



Global Steel Trade Monitor

Steel Imports Report: Indonesia

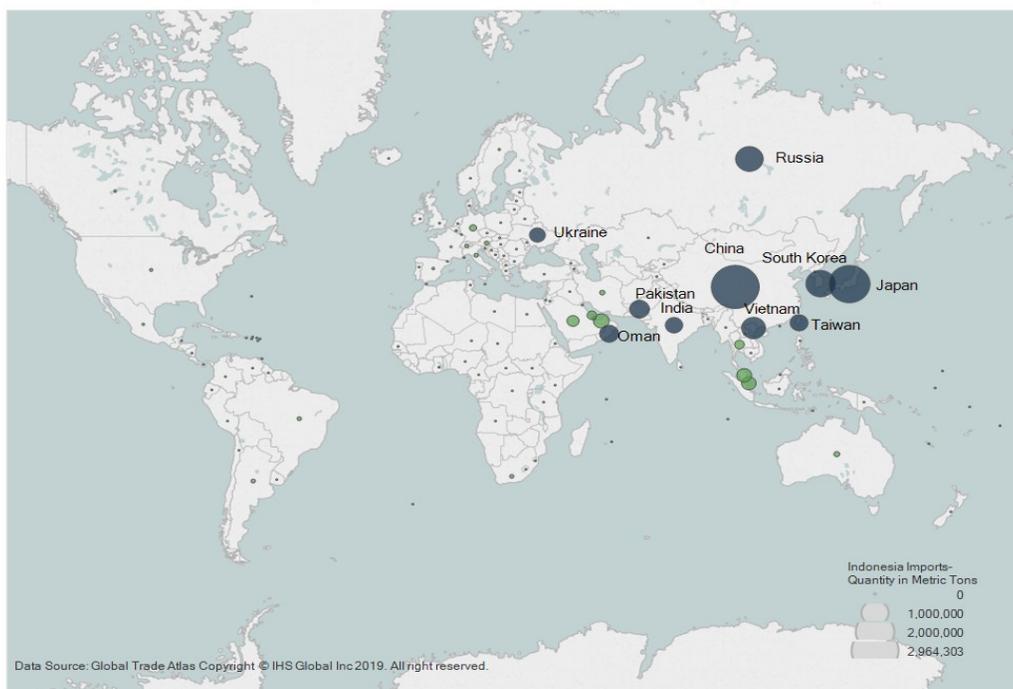
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Background

Indonesia is the world's tenth-largest steel importer(2017 ranking). In 2018, Indonesia imported 11.6 million metric tons of steel, a 1 percent increase from 11.4 million metric tons in 2017. Indonesia's imports represented 3 percent of all steel imported globally in 2017. Indonesia's 2018 steel imports were a bit more than one third the size of the largest steel importer, the United States. In value terms, steel represented just 5.0 percent of the total amount of goods imported into Indonesia in 2018.

Indonesia imports steel from over 85 countries and territories. The ten countries highlighted in the map below represent the top import sources for Indonesia's imports of steel, with each sending more than 300 thousand metric tons and together accounting for 86 percent of Indonesia's steel imports in 2018.

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



Quick Facts:

- 11.6 million metric tons (2018)
- 105% steel Import increase since 2009
- Import penetration up from 70.0% in 2009 to 79.8% in 2016
- 2018 import volume up 1% while import value up 20% from 2017
- Top three import sources: China, Japan, and South Korea
- Largest producers: POSCO and Hyundai Steel Co.
- 22 trade remedies in effect against imports of steel mill products

