



# Global Steel Trade Monitor

## Steel Imports Report: South Korea

May 2019

### Background

South Korea was the world's fourth-largest steel importer 2017. In 2018, South Korea imported 14.8 million metric tons of steel, a 23 percent decrease from 19.1 million metric tons in 2017. South Korea's imports represented 5 percent of all steel imported globally in 2017. South Korea's 2017 steel imports were a bit more than half the size of the largest steel importer, the United States. In value terms, steel represented just 2.3 percent of the total amount of goods imported into South Korea in 2018.

South Korea imports steel from over 70 countries and territories. The ten countries highlighted in the map below represent the top import sources for South Korea's imports of steel, with each sending more than 45 thousand metric tons and cumulatively accounting for 98 percent of South Korea's steel imports in 2018.

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



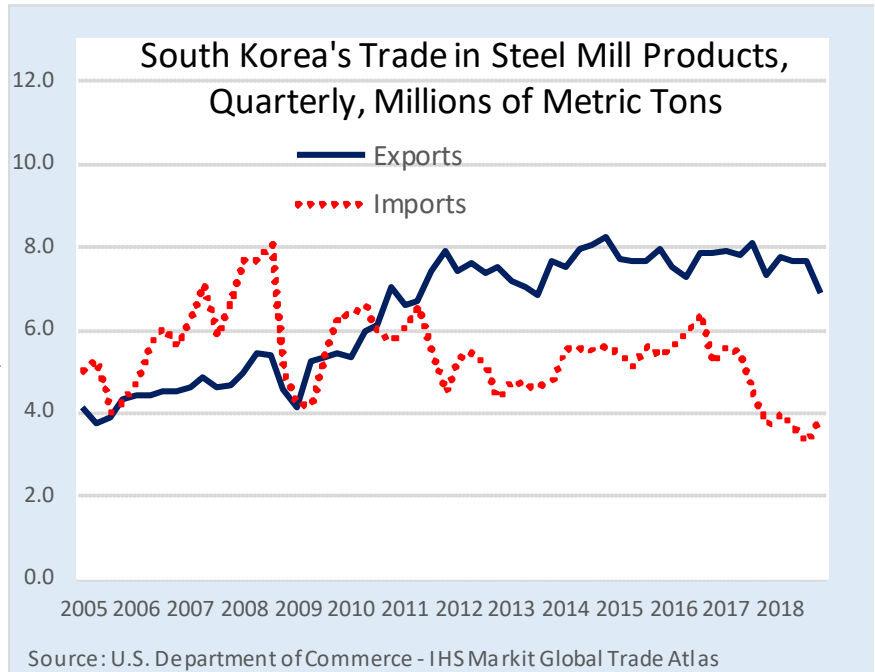
### Quick Facts:

- Imported 14.8 million metric tons (2018)
- Steel exports have increased 49% since 2009 while imports have decreased 27%
- Import penetration down from 41.3% in 2009 to 25.7% in 2018
- 2018 import volume down 23% while import value down 7% from 2017
- Top three import sources: China, Japan, and Indonesia
- Largest producers: POSCO and Hyundai Steel Co.
- 3 trade remedies in effect against imports of steel mill products

