



Global Steel Trade Monitor

Steel Exports Report: China

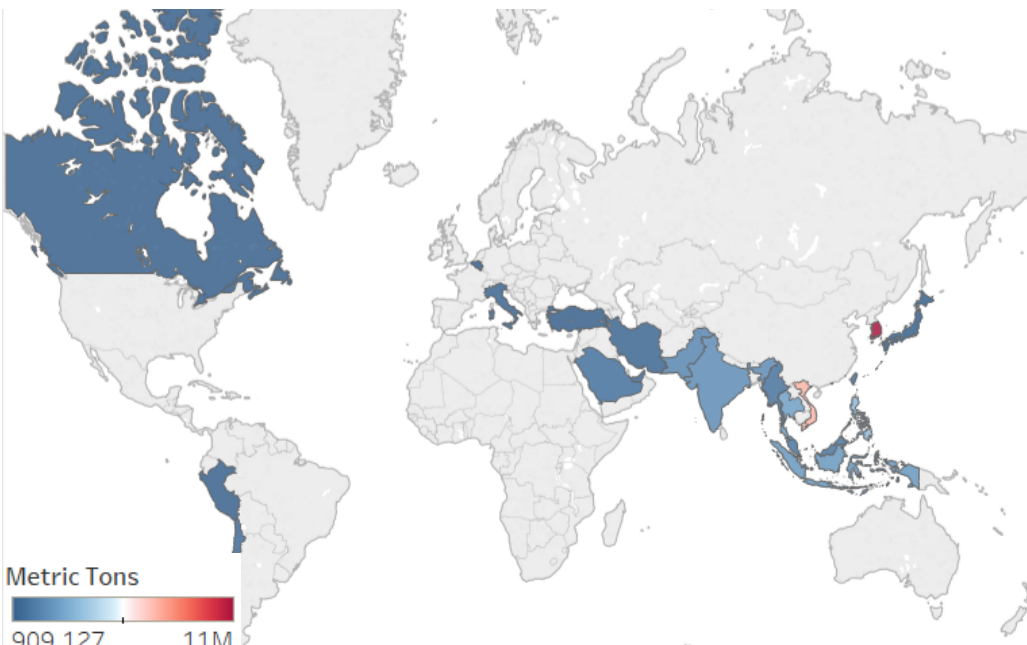
June 2018

Background

China is the world's largest steel exporter. In year-to-date 2018 (through March), further referred to as YTD 2018, China exported 14.6 million metric tons of steel, a 28 percent decrease from 20.2 million metric tons in YTD 2017. China's exports represented about 16 percent of all steel exported globally in 2017. The volume of China's 2017 steel exports was almost double that of the world's second-largest exporter, Japan, and more than double that of the third- and fourth-largest exporters, Russia and South Korea. In value terms, steel represented just 2.2 percent of the total amount of goods China exported in 2017.

China exports steel to more than 210 countries and territories. The 22 countries highlighted in the map below represent the top markets for China's exports of steel, receiving more than 900 thousand metric tons each and accounting for 72 percent of China's steel exports in 2017.

China's Exports of Steel Mill Products - 2017



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Quick Facts:

