



Global Steel Trade Monitor

Steel Imports Report: China

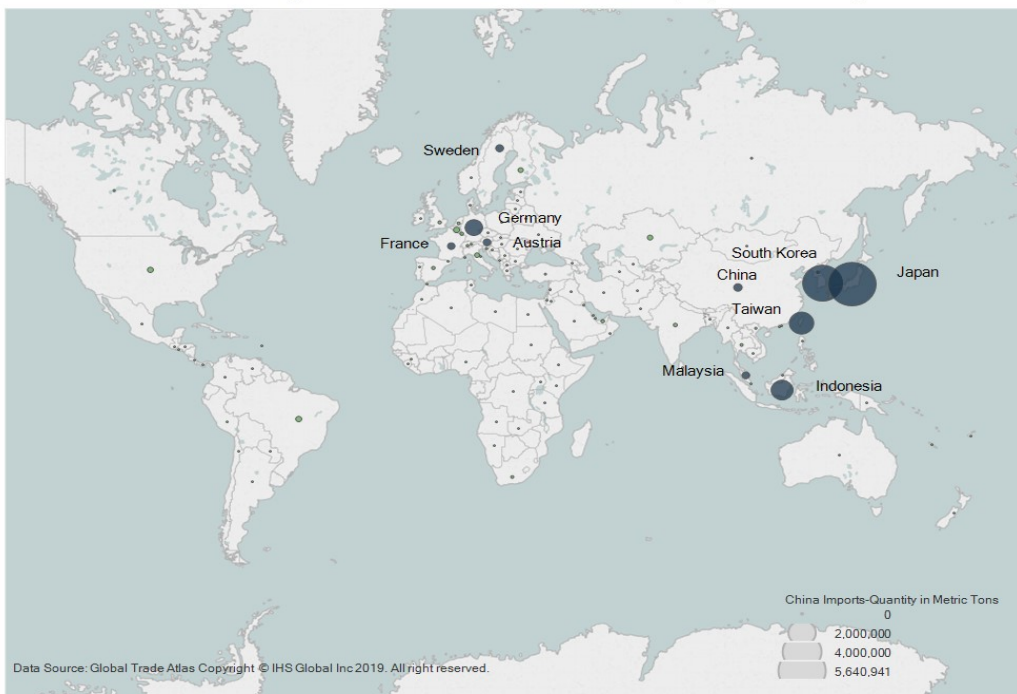
May 2019

Background

China was the world's eighth largest steel importer in 2017. In 2018, China imported 14.2 million metric tons of steel, a 3 percent increase from 13.8 million metric tons in 2017. China's imports represented about 4 percent of all steel imported globally in 2017. The volume of China's 2018 steel imports was less than half that of the world's largest importer, the United States. In value terms, steel represented just 0.8 percent of the total goods imported into China in 2018.

In 2018, China imported steel from over 80 countries and territories. The ten countries highlighted in the map below represent the top import sources for China's imports of steel, with each sending more than 100 thousand metric tons to China and together accounting for 95 percent of China's steel imports in 2018.

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



Quick Facts:

- 14.2 million metric tons (2018)
- 36% decline in steel imports since 2009
- Year-on-year import volume up 3% while import value up 12%
- Import penetration down from 3.9% in 2009 to 1.6% in 2017
- Top three import sources: Japan, South Korea, Taiwan
- Largest producers: China Baowu Group and HBIS Group
- 8 trade remedies in effect against imports of steel mill products

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Steel Trade Balance

In 2005, China's steel exports and imports were virtually in balance. Since then, with the exception of 2009, China's exports have increased dramatically, growing 191 percent between 2005 and 2018. During the same period, China's imports have trended downwards, and decreased by 36 percent.