# Steel Imports Report: South Korea

## Steel Trade Balance

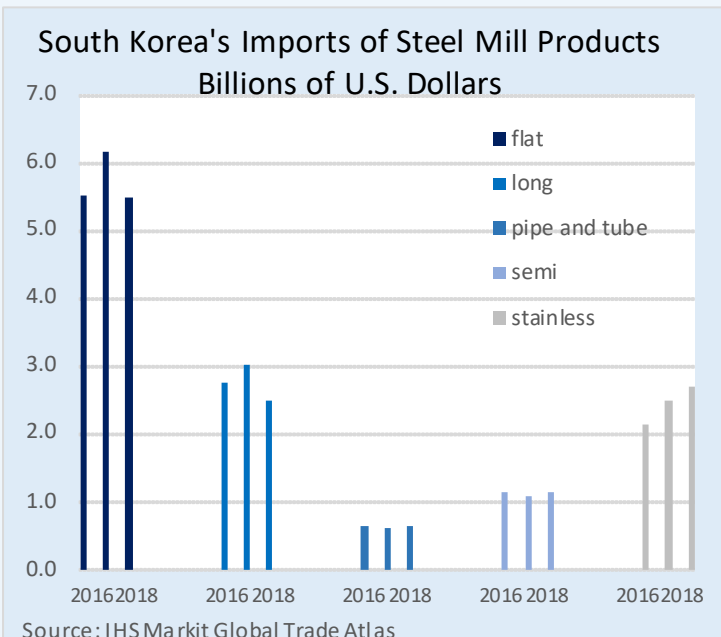
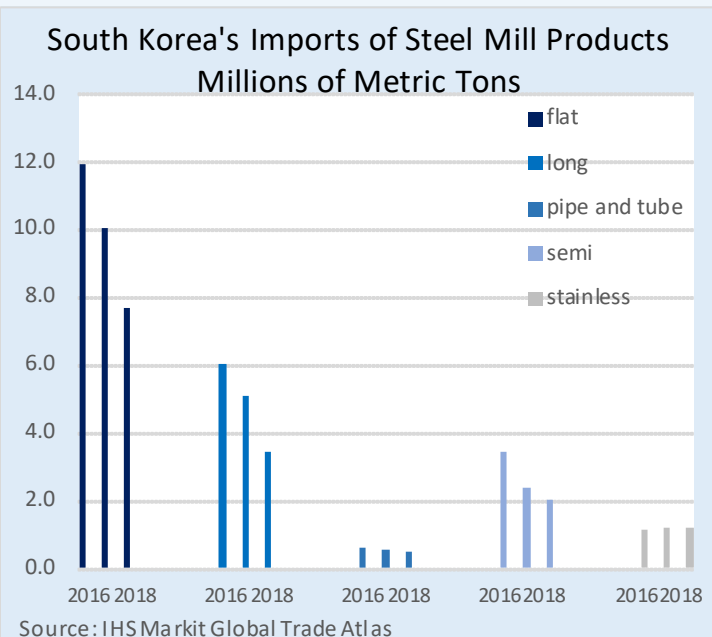
Prior to 2009, South Korea had a trade deficit in steel products. Imports fell in 2009, bringing steel exports and imports into balance. Between 2009 and 2018, South Korea's annual exports increased 49 percent from 20.0 million metric tons to 29.8 million metric tons. Exports significantly outpacing imports during this period, as imports decreased by 27 percent from 20.1 million metric tons in 2009 to 14.8 million metric tons in 2018. As a result, South Korea has posted a steel trade surplus since Q3 2010. This surplus amounted to 15.6 million metric tons in 2018, a 31 percent from 11.9 million metric tons in 2017.



## Import Volume, Value, and Product

The volume of South Korea's steel imports trended downwards from 2010 to 2015. In 2016, however, imports increased to 23.1 million metric tons (mmt), before decreasing by 17 percent in 2017 to 19.1 mmt. In 2018, imports continued to decrease, falling another 23 percent to 14.8 mmt. By contrast, the value of South Korea's 2018 imports only decreased by 7 percent to \$12.4 billion from \$13.3 billion in 2017, due to a significant increase in global steel prices.