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Steel Trade Balance

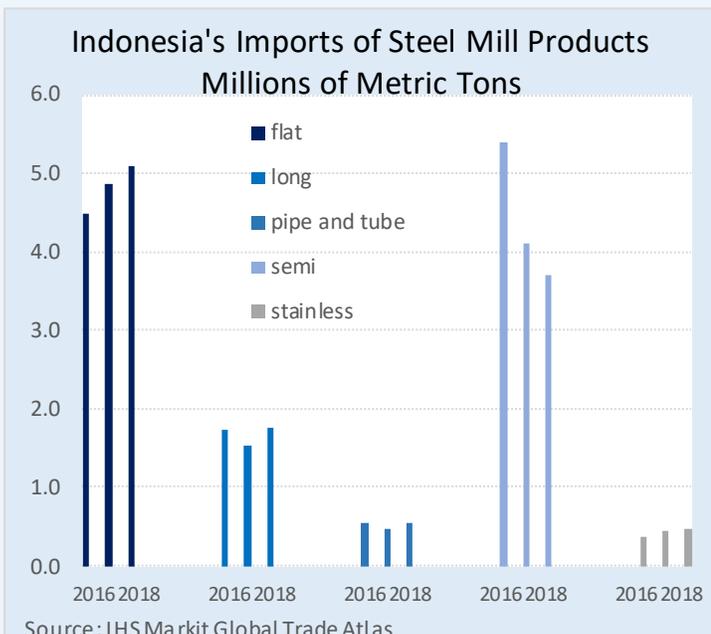
Indonesia has consistently been a net importer of steel mill products. Since 2009, Indonesia's steel imports have trended upwards. Between 2009 and 2018, steel imports increased 105 percent, while exports increased 256 percent. Indonesia's steel trade deficit grew between 2009 and 2013, peaking at -11.6 million metric tons in 2013. Since 2013, Indonesia's trade deficit has declined modestly due to large increases in exports. Between 2017 and 2018 Indonesia's trade deficit shrank 14 percent from -9.0 million metric tons in 2017 to -7.8 million metric tons in 2018.



Import Volume, Value, and Product

The volume of Indonesia's steel imports more than doubled between 2009 and 2012. Between 2012 and 2018, Indonesia's steel imports have remained fairly flat and have averaged 11.7 million metric tons (mmt) per year. In 2018, steel import volume increased 1 percent to 11.6 mmt, up from 1.4 mmt in 2017. Between 2017 and 2018, the value of Indonesia's imports increased by 20 percent to \$9.3 billion from \$7.8 billion in 2017, due to a significant increase in global steel prices.

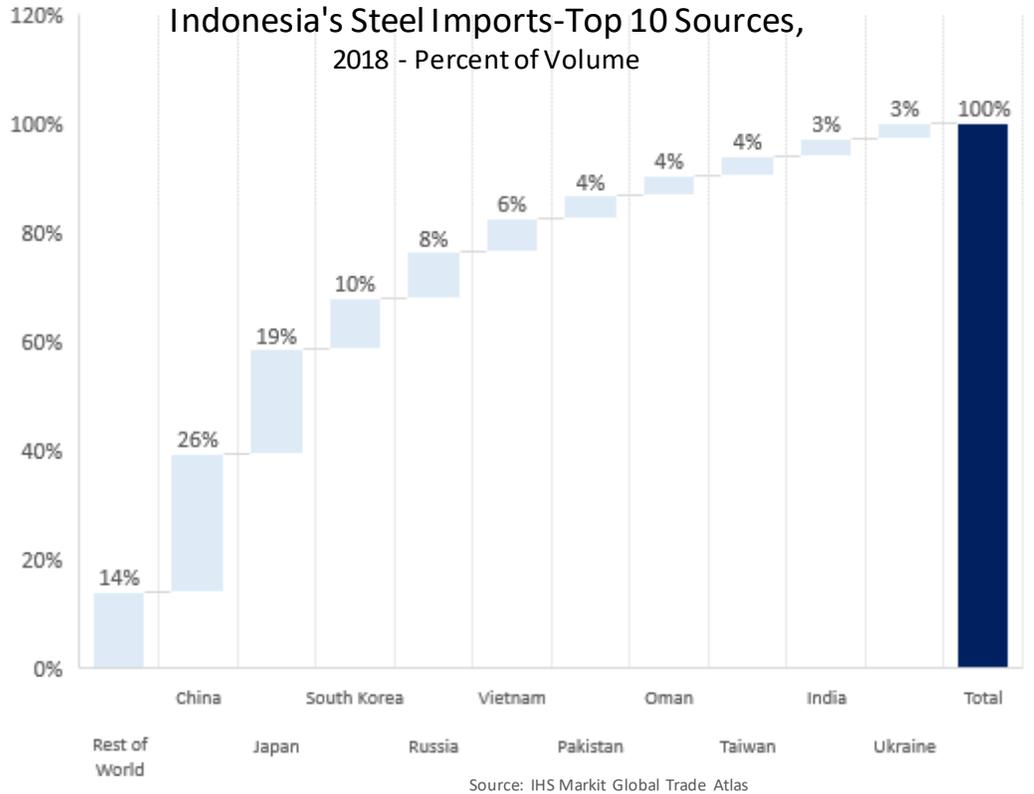
Flat products and semi-finished products account for the majority of Indonesia's steel imports. In 2018, Indonesia imported 5.1 mmt of flat products — 44 percent of imports. Semi-finished products accounted for 32 percent, or 3.7 mmt of Indonesia's 2018 steel imports, followed by long products (15% or 1.8 mmt), pipe and tube products (5% or 0.6 mmt), and stainless steel (4% or 0.5 mmt).



