INTERNATIONAL TRADE ADMINISTRATION

Global Steel Trade Monitor

Steel Exports Report: **Japan**

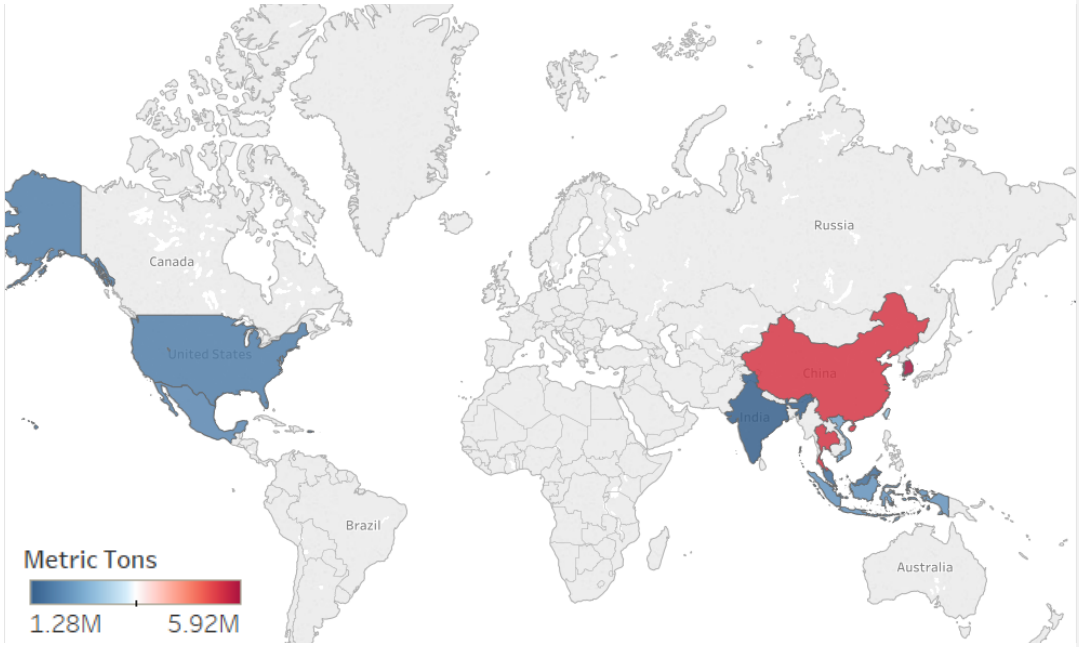
June 2018

Background

Japan is the second-largest steel exporter in the world. In year to date 2018 (through March), further referred to as YTD 2018, Japan exported 9.3 million metric tons of steel — a 4 percent decline from 9.7 million metric tons in YTD 2017. Japan's exports represented about 8 percent of all steel exported globally in 2017. The volume of Japan's 2017 steel exports were just over half that of the world's largest exporter, China. In value terms, steel represented just 4 percent of the total amount of goods Japan exported in 2017.

Japan exports steel to more than 130 countries and territories. The 10 countries labeled in the map below represent the top markets for Japan's exports of steel, receiving more than 1 million metric tons each and accounting for 82 percent of Japan's steel exports in 2017.

Japan's Exports of Steel Mill Products - 2017



Quick Facts:

- World's second-largest steel exporter: 9.3 million metric tons (YTD 2018)
- 48% steel export growth since Q1 2009
- Exports as a share of production at 35.1% in YTD 2018
- YTD export volume down 4% while export value up 8%
- Top three markets: Thailand, South Korea, and China,
- Largest producers: Nippon & Sumitomo and JFE
- 30 trade remedies in effect in 10 countries involving steel mill imports from Japan

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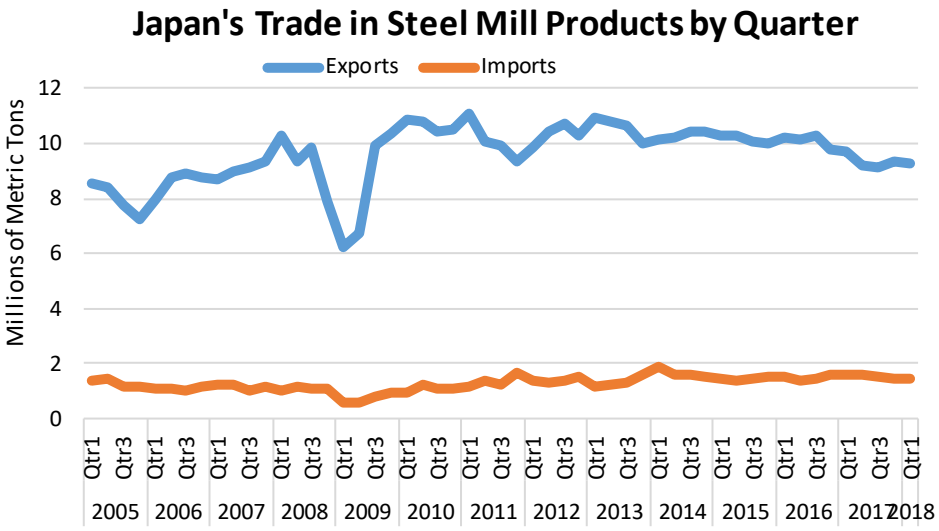
Steel Trade Balance