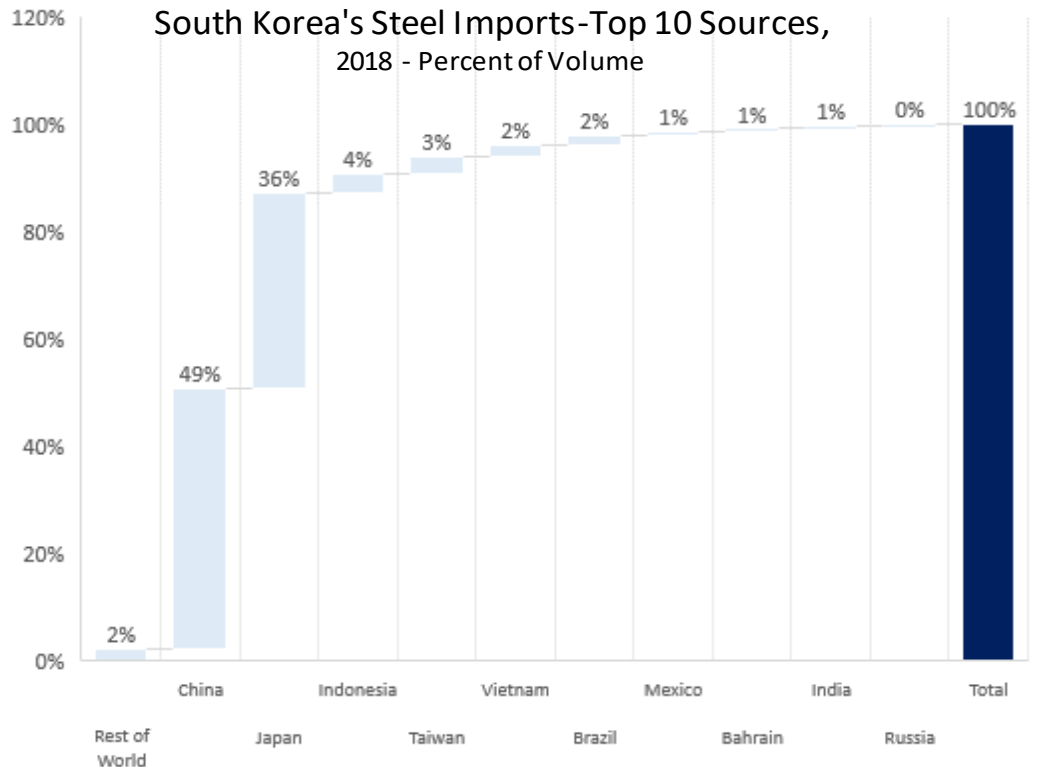
Flat products account for just over half of South Korea's steel imports. In 2018, South Korea imported 7.7 mmt of flat products — 52 percent of imports. Long products accounted for 23 percent, or 3.4 mmt of South Korea's 2017 steel imports, followed by semi-finished steel (14% or 2.0 mmt), stainless steel (8% or 1.2 mmt), and pipe and tube products (3% or 489 thousand metric tons).



# Steel Imports Report: South Korea

## Imports by Top Source

The top 10 source countries for South Korea's steel imports represented 98 percent of the total steel import volume in 2018 at 14.4 million metric tons (mmt). China accounted for the largest share of South Korea's imports by source country at 49 percent (7.2 mmt), followed by Japan at 36 percent (5.4 mmt), and Indonesia at 4 percent (0.5 mmt).



The United States ranked

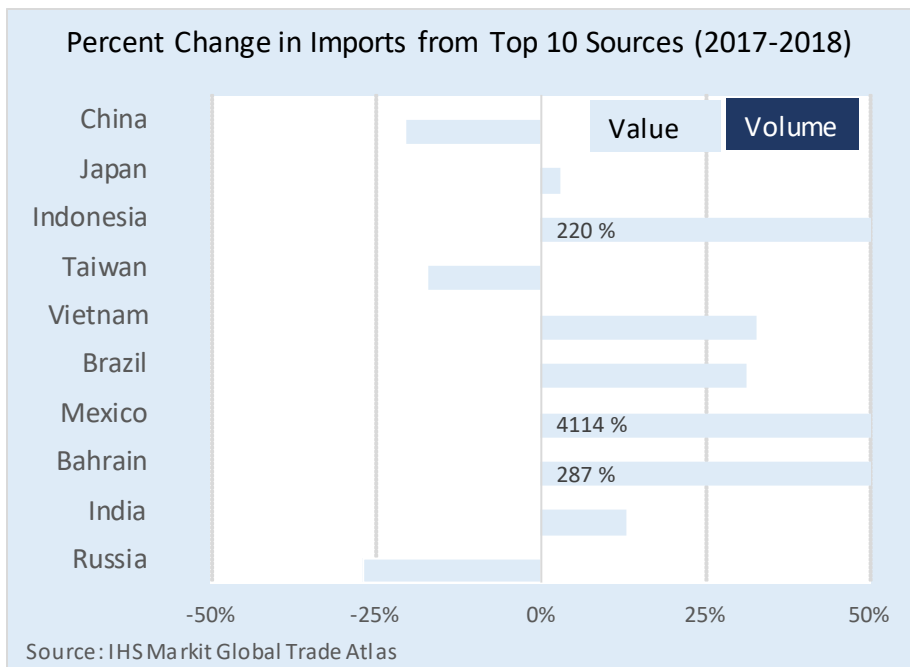
15th as a source for South Korea's imports in 2018, sending 25.2 thousand metric tons to South Korea. This was a 33 decrease from 2017, when the U.S. was the 12th largest source of steel imports at 37.9 thousand metric tons.