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Imports by Top Source

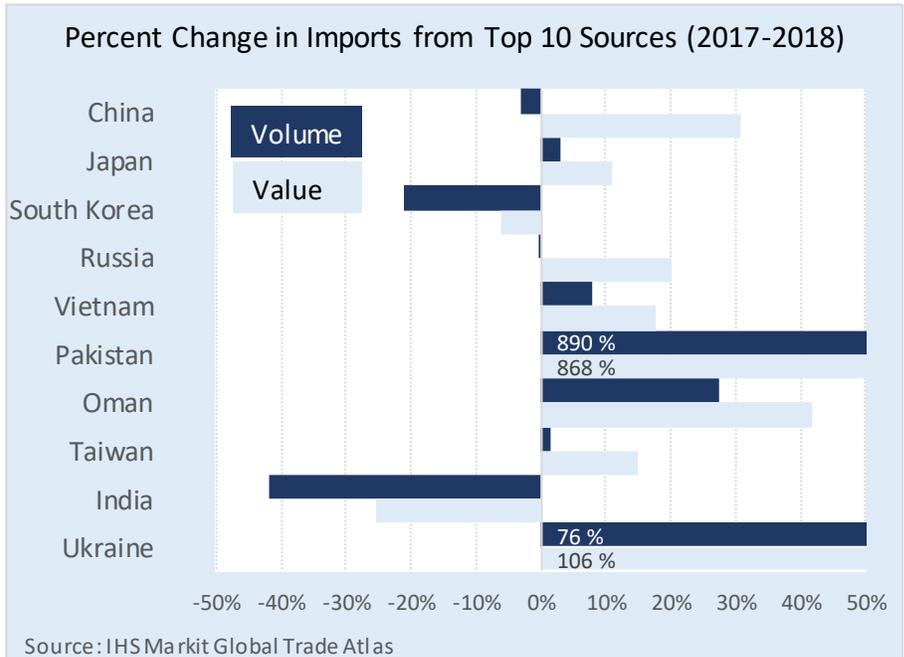
The top 10 source countries for Indonesia's steel imports represented 86 percent of the total steel import volume in 2018 at 10.0 million metric tons (mmt). China accounted for the largest share of Indonesia's imports by source country at 26 percent (3.0 mmt), followed by Japan at 19 percent (2.2 mmt), South Korea at 10 percent (1.1 mmt), Russia at 8 percent (968 thousand metric tons), and Vietnam at 6 percent (715 thousand metric tons).



Trends in Imports from Top Sources

In 2018, the volume of Indonesia's steel imports increased from 6 of the top 10 sources, while the value of imports increased from 8 of the top 10.