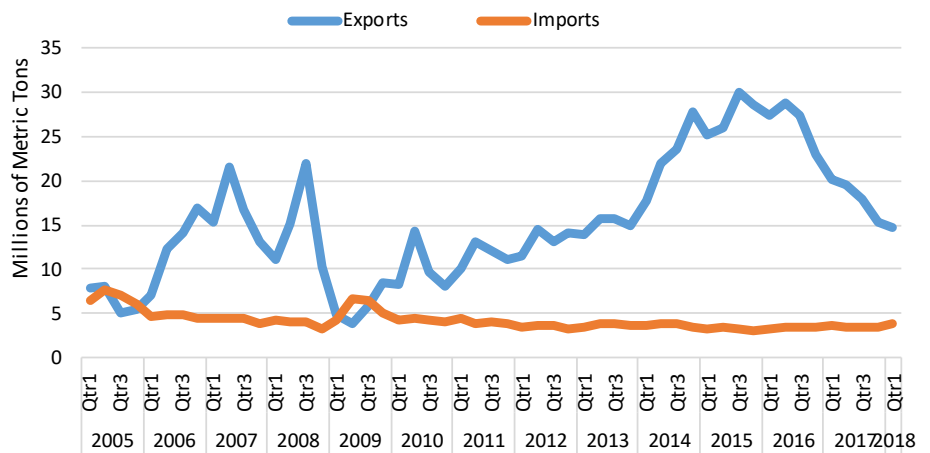
- World's largest steel exporter: 14.6 million metric tons (YTD 2018)
- 288% steel export growth since Q2 2009
- YTD 2018 export volume down 28% and export value down 3% since YTD 2017
- Exports as a share of production down from 10.1% in YTD 2017 to 6.9% in YTD 2018
- Top three markets: South Korea, Vietnam, Philippines
- Largest producers: Baowu Group and HBIS Group (Hesteel)
- 148 trade remedies in effect in 20 countries involving steel mill imports from China

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Steel Trade Balance

For most of the last decade, China has maintained a trade surplus in steel products. After a brief deficit in 2009, when exports fell due to the global recession, China's exports have increased significantly, growing 288 percent between Q2 2009 and Q1 2018. Imports decreased by 43 percent over the same period. A decline in exports in 2017 caused the trade surplus to narrow by 36 percent to 59.5 million metric tons from 93.1 million metric tons in 2016. In YTD 2018, the trade balance continues this downward trend falling by 35 percent to 10.8 million metrics tons, down from 16.7 million metric tons in YTD 2017.

China's Trade in Steel Mill Products by Quarter

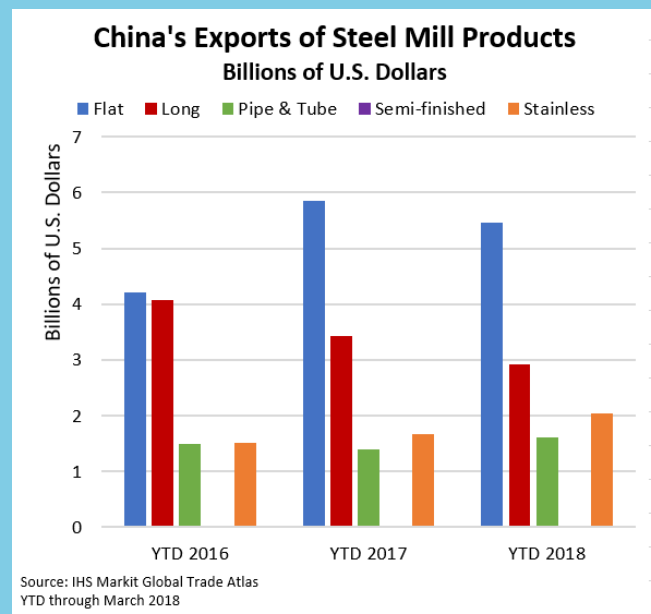
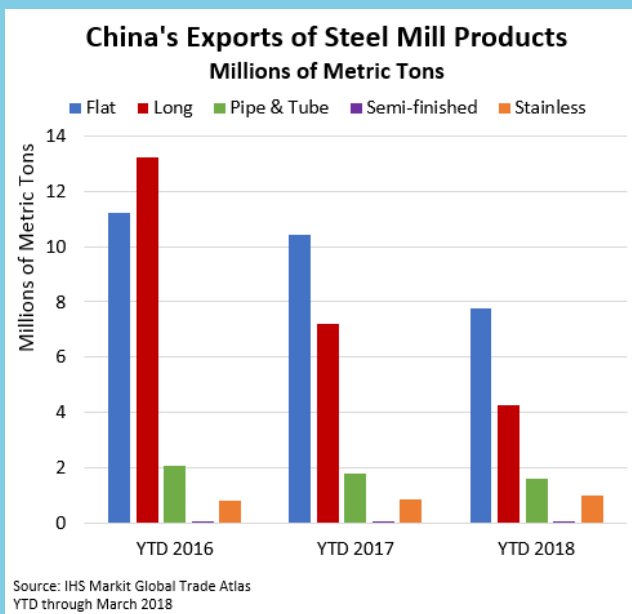