## Trends in Imports from Top Sources

In 2018, the volume of South Korea's steel imports increased from 6 of the top 10 sources, while the value of imports increased from 7 of the top 10 sources. From 2017 to 2018, the value of South Korea's imports increased most from Mexico (4,114%), Bahrain (287%) and Indonesia (220%). During this period, South Korean imports by value declined from China (-20%), Taiwan (-17%), and Russia (-27%).

Korean imports decreased the most by volume from Russia (-41%), China (-36%), Taiwan (-31%) and Japan (-9%). Korean imports increased by volume from Mexico (12,378%), Bahrain (221%), Indonesia (78%), India (19%), Vietnam (16%), and Brazil (4%).

Outside the top 10 sources, other significant changes in South Korea's import volume included 13th-ranked Iran (16%).



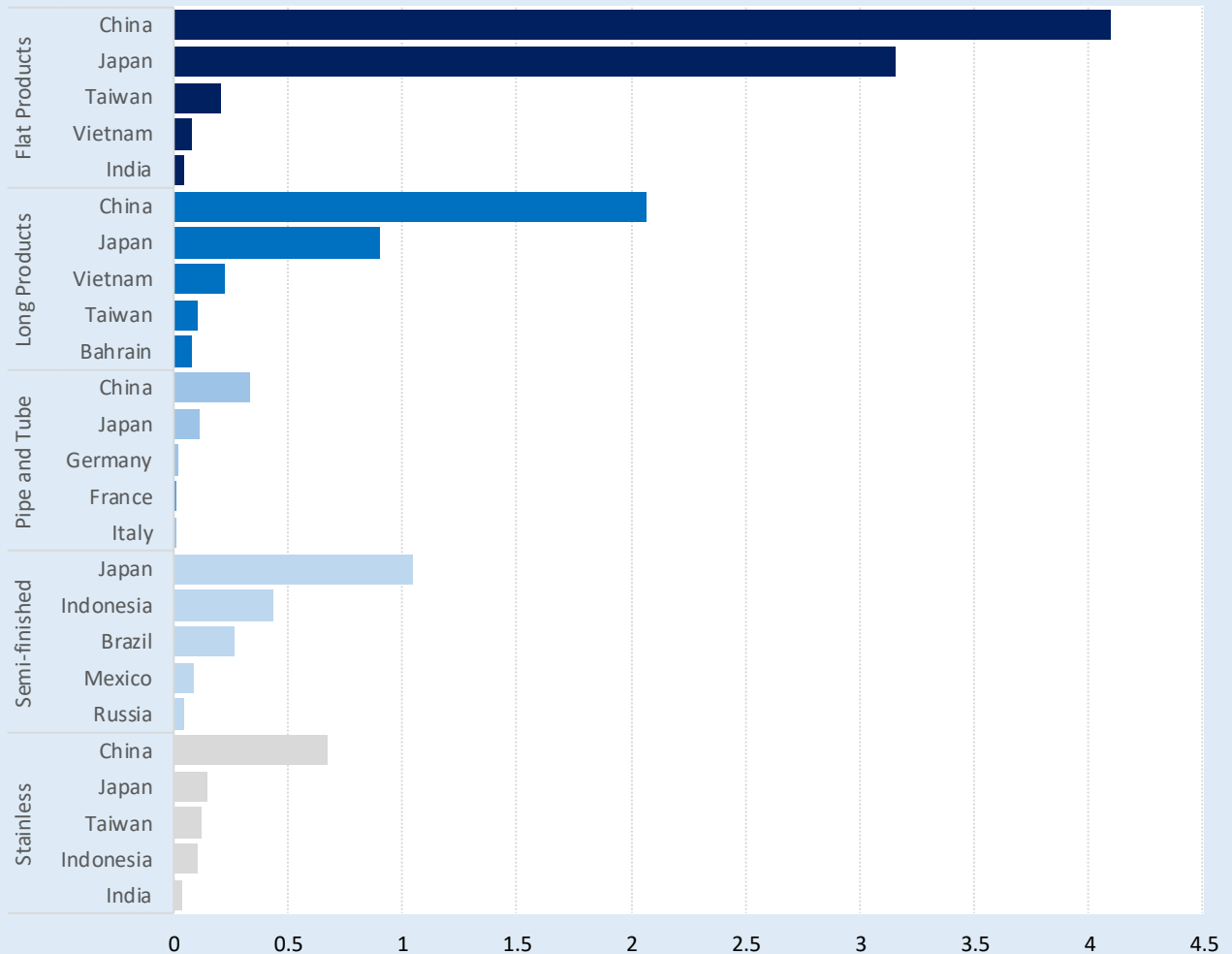
# Steel Imports Report: South Korea

## Top Sources by Steel Product Category

Since China and Japan cumulatively accounted for about 85 percent of South Korea’s steel imports by volume in 2018, it is not surprising that they were among the top sources for all product categories. In 2018, China accounted for the largest share of South Korea’s imports of flat products at 53 percent (4.1 million metric tons), long products at 60 percent (2.1 million metric tons), pipe and tube products at 68 percent (331.7 thousand metric tons), and stainless products at 57 percent (675.7 thousand metric tons).