Notable 2017 to 2018 increases in the volume of Indonesia's imports include those from Pakistan (890%), Ukraine (76%), and Oman (27%). During this period, Indonesia's imports by volume declined from India (-42%), South Korea (-21%), China (-3%), and Russia (-0.3%), Imports increased the most by value from Pakistan (868%), followed by Ukraine (106%), Oman (42%), China (31%), Russia (20%), Vietnam (18%), Taiwan (15%), and Japan (11%). Indonesia's imports by value only declined from India (-26%) and South Korea (-6%).



Outside the top 10 sources, other significant changes in Indonesia's import volume included 12th-ranked Malaysia (53%), 14th-ranked Saudi Arabia (25,822%), and 16th-ranked Bahrain (277%).

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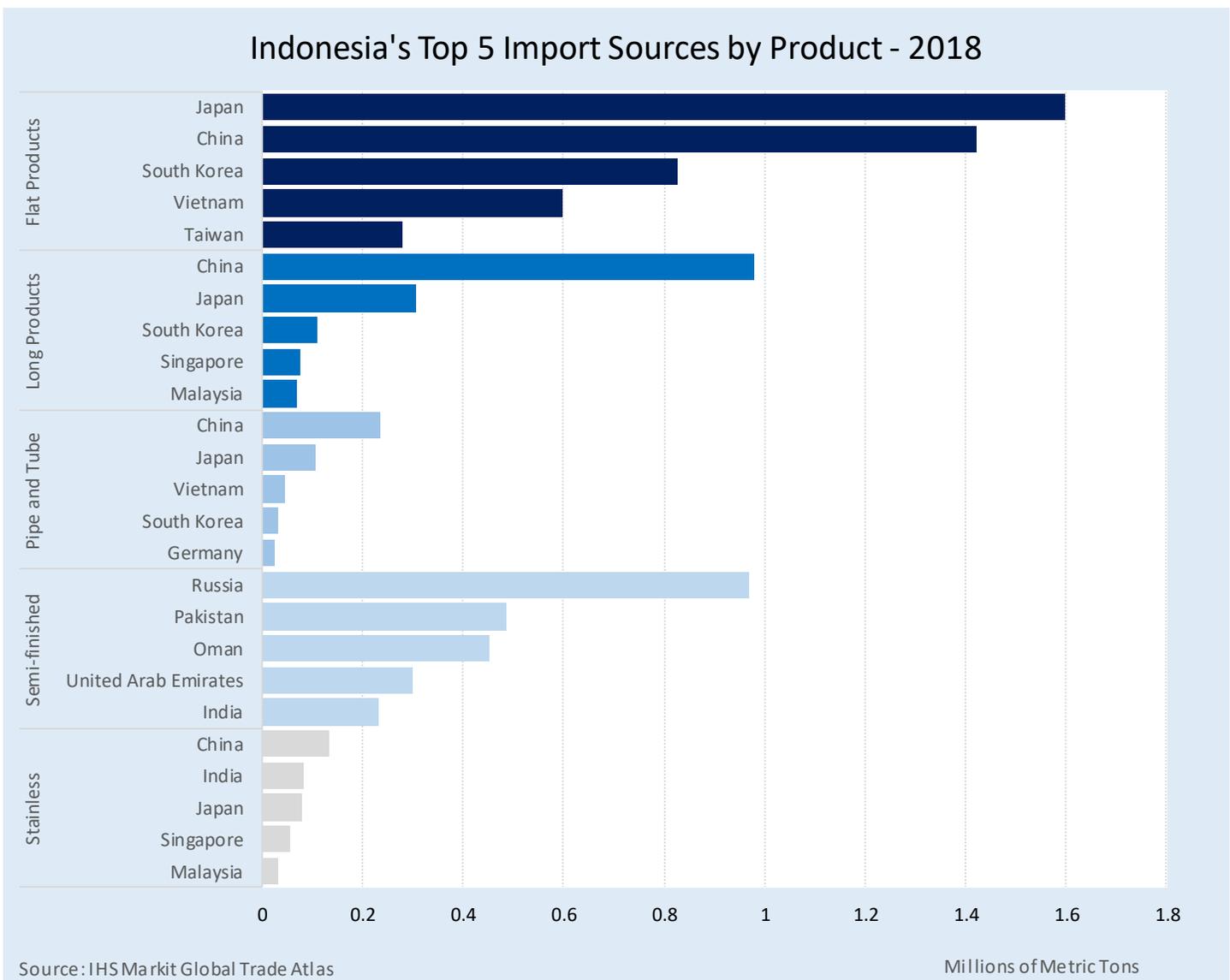
Top Sources by Steel Product Category