Source: IHS Markit Global Trade Atlas

Export Volume, Value, and Product

In 2015, China's steel exports reached a record high of 110 million metric tons — an increase of 21 percent from 2014 — before declining by 3 percent in 2016 and by 31 percent in 2017 to a total of 73.3 million metric tons. In YTD 2018, exports have fallen 28 percent to 14.6 million metric tons compared to YTD 2017. The value of China's steel exports have decreased by 3 percent from \$12.3 billion in YTD 2017 to \$12 billion in YTD 2018.

Flat products accounted for just over half of China's steel exports in YTD 2018 at 53 percent (7.8 million metric tons). Long products accounted for 29 percent (4.3 million metric tons), followed by pipe and tube products at 11 percent (1.6 million metric tons), stainless steel at 7 percent (999 thousand metric tons), and semi-finished steel at 0.01 percent (1 thousand metric tons).

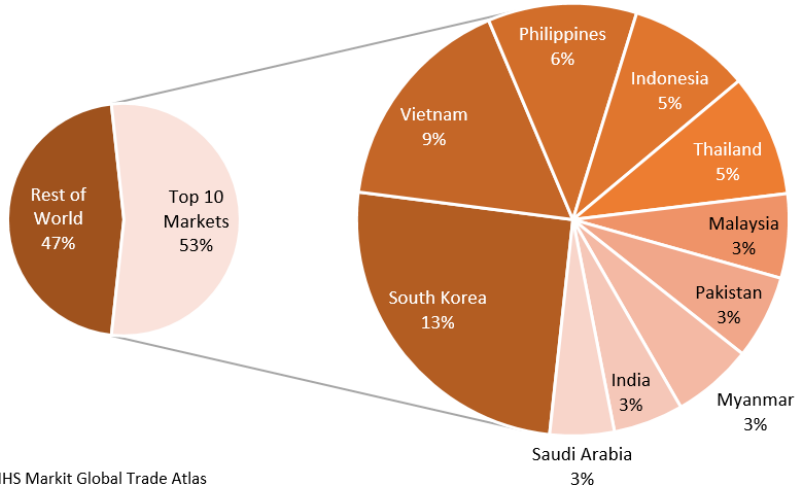


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Exports by Top Market

Exports to China's top 10 steel markets represented 53 percent of China's steel export volume in YTD 2018 at 7.8 million metric tons (mmt). South Korea was the largest market for China's exports at 13 percent (2.0 mmt), followed by Vietnam at 9 percent (1.3 mmt), the Philippines at 6 percent (0.9 mmt), Indonesia at 5 percent (0.7 mmt), and Thailand at 5 percent (0.7 mmt).

China's Steel Exports - Top 10 Markets
YTD 2018 - Millions of Metric Tons



Source: IHS Markit Global Trade Atlas
YTD through March 2018

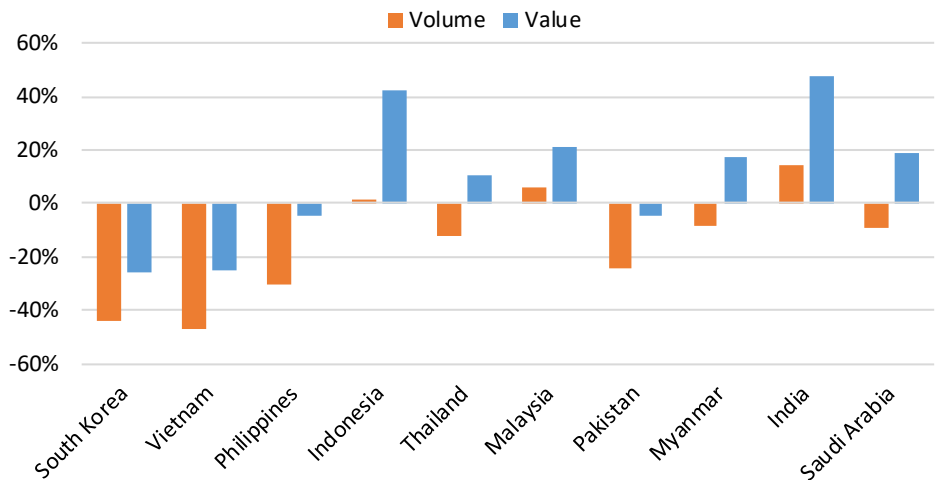
The United States ranked 21st as a destination for China's steel exports, receiving 187 thousand metric tons in YTD 2018, a slight decrease from YTD 2017.

