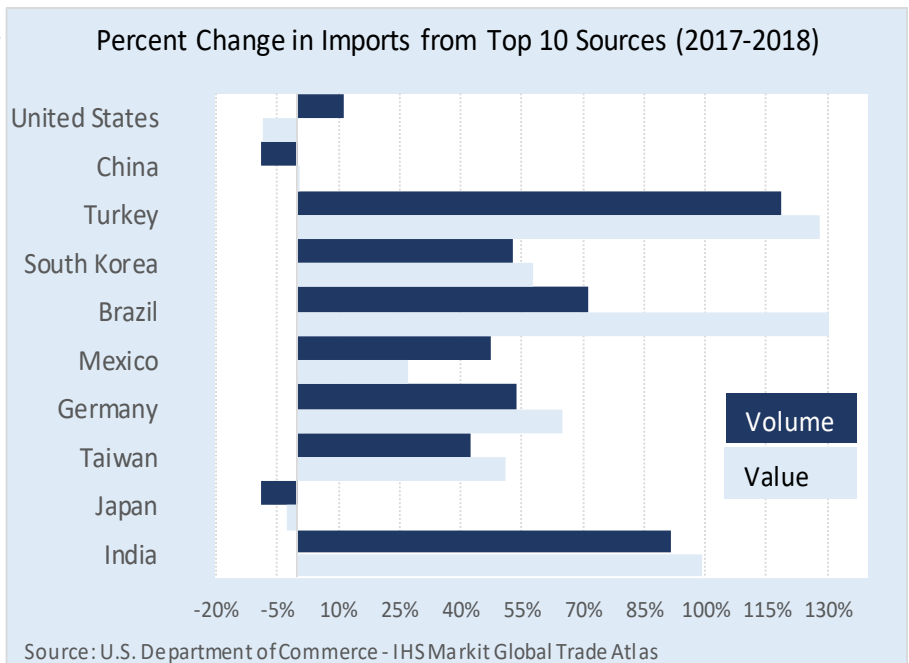
Source: U.S. Department of Commerce - IHS Markit Global Trade Atlas

Trends in Imports from Top Sources

The volume of Canada's steel imports increased from 8 of Canada's top 10 steel import sources between 2017 and 2018. Imports from Turkey showed the largest increase in 2018, up 119 percent by volume, followed by Canada's imports from India (92%), Brazil (71%), Germany (54%), and South Korea (53%). Imports from the United States increased 11 percent by volume in 2018, while imports from Japan and China both declined 9 percent by volume.

Canada's imports in value terms increased from 8 of its top 10 sources with the largest increases

from Brazil (131%), Turkey (128%), India (100%), Germany (65%), South Korea (58%), Taiwan (51%), and Mexico (27%). Imports from the United States decreased in value terms by 9 percent, while imports from Japan declined 3 percent.