Japan has maintained a persistent trade surplus in steel products. Exports dipped in 2009 after the global recession, while imports remained relatively flat in comparison. Since reaching a low point in Q1 2009, exports have increased 48 percent from Q1 2009 to Q1 2018.

In YTD 2018, Japan's steel trade surplus amounted to 7.8 million metric tons, a 4 percent decrease from 8.1 million metric tons in YTD 2017.

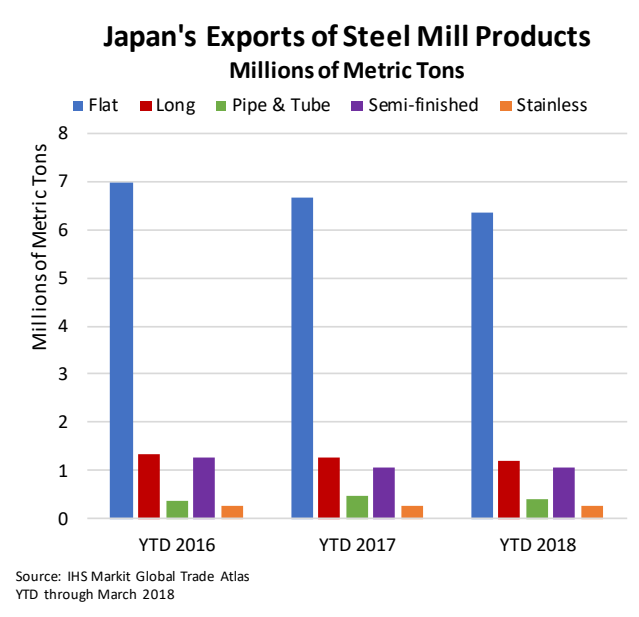


Source: IHS Markit Global Trade Atlas

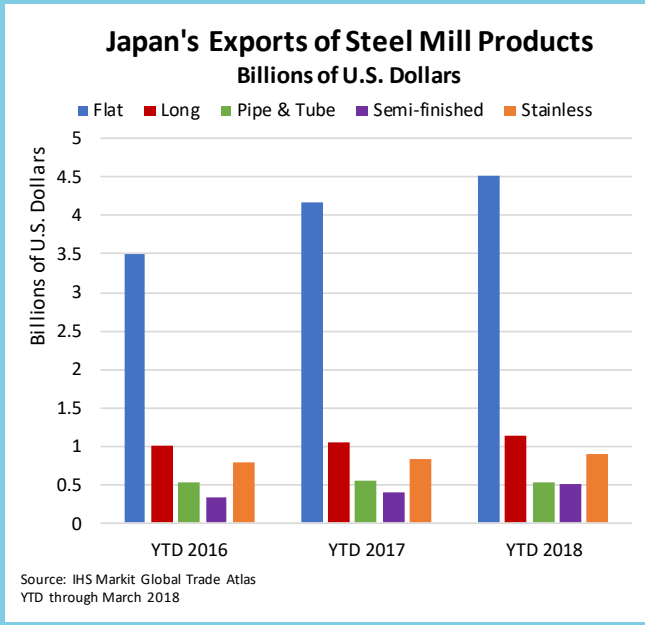
Export Volume, Value, and Product

Japan's steel exports maintained a relatively steady average of 40.8 million metric tons per year from 2010 to 2017. Exports in 2017 amounted to 37.4 million metric tons — a decline from 40.4 million metric tons in 2016. In YTD 2018, the volume of Japan's steel exports declined by 4 percent to 9.3 million metric tons, down from 9.7 million metric tons in YTD 2017. The value of Japan's steel exports decreased every year between 2011 and 2016 before increasing almost $3 billion in 2017. In YTD 2018, steel export value increased 8 percent to $7.6 billion from $7.0 billion in YTD 2017.