Trends in Exports to Top Markets

Between YTD 2017 and YTD 2018, China's exports decreased in volume to 7 of its top 10 export markets. Export volumes to Vietnam showed the largest decrease, down 47 percent from YTD 2017, followed by exports to South Korea (-44%), the Philippines (-30%), Pakistan (-25%), Thailand (-12%), Saudi Arabia (-10%), and Myanmar (-8%). Over the same period, Chinese exports to India increased 14 percent in volume, followed by Malaysia (6%), and Indonesia (1%).

The value of China's exports increased to the majority of its top 10 export markets in YTD 2018. India had the largest increase, rising 48 percent. This is followed by Indonesia (43%), Malaysia (21%), Saudi Arabia (19%), Myanmar (17%), and Thailand (11%). China's exports to three of its top export markets decreased in value with South Korea showing the largest decrease (-26%). This is followed by Vietnam (-25%), Pakistan (-5%), and the Philippines (-5%).

Percent Change in Exports to Top 10 Markets (YTD 2017 to YTD 2018)



Source: IHS Markit Global Trade Atlas
YTD through March 2018

Outside the top 10 markets, other notable changes in China's export volume included exports to 17th-ranked Hong Kong (-64%), 19th-ranked Bangladesh (+39%), and 25th-ranked Belgium (-68%).

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Top Markets by Steel Product Category