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

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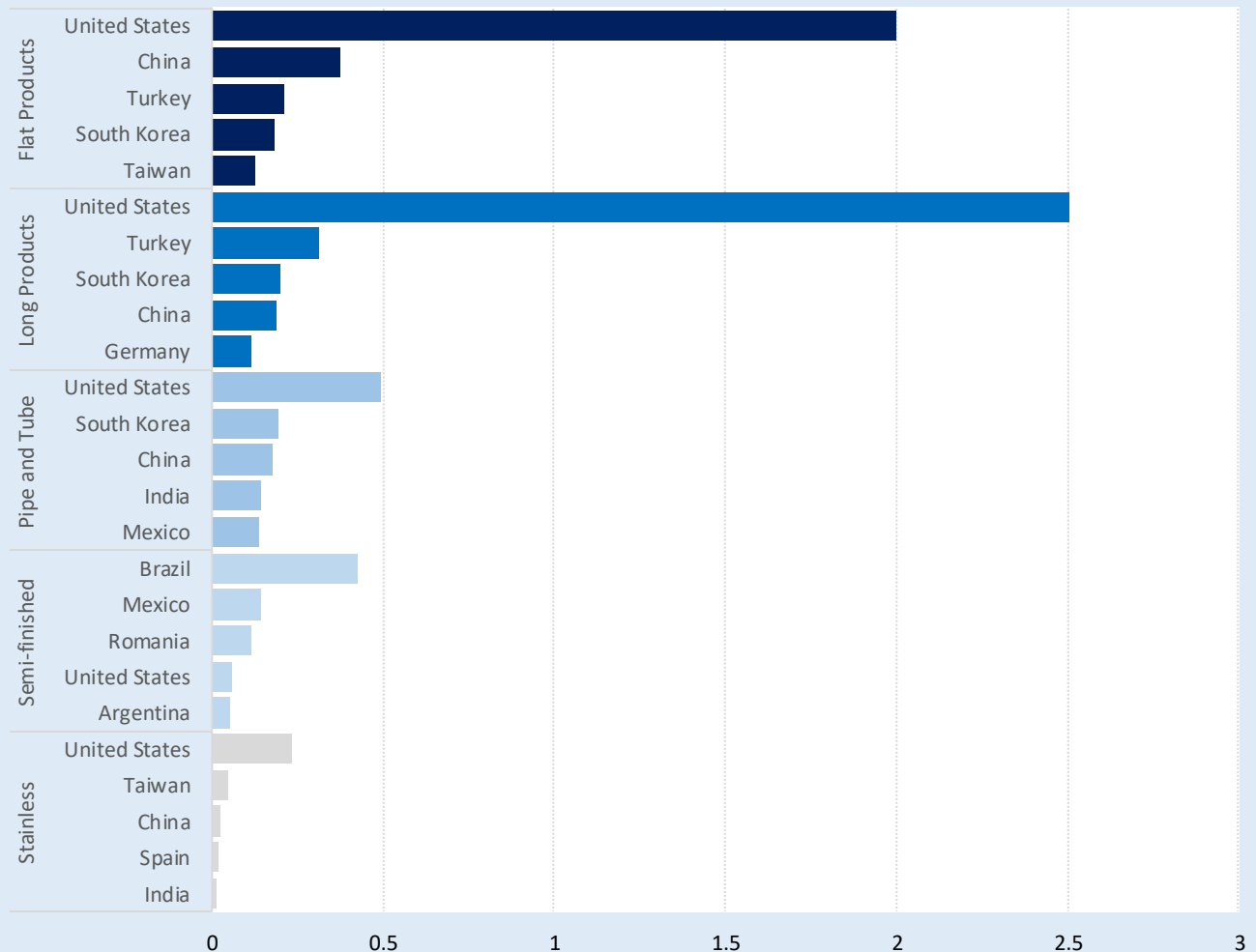
Top Sources by Steel Product Category

The top source countries for Canada’s imports by volume vary across types of steel products, though the United States held the top position for imports in four of the five product categories. Additionally, the United States accounted for more than 30 percent of Canada’s imports in all but one category.

The United States was the largest source of Canada’s steel imports in flat, long, pipe and tube, and stainless products. In flat products, the United States accounted for 59 percent of Canada’s imports (2 million metric tons) in 2018. Imports from the United States accounted for 61 percent of Canada’s long product imports (2.5 million metric tons), 31 percent of pipe and tube imports (493 thousand metric tons), and 57 percent of stainless imports (231 thousand metric tons).

Brazil was the largest source of Canada’s semi-finished imports, accounting for 49 percent of imports (423 thousand metric tons), followed by Mexico at 16 percent (142 thousand metric tons). The United States accounted for just 7 percent (62 thousand metric tons).