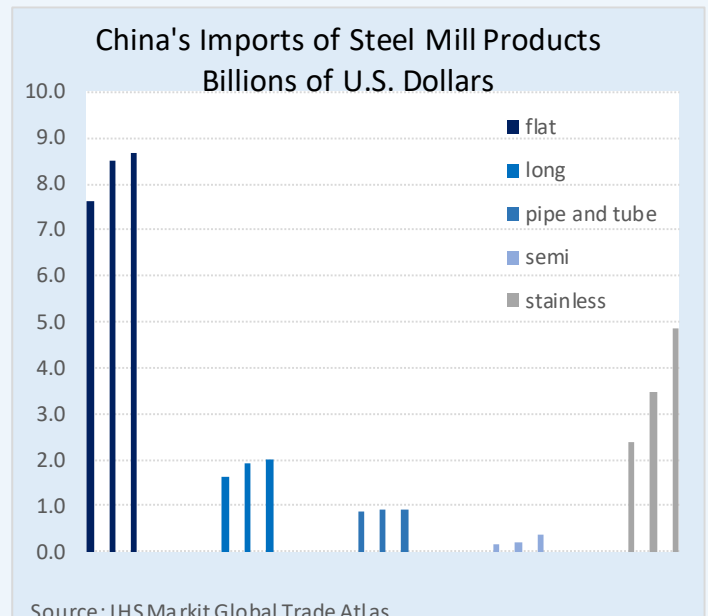
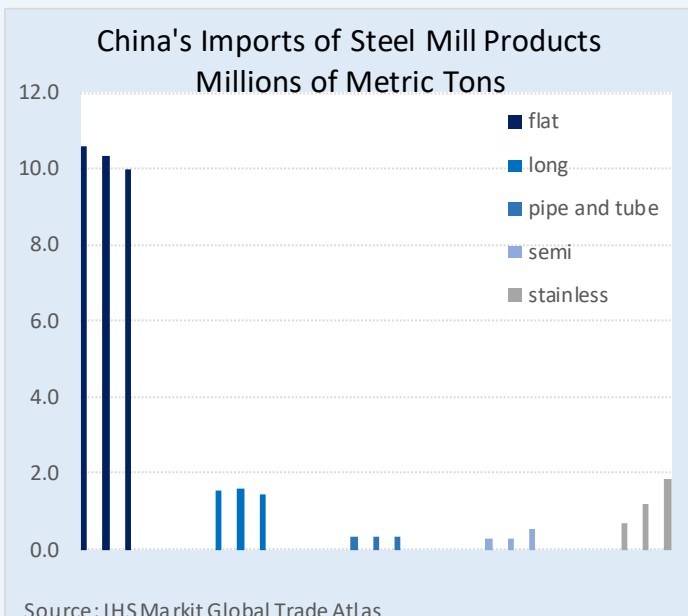
After a steel trade deficit in 2005, China has posted a steel surplus every year since 2006. China's steel trade surplus peaked at 97.0 million metric tons in 2015. In 2018, this surplus amounted to 52.7 million metric tons, an 11 percent decrease from a 59.5 million metric ton surplus in 2017.



Import Volume, Value, and Product

China's level of steel imports has been trending downwards in recent years. However, in 2018 the volume of China's steel imports increased by 3 percent to 14.2 million metric tons from 13.8 million metric tons in 2017. The value of China's 2018 steel imports increased 12 percent to \$16.8 billion from \$15.0 billion in 2017, which can be attributed to a significant rise in global steel prices.

Flat products accounted for over half of China's steel imports amounting to 10.0 million metric tons (mmt) in 2018— 70 percent of all China's steel imports. Stainless steel products accounted for 13 percent, or 1.8 mmt of China's 2018 steel imports, followed by long products (10% or 1.4 mmt), semi-finished steel (4% or 555 thousand metric tons), and pipe and tube products (2% or 349 thousand metric tons).