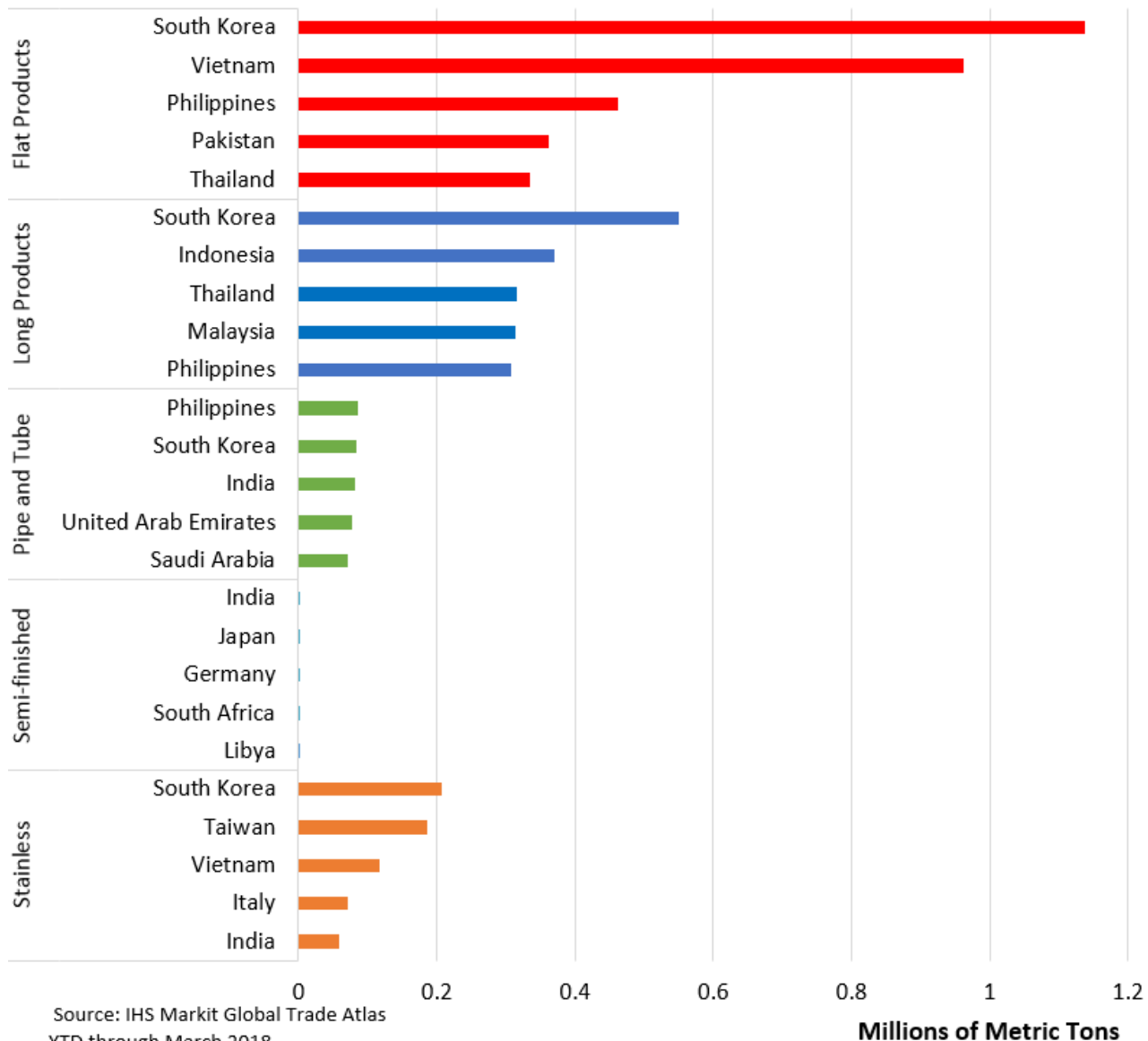
China's top export markets by volume vary across types of steel products, with South Korea capturing the largest share in three product categories. South Korea received the largest share of China's flat products in YTD 2018 at 15 percent (1.1 million metric tons), long products at 13 percent (550 thousand metric tons), and stainless products at 21% (207 thousand metric tons).

The Philippines received the largest share of China's pipe and tube exports at 5 percent (85 thousand metric tons). South Korea followed close behind at 5 percent (84.5 thousand metric tons).

India received the largest share of China's semi-finished exports at 39 percent (526 metric tons).

The United States was not a top-five export destination in any product category in YTD 2018.

China's Top 5 Export Markets by Product - YTD 2018



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China's Import Market Share in Top Destinations

In 2017, the import market share for China's steel products decreased in all of China's top export destinations for which data are available. The share of the Philippines' steel imports from China showed the largest decrease in 2017, down 22.3 percentage points from 2016, followed by import shares in Indonesia, Malaysia, and Hong Kong down 20 percentage points, 16.6 percentage points, and 15.9 percentage points, respectively. The share of imports from China in India and South Korea also showed decreases in 2017, down 6 percentage points and 3.4 percentage points, respectively. Data from Vietnam, Pakistan, and Myanmar were unavailable.