Indonesia's top import sources by volume vary across types of steel products, though China took the first spot for three products. In 2018, China accounted for the largest share of Indonesia's imports of long products at 56 percent (980 thousand metric tons), pipe and tube products at 43 percent (233 thousand metric tons), and stainless products at 29 percent (134 thousand metric tons).

Japan accounted for the largest share of Indonesia's flat product imports in 2018 at 31 percent (1.6 million metric tons), followed by China at 28 percent (1.4 million metric tons). Japan was also the second largest source for long products at 17 percent (306 thousand metric tons) and the second largest source for pipe and tube products at 20 percent (107 thousand metric tons).

Russia was the largest source of semi-finished steel at 26 percent (968 thousand metric tons), followed by Pakistan at 13 percent (486 thousand metric tons). India and Japan were the second and third largest sources for Indonesia's stainless steel imports, accounting for 18 percent (81 thousand metric tons) and 17 percent (81 thousand metric tons), respectively.

The United States was not a top source for any category of Indonesia's steel imports in 2018.



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Indonesia's Export Market Share from Top Source Countries

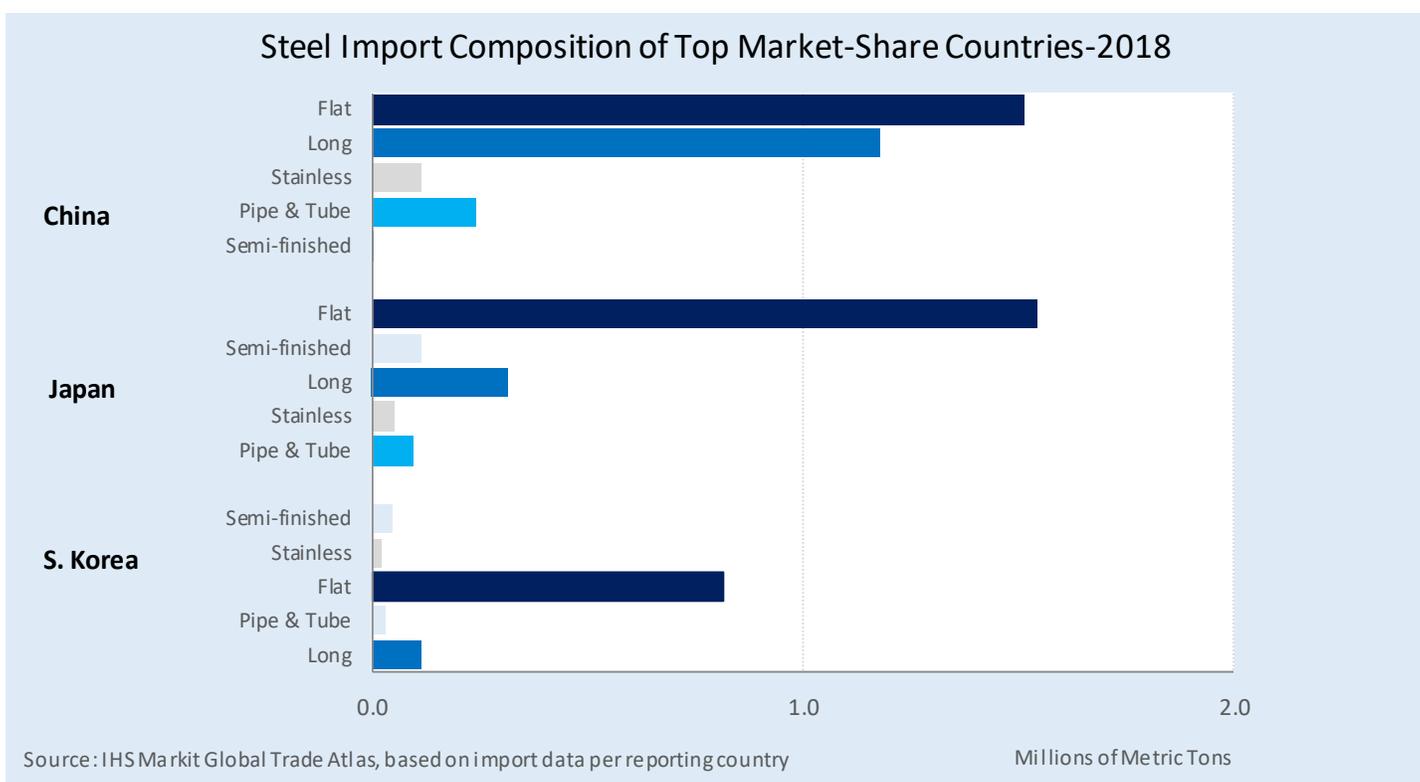
In 2018, the share of steel exports sent to Indonesia from its top import sources increased for 3 of the top ten source countries, while declining for 4 source countries for which data are available. In 2018, the share of China's steel exports to Indonesia increased 0.6 percentage points, while Japan's and Ukraine's both increased 0.4 percentage points. South Korea's share of steel exports going to