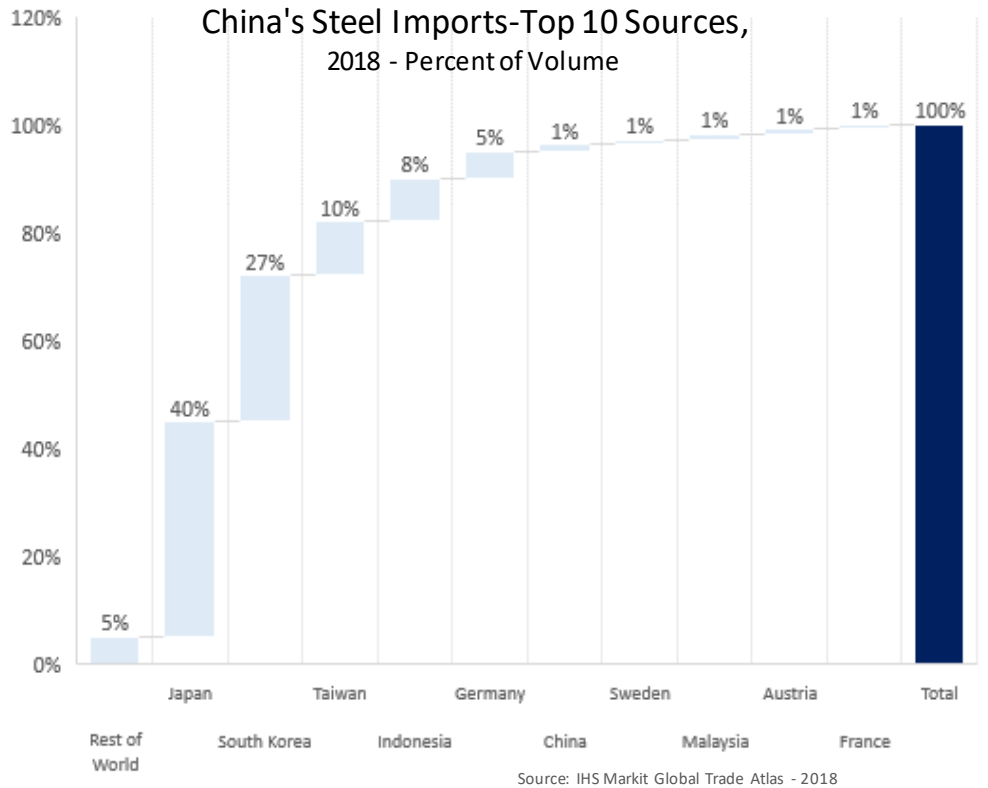


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Imports by Top Source

The top 10 source countries for China's steel imports represented 95 percent of the total steel import volume in 2018 at 13.5 million metric tons (mmt). Japan accounted for the largest share of China's imports by source country at 40 percent (5.6 mmt), followed by South Korea at 27 percent (3.9 mmt), and Taiwan at 10 percent (1.4 mmt).

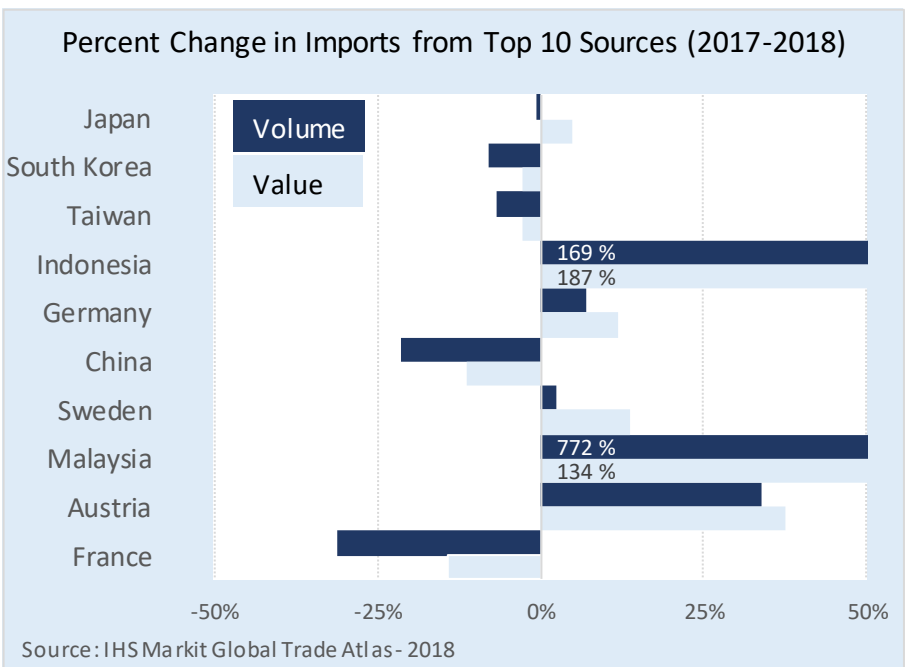
The United States ranked 13th as a source for China's imports in 2018, sending 76.2 thousand metric tons to China.