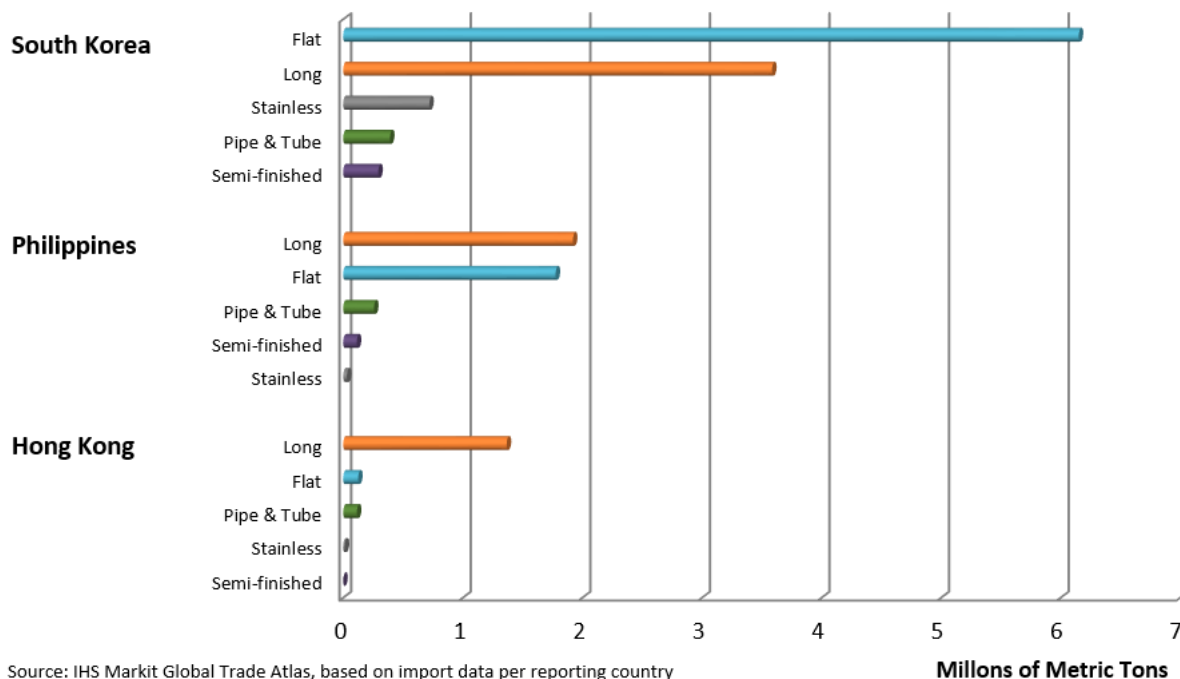
China's Steel Import Market Share				
Top 10 Export Destinations	Share of Imports from China - 2016	China's Rank in 2016	Share of Imports from China - 2017	China's Rank in 2017
South Korea	61.6%	1	58.2%	1
Vietnam*	N/A	N/A	N/A	N/A
Philippines	72.6%	1	50.3%	1
Thailand	36.3%	1	22.1%	2
Indonesia	46.8%	1	26.7%	1
India	34.0%	1	28.0%	2
Pakistan*	N/A	N/A	N/A	N/A
Malaysia	40.7%	1	24.1%	1
Hong Kong	69.7%	1	53.9%	1
Myanmar*	N/A	N/A	N/A	N/A

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

* Data from Vietnam, Pakistan, and Myanmar unavailable

Among China's top export markets, South Korea, the Philippines, and Hong Kong received more than 50 percent of their total steel imports from China in 2017. Long products accounted for the largest share of steel imports from China in both the Philippines (47% or 1.9 million metric tons) and Hong Kong (84% or 1.4 million metric tons), while flat products accounted for the largest share of South Korea's imports from China (55% or 6.2 million metric tons).