Indonesia's Steel Export Market Share						
Top 10 Import Sources	Share of Exports to Indonesia - 2017	Indonesia's Rank in 2017	Share of Exports to Indonesia - 2018	Indonesia's Rank in 2018	Change in Share	
China	3.9%	5	4.5%	5	↑	
Japan	5.6%	6	5.9%	6	↑	
South Korea	4.5%	8	3.4%	8	↓	
Russia	1.0%	22	0.9%	23	↓	
Vietnam	N/A	N/A	N/A	N/A	N/A	
Pakistan	0.0%	43	0.0%	43	→	
Oman	N/A	N/A	N/A	N/A	N/A	
Taiwan	3.2%	10	3.2%	12	↓	
India	4.2%	8	3.4%	7	↓	
Ukraine	0.8%	0	1.2%	20	↑	

Source: IHS Global Trade Atlas, based on import data per reporting country
*Vietnam & Oman 2017 and 2018 data unavailable

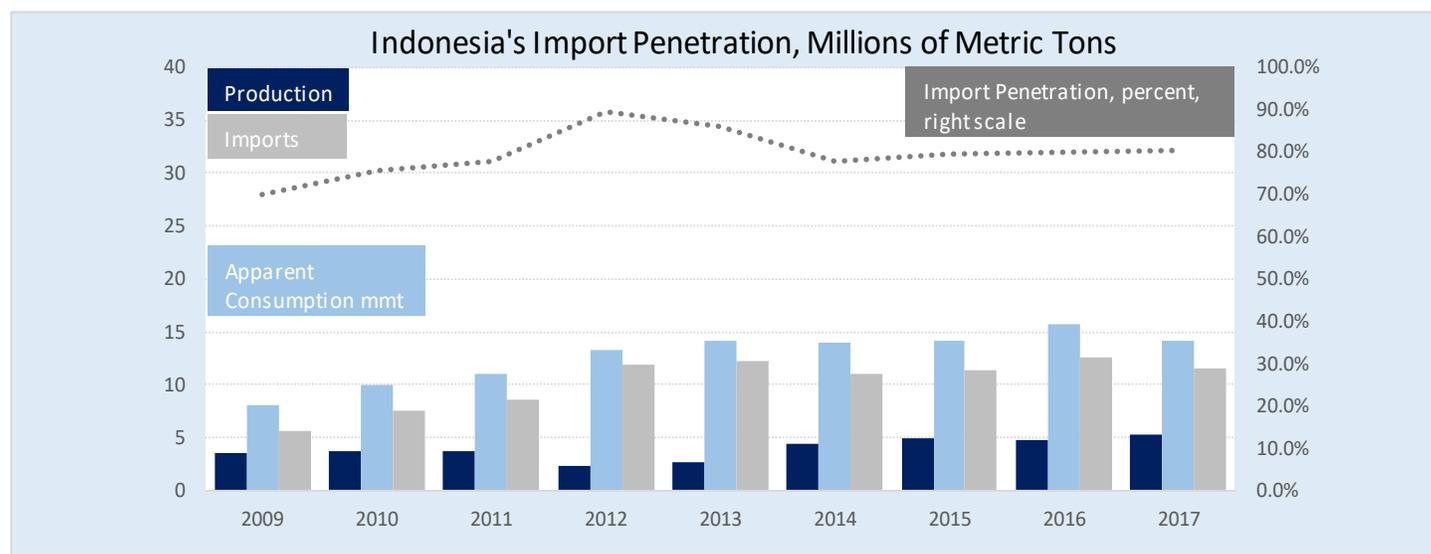
Indonesia declined the most in 2018, (down 1.1 percentage point from 2017), while Taiwan, Russia, and India declined by less than 1 percentage point.

Among Indonesia's top import sources, China, Japan, and South Korea sent the largest shares of their steel exports to Indonesia in 2018. Flat products accounted for the largest share of steel exports to Indonesia from South Korea, China, and Japan in 2018, at 80 percent (815 thousand metric tons), 50 percent (1.5 million metric tons), and 73 percent (1.5 million metric tons), respectively.



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Overall Production and Import Penetration



	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Production	3.5	3.7	3.6	2.3	2.6	4.4	4.9	4.7	5.2	N/A