Japan accounted for the largest share of South Korea’s semi-finished imports in 2018 at 52 percent (1.0 million metric tons), followed by Indonesia at 22 percent (433.4 thousand metric tons), and Brazil at 13 percent (268.5 thousand metric tons). Japan was also second-largest source of South Korea’s imports of flat products at 41 percent (3.2 million metric tons), long products at 26 percent (900.5 thousand metric tons), pipe and tube at 23 percent (113.6 thousand metric tons), and stainless products at 12 percent (145.8 thousand metric tons).

South Korea's Top 5 Import Sources by Product - 2018



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

Millions of Metric Tons

# Steel Imports Report: South Korea

## South Korea's Export Market Share from Top Source Countries

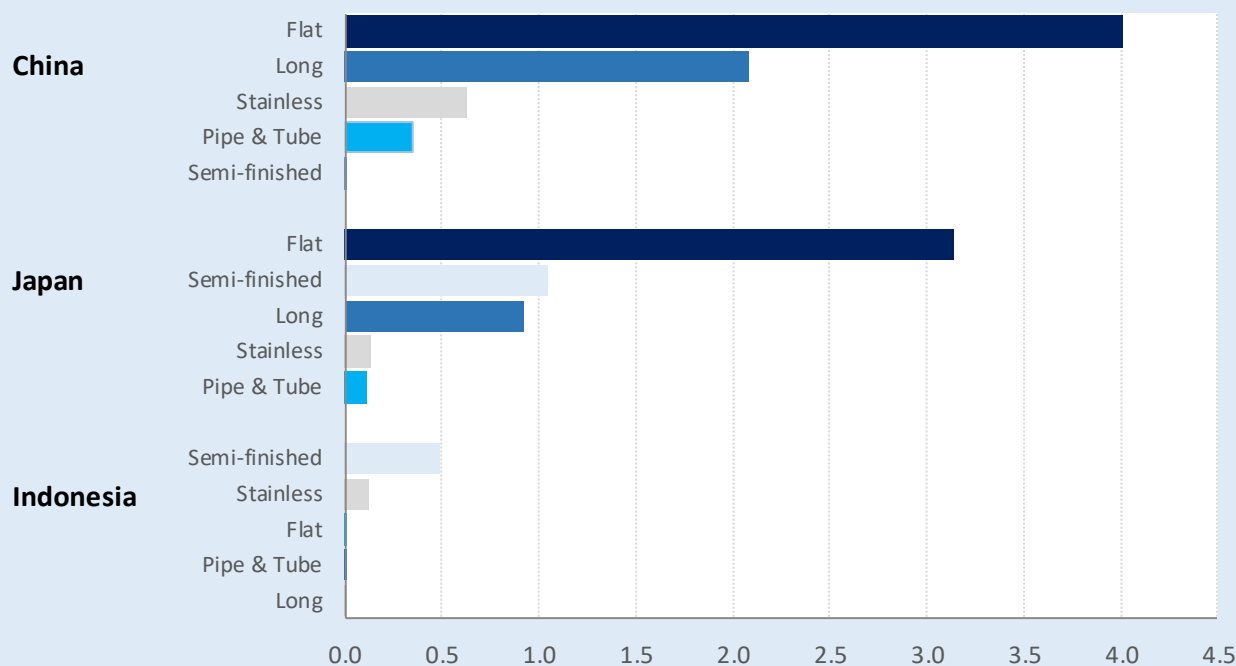
In 2018, the share of steel exports sent to South Korea from its top import sources increased for 5 of the top ten source countries, while declining for 3 source countries. In 2018, the share of Indonesia's steel exports to South Korea increased 6.1 percentage points, while Mexico's increased 2.3 percentage points. Export share for Brazil, India, and Russia increase by less than one percentage point. China had the most notable decrease in the share of its steel exports going to South Korea (down 4.8 percentage points from 2017), while export shares for Taiwan and Japan were down 2.0 percentage points and 0.9 percentage points respectively.