Trends in Imports from Top Sources

In 2018, the volume of China's steel imports increased from 5 of the top 10 sources, while the value of imports increased from 6 of the top 10 sources.

The volume of China's imports increased the most in 2018 from Malaysia (772%), followed by Indonesia (169%), Austria (34%), Germany (7%), and Sweden (3%). During this period, China's imports by volume declined the most from France (-31%), China's own export zones- listed as just "China" on the graph to the right- (-21%), South Korea (-8%), and Taiwan (-7%). Imports increased the most by value from Indonesia (187%), Malaysia (134%), Austria (38%), Sweden (14%), Germany (12%), and Japan (5%). Chinese imports by value decreased from France (-14%), China (-11%) South Korea (-3%), and Taiwan (-3%).



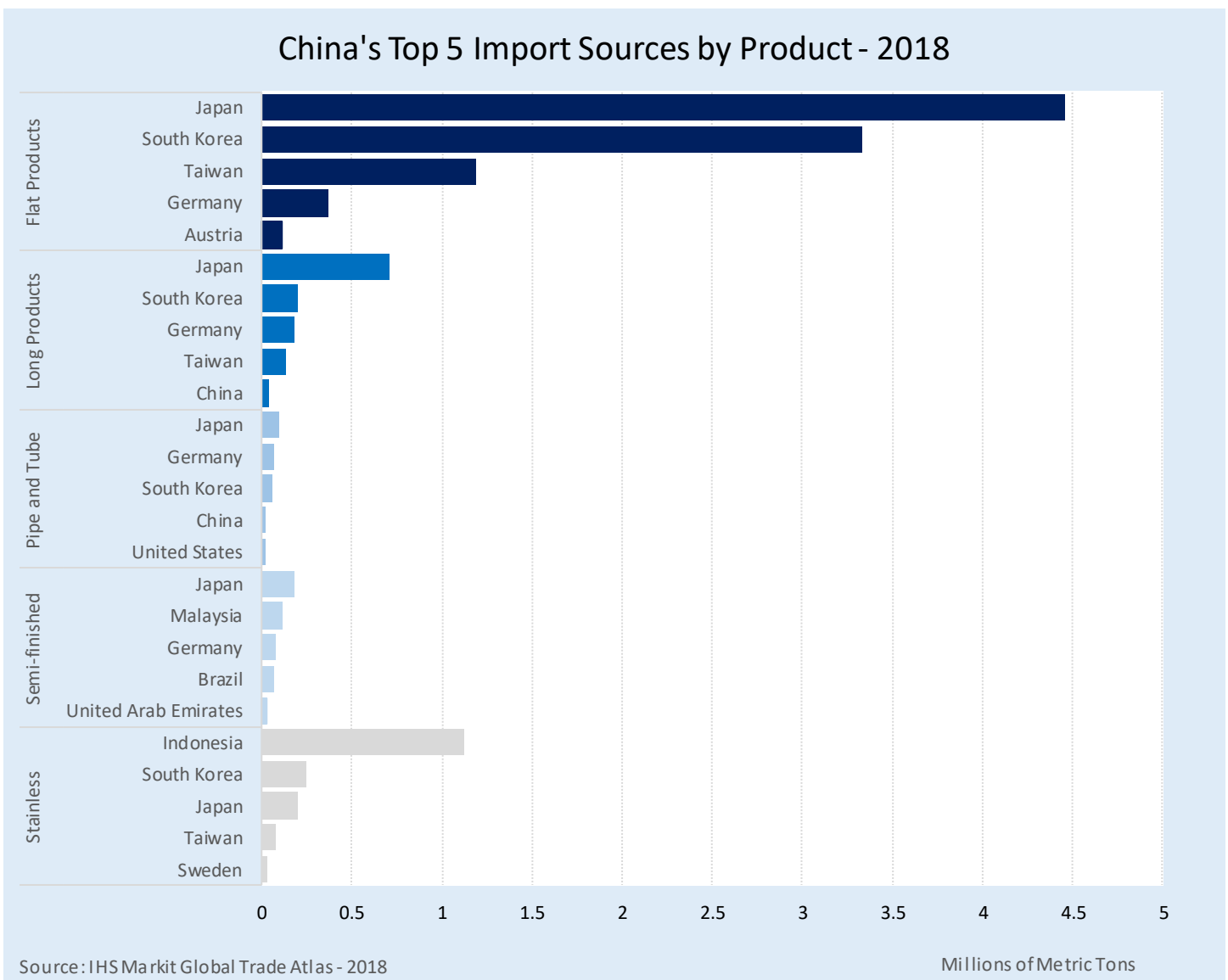
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Top Sources by Steel Product Category