Steel Import Composition of Top Market-Share Countries - 2017

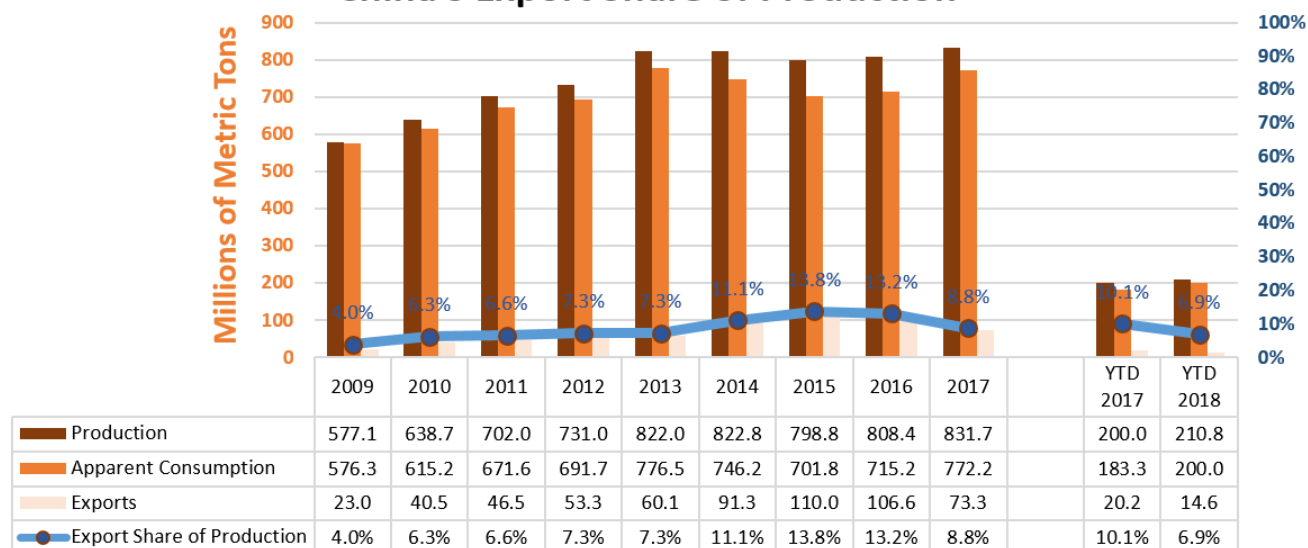


Source: IHS Markit Global Trade Atlas, based on import data per reporting country

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Overall Production and Export Share of Production

China's Export Share of Production



Sources: World Steel Association; IHS Markit Global Trade Atlas
YTD through March 2018

China's crude steel production increased steadily between 2009 and 2014 but levelled off in 2015 and 2016. Production in 2017 increased 3 percent to 831.7 million metric tons from 808.4 million metric tons in 2016, and production in YTD 2018 increased 5 percent compared to the same period in 2017. The gap between production and apparent consumption (a measure of steel demand), which was nearly non-existent in 2009, grew to 93.1 million metric tons in 2016, then narrowed to 59.5 million metric tons in 2017. This gap narrowed by 5.9 million metric tons between YTD 2017 and YTD 2018. Between 2009 and 2016, China's steel exports as a share of production more than tripled from 4 percent to 13.2 percent, before decreasing in 2017. In YTD 2018, the export share of production decreased by 3.2 percentage points to 6.9 percent.

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 310.3 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	65.39	Billets, tubes, pipes, bars, plates
2	HBIS Group (Hesteel)	45.56	Plates, sheets, wire rod, bars, sections
3	Shagang Group	38.35	Rebar, wire rod, slabs, coils
4	Ansteel Group	35.76	Wire rod, pipe, plates, cold-rolled
5	Shougang Group	27.63	Plates, strips, wire, pipes
6	Shandong Steel Group	21.68	H-beams, strip, plates, bars
7	Jianlong Group	20.26	Sheets, strips, rebar, billets, pipes
8	Valin Group	20.15	Pipe & tube, wire, wire rod
9	Maanshan Steel	19.71	Sheets, sections, wire, bars
10	Benxi Steel	15.77	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 various countries have against steel mill products from China.

Steel Mill Trade Remedies in Effect Against China				
Country	AD	CVD	Suspension Agreements and Undertakings	Total
Australia	6	4		10
Brazil	9			9
Canada	11	9		20
Chile	2			2
Colombia	3			3
Dominican Republic	1			1
Egypt	1			1
Eurasian Economic Union	2		1	3
European Union	11	2		13
India	7	1		8
Indonesia	5			5
Malaysia	5			5
Mexico	10			10
Pakistan	4			4
South Korea			1	1
Taiwan	1		2	3
Thailand	11			11
Turkey	4			4
Ukraine	1		1	1
United States	16	14		30
Vietnam	3			3
TOTAL	113	30	5	148

Source: World Trade Organization, through December 31, 2017

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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