Apparent Consumption	8.1	10.0	10.9	13.3	14.2	14.0	14.2	15.7	14.2	N/A
Imports	5.7	7.5	8.5	12.0	12.2	10.9	11.3	12.5	11.4	11.6
Import Penetration	70.0%	75.4%	78.0%	89.7%	85.9%	77.9%	79.8%	79.8%	80.5%	N/A

Source: World Steel Association; IHS Markit Global Trade Atlas

Indonesia's crude steel production increased by 36 percent between 2009 and 2016. Between 2015 and 2016, production decreased 2 percent to 4.7 million metric tons. Apparent consumption, a measure of steel demand, grew by 94 percent between 2009 and 2016. Between 2015 and 2016, demand grew by 10 percent. Indonesia's steel imports were nearly three times as large as Indonesia's production in 2016, indicating that imports contribute substantially to steel demand. Import penetration reached a high of 89.7 percent in 2012 from 70 percent in 2009 and has averaged 79.6 percent between 2009 and 2016. Between 2015 and 2016, import penetration remained flat at 79.8 percent, before increasing in 2017 to 80.5 percent. Production data are unavailable for 2018.

Top Producers

Krakatau Steel is Indonesia's largest steel-making company whose largest shareholder is the Government of Indonesia. The four largest steel-producing companies account for the majority of Indonesia's estimated steelmaking capacity, with state-owned Krakatau Steel accounting for more than half of Indonesia's total steelmaking capacity of 8 million metric tons in 2016, based on available data.