The top source countries for China’s imports by volume vary across types of steel products, though Japan held the top spot for imports in four of the five product categories. Japan accounted for 45 percent (4.5 million metric tons) of China’s imports of flat products in 2018, followed by South Korea at 33 percent (3.3 million metric tons) and Taiwan at 12 percent (1.2 million metric tons).

In 2018, China imported 49 percent of its long product imports from Japan (708 thousand metric tons), followed by South Korea at 14 percent (205 thousand metric tons). China also imported 27 percent of its pipe and tube imports from Japan (93 thousand metric tons), followed by Germany at 19 percent (67 thousand metric tons). Japan was also China’s largest source for semi-finished imports, accounting for 32 percent (180 thousand metric tons). Malaysia was the second largest source of semi-finished products at 21 percent (115 thousand metric tons). In 2018, China imported 61 percent (1.1 million metric tons) of its stainless steel imports from Indonesia.

Pipe and tube was the only steel category for which the United States was a top-five source in 2018. The United States was the 5th largest source for pipe and tube products at 6 percent (21 thousand metric tons).



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China's Export Market Share from Top Source Countries

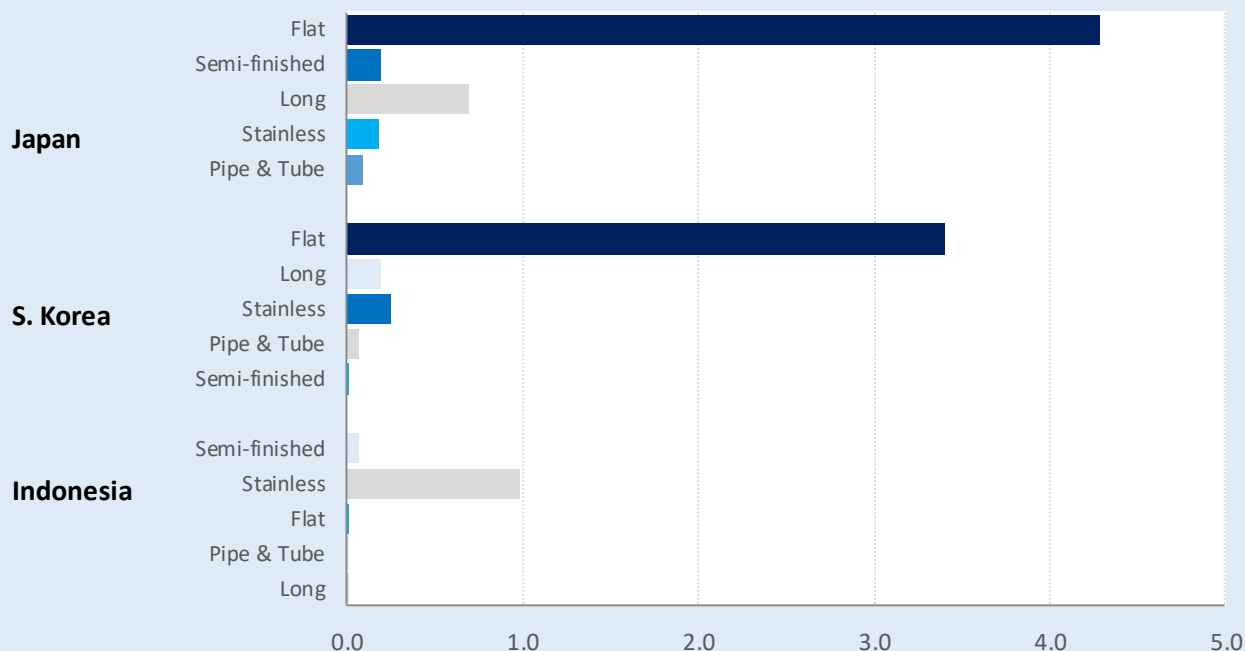
In 2018, the share of steel exports sent to China from its top import sources increased or were unchanged for 6 of the top ten source countries, and declined for 4 source countries. In 2018, the share of Indonesia's exports to China increased the most (up 5.4 percentage points), followed by Japan (up 0.6 percentage points), Sweden (up 0.4 percentage points), and Malaysia (up 0.3 percentage points). Export shares to China from Austria and South Korea were essentially unchanged (up 0.2 percentage points or less). China's share of exports declined the most from France and Taiwan (down 0.3 percentage points each), followed by Germany and Belgium (each down by 0.1 percentage point or less).

China's Steel Export Market Share					
Top 10 Import Sources	Share of Exports to China - 2017	China's Rank in 2017	Share of Exports to China - 2018	China's Rank in 2018	Change in Share