Canada's Top 5 Import Sources by Product - 2018



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

Millions of Metric Tons

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Canada's Export Market Share from Top Source Countries

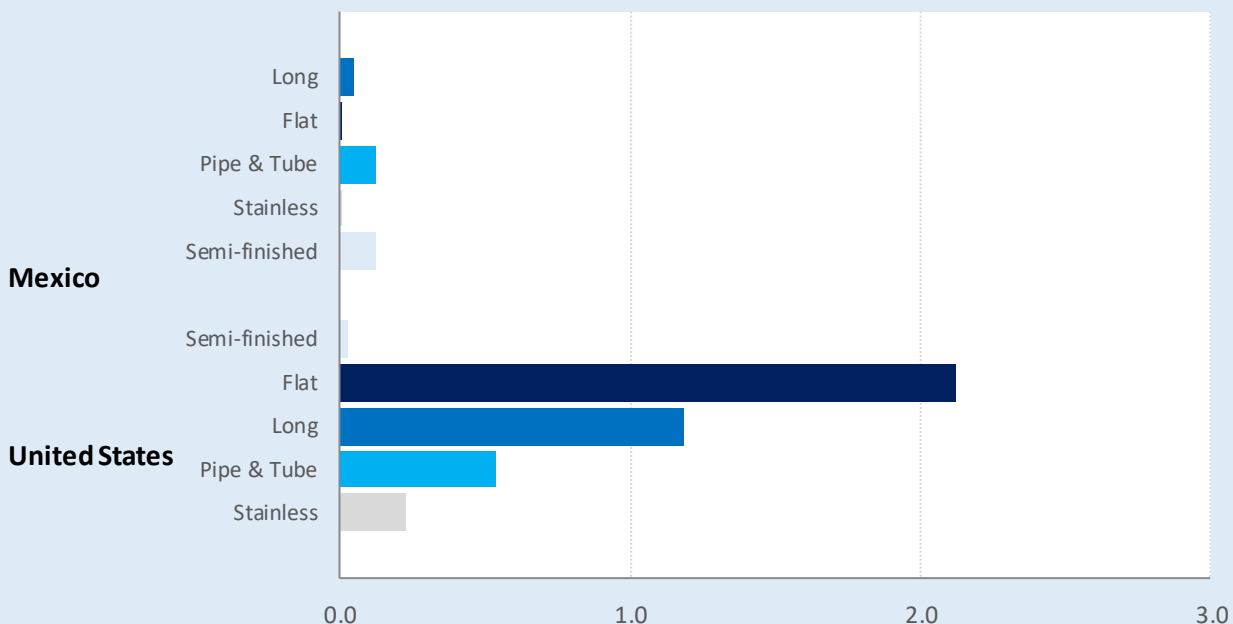
In 2018, the share of steel exports sent to Canada from its top import sources increased slightly in the majority of sources. The share of Brazil's steel exports to Canada showed the largest increase (up 2.1 percentage points), followed by Turkey (up 1.3 percentage points). The export share to Canada from South Korea, Mexico, Germany, Taiwan, Japan, and India all increased by less than one percentage point. The United States saw the largest decrease in the share of steel exports to Canada, down 0.6 percentage points, while export shares for China decreased by 0.2 percentage points.

Among Canada's top import sources, the United States and Mexico sent large shares of their total steel exports to Canada at 48.7 and 5.3 percent, respectively. In 2018, flat products accounted for 52 percent (2.1 million metric tons) of the United States' steel exports to Canada, while semi-finished products accounted for 42 percent (126 thousand metric tons) of Mexico's exports to Canada.

Canada's Steel Export Market Share					
Top 10 Import Sources	Share of Exports to Canada - 2017	Canada's Rank in 2017	Share of Exports to Canada - 2018	Canada's Rank in 2018	Change in Share
United States	49.4%	1	48.7%	1	↓
China	1.3%	20	1.1%	26	↓
Turkey	2.2%	11	3.5%	8	↑
South Korea	1.2%	16	2.1%	13	↑
Brazil	1.9%	15	4.0%	4	↑
Mexico	4.7%	4	5.3%	3	↑
Germany	0.6%	23	1.0%	19	↑
Taiwan	1.3%	19	2.1%	16	↑
Japan	0.4%	21	0.5%	20	↑
India	0.7%	27	1.3%	17	↑