Rank	Company	Production (mmt)	Main Products
1	Krakatau Steel	5	Hot-rolled/cold-rolled coils, wire rod
2	Gunud Garuda/Gunung	2	Hot-rolled, long, flat, bars
3	Ispat Indo	0.7	Wire rod, bar, billets
4	Jatim Taman Steel Man	0.4	Flat, billet

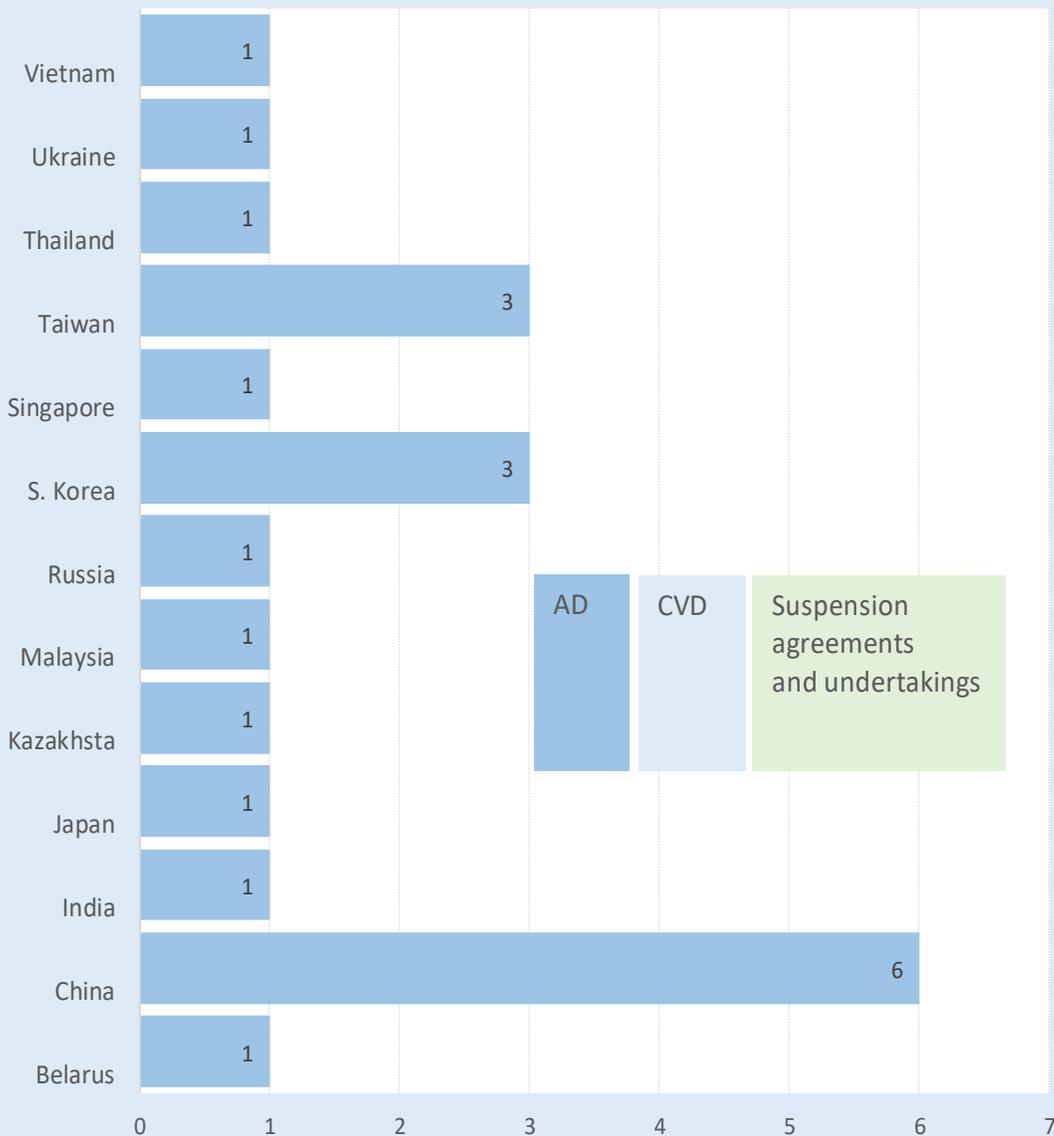
Source: World Steel Association; Hoover's; Bloomberg; Company websites

Steel Imports Report: **Indonesia**

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 Indonesia has against imports of steel mill products from various countries. Indonesia also has two steel mill safeguard in effect.

Indonesia'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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