Japan	14.6%	2	15.2%	2	↑
South Korea	13.0%	1	13.1%	1	↑
Taiwan	11.9%	1	11.2%	1	↓
Indonesia	22.1%	1	27.5%	1	↑
Germany	2.7%	13	2.6%	13	↓
Sweden	2.6%	12	3.0%	12	↑
Malaysia	0.9%	15	1.2%	18	↑
Austria	1.2%	18	1.4%	16	↑
France	1.0%	14	0.7%	18	↓
Belgium	0.8%	15	0.8%	14	↓

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

Among China's top import sources, Japan, South Korea, and Indonesia sent the largest shares of their steel exports to China. Flat products accounted for the largest share of steel exports to China from South Korea at 87 percent (3.4 million metric tons) and Japan at 79 percent (4.3 million metric tons). Stainless steel accounted for 93 percent of Indonesia's 2018 steel exports to China (982 thousand metric tons).

Steel Export Composition of Top Market-Share Countries-2018



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

Millions of Metric Tons

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Overall Production and Import Penetration



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. During this time, apparent consumption (a measure of steel demand), has also steadily increased, growing from 693.8 million metric tons in 2016 to 772 million metric tons in 2017, before growing an additional 12 percent to reach 875 million metric tons in 2018. Since 2016, the gap between production and apparent consumption has decreased from 93.1 million metric tons in 2016 to 59.5 million metric tons 2017. In 2018, this gap narrowed further to 52.7 million metric tons. Since 2016, China has had a steadily decreasing import penetration level that amounted to 1.6 percent in 2018, down from 1.8 percent in 2017.

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.

China's Top Steel Producers in 2017			
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

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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 the China has against imports of steel mill products from various countries. China has no steel mill safeguards in effect.

China's Steel Trade Remedies in Effect Against Steel Mill Imports



Source: World Trade Organization, 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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