South Korea's Steel Export Market Share						
Top 10 Import Sources	Share of Exports to South Korea - 2017	South Korea's Rank in 2017	Share of Exports to South Korea - 2018	South Korea's Rank in 2018	Change in Share	
China	15.4%	1	10.6%	1	↓	
Japan	15.8%	1	14.9%	3	↓	
Indonesia	10.0%	3	16.1%	2	↑	
Taiwan	5.8%	6	3.9%	8	↓	
Vietnam*	N/A	N/A	N/A	N/A	N/A	
Brazil	2.1%	13	2.9%	8	↑	
Mexico	0.0%	53	2.3%	5	↑	
Bahrain*	N/A	N/A	N/A	N/A	N/A	
India	0.4%	34	0.9%	22	↑	
Russia	0.1%	57	0.1%	57	↑	

Source: IHS Markit Global Trade Atlas, based on import data per reporting country  
\*Export data unavailable for Vietnam and Bahrain

Among South Korea's top import sources, China, Japan, and Indonesia sent the largest shares of their steel exports to South Korea. Flat products accounted for the largest share of steel exports to South Korea from China and Japan in 2018, at 57 (4.0 million metric tons) and 59 percent (3.1 million metric tons) respectively. The majority of Indonesia's exports to South Korea consisted of semi-finished steel in 2018, at 79 percent (485 thousand metric tons).