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

Steel Export Composition of Top Market-Share Countries-2018

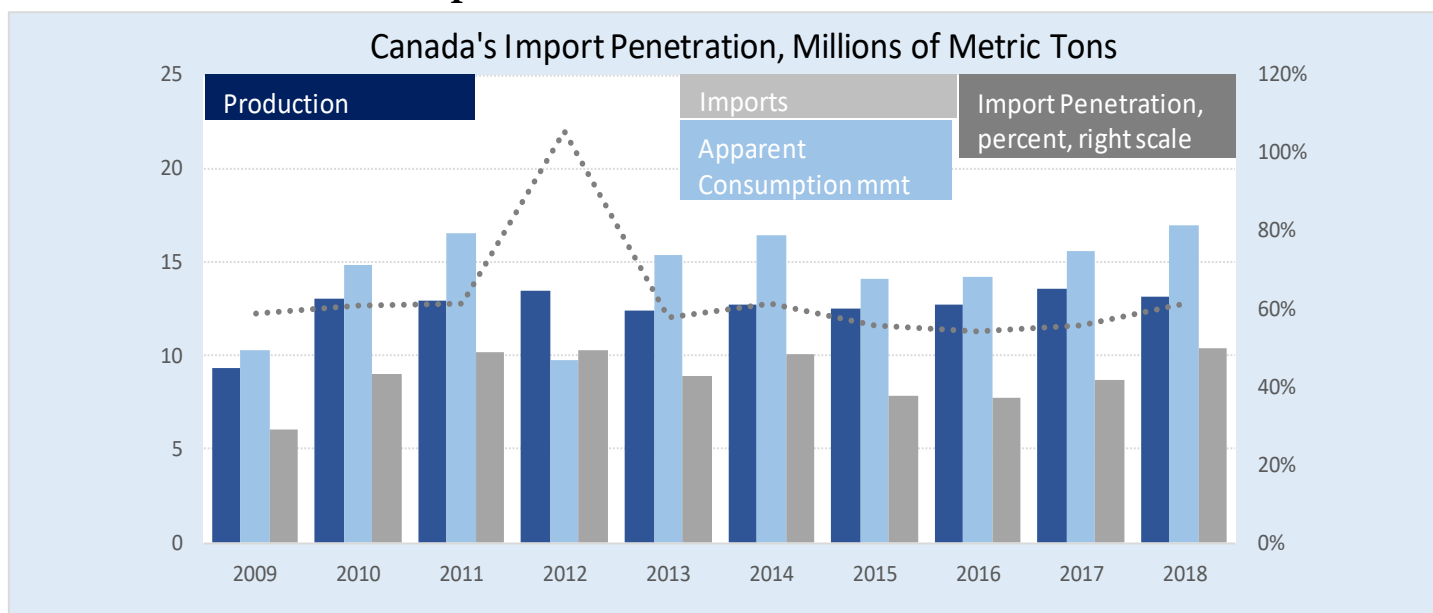


Source: IHS Markit Global Trade Atlas, based on import data per reporting country

Millions of Metric Tons

Steel Imports Report: Canada

Overall Production and Import Penetration



	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
Imports	6.1	9.0	10.2	10.3	8.9	10.1	7.9	7.7	8.7	10.4
Import Penetration	58.9%	60.7%	61.4%	105.6%	57.8%	61.4%	55.9%	54.1%	55.5%	61.2%

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

Canada's crude steel production averaged 12.9 million metric tons between 2010 and 2018. 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 from 2.0 million metric tons in 2017 to 3.8 million metric tons 2018. Import penetration averaged 63.3 percent between 2009 and 2018, with 2012 being a major aberration at 105.6 percent import penetration, due to a temporary jump in exports. Higher imports and increasing demand between 2017 and 2018 caused import penetration to increase 5.7 percentage points to 61.2 percent from 55.5 percent.