Steel Export Composition of Top Market-Share Countries-2018

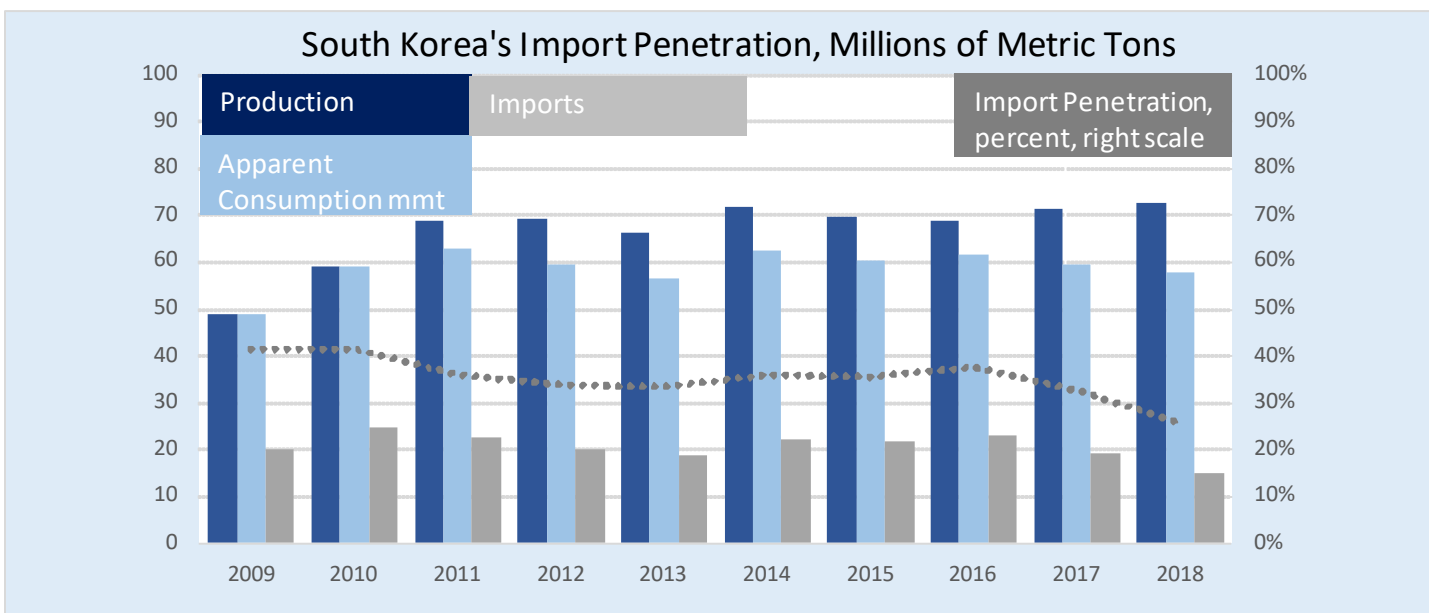


Source: IHS Markit Global Trade Atlas, based on import data per reporting country

Millions of Metric Tons

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## Overall Production and Import Penetration



	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Production	48.6	58.9	68.5	69.1	66.1	71.5	69.7	68.6	71.1	72.5
Apparent Consumption	48.7	59.1	62.6	59.4	56.3	62.2	60.3	61.4	59.2	57.5
Imports	20.1	24.5	22.6	20.1	18.8	22.2	21.5	23.1	19.1	14.8
Import Penetration	41.3%	41.5%	36.0%	33.9%	33.4%	35.7%	35.6%	37.6%	32.3%	25.7%

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

Between 2009 and 2012, South Korea’s crude steel production grew by 42 percent. Since 2012, South Korea’s production fluctuated, but has consistently increased since 2016. In 2018, production reached to 72.5 million metric tons, a 2 percent increase from 71.1 million metric tons in 2017. Apparent consumption (a measure of steel demand) went from being roughly in balance with production in 2009 and 2010 to falling behind production by 15.0 million metric tons in 2018. The gap between production and apparent consumption increased 26 percent from 11.9 million metric tons in 2017 to 15 million metric tons in 2018. Between 2009 and 2018, South Korea’s import penetration declined from 41.3 percent to 25.7 percent. Over the past year, this trend continued, as import penetration declined from 32.3 percent in 2017 to 25.7 percent in 2018.

### Top Producers

South Korea’s steel production is concentrated among a small number of companies, with the country’s top 3 producers accounting for 67.15 million metric tons. These companies accounted for over 90 percent of Korea’s total 2017 production, based on available data.

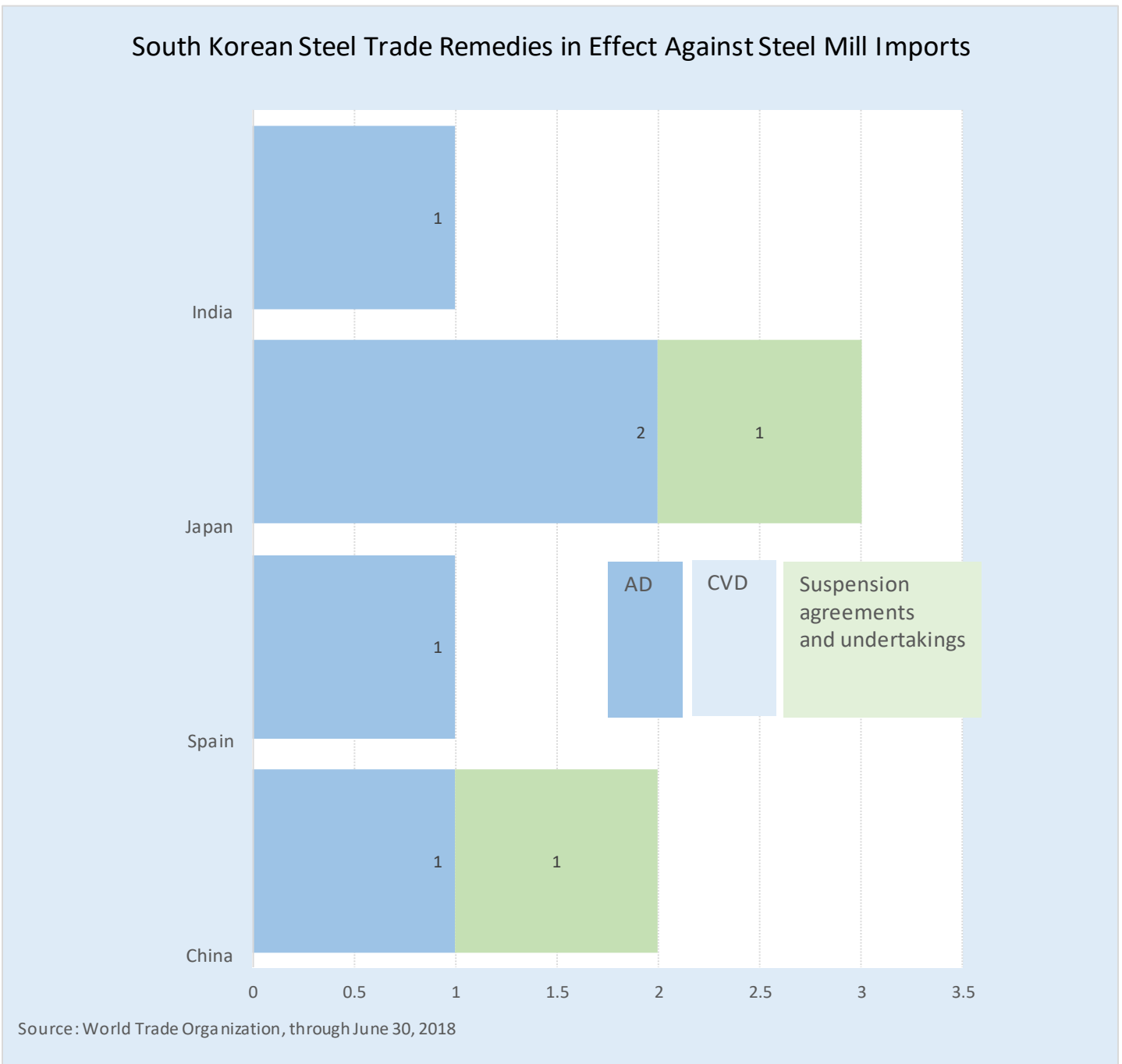
South Korea's Top Steel Producers in 2017			
Rank	Company	Production (mmt)	Main Products
1	POSCO	42.19	Hot-rolled, cold-rolled, plate, stainless, electrical, wire rods
2	Hyundai Steel Co.	21.23	Beams, reinforcing bars, Hot-rolled, plates
3	Dongkuk Steel Mill Co.,	3.73	Plates, sections, bars

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 South Korea has against imports of steel mill products from various countries. South Korea has no steel mill safeguards in effect.



# Steel Imports 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.

**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/>.



INTERNATIONAL  
**TRADE**  
ADMINISTRATION

**Steel Import Monitoring and Analysis**  
1401 Constitution Ave., NW, Room 21006  
Washington, D.C. 20230

T 202.482.2105  
F 202.501.1377  
Email [ECCGlobalSteelStats@trade.gov](mailto:ECCGlobalSteelStats@trade.gov)

[trade.gov/steel](http://trade.gov/steel)