Top Producers

Steel production in Canada is dominated by foreign-owned companies as many domestically-owned firms were purchased by steel companies from outside of 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 Pro	2 (production)	Semi-finished, reinforcing bars, bars, wire rod, wire
3	Essar Steel Algoma	2.8 (capacity)	Hot-rolled sheet, cold-rolled sheet, plates
4	Evrz	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

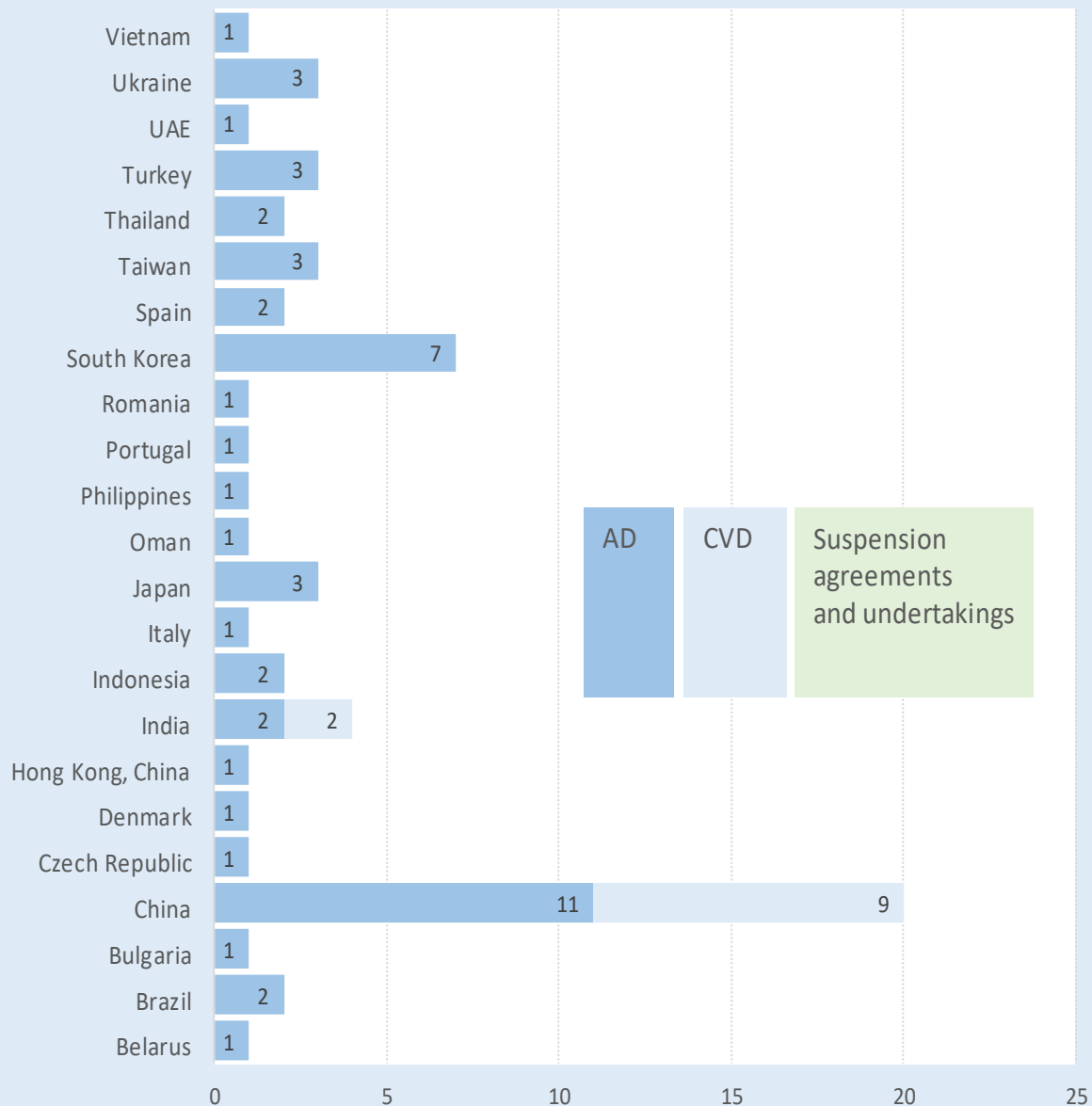
Source: World Steel Association; Hoover's; Bloomberg; Company websites

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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 provides statistics on the current number of trade remedies Canada has against imports of steel mill products from various countries. Canada has no steel mill safeguards in effect.

Canadian Steel Trade Remedies in Effect Against Steel Mill Imports



Source: World Trade Organization, current through June 30, 2018

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/>.



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