In YTD 2018, flat products accounted for 69 percent of Japan's exports, or 6.4 million metric tons. Long products accounted for 13 percent, or 1.2 million metric tons, of Japan's exports, followed by semi-finished steel (11% or 1 million metric tons), pipe and tube (4% or 406 thousand metric tons), and stainless (3% or 251 thousand metric tons).



Source: IHS Markit Global Trade Atlas
YTD through March 2018



Source: IHS Markit Global Trade Atlas
YTD through March 2018

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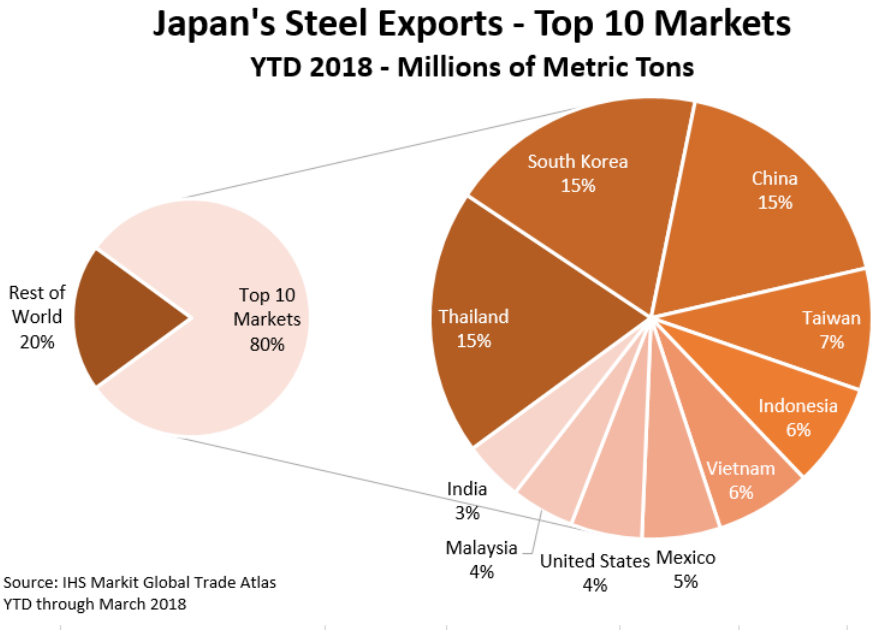
Exports by Top Market

Exports to Japan's top 10 steel markets represented 80 percent of Japan's steel export volume in YTD 2018 at 7.4 million metric tons (mmt). Thailand received the largest share of Japan's exports with 15 percent (1.44 mmt), followed closely by South Korea at 15 percent (1.4 mmt), China at 15 percent (1.35 mmt), and Taiwan at 7 percent (0.7 mmt).



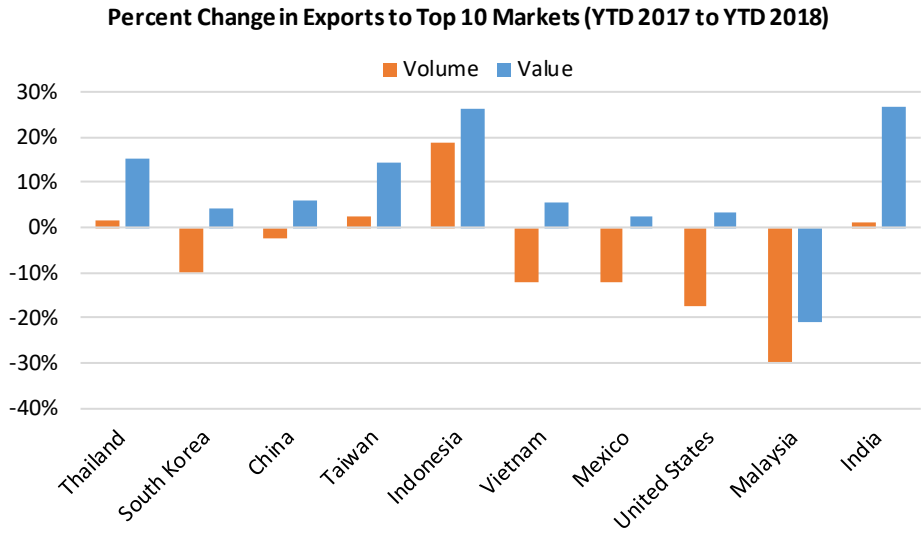
The United States ranked eighth as a destination for Japan's steel exports, receiving 4 percent of exports (387 thousand metric tons) in YTD 2018 — a decrease of 18 percent from YTD 2017.

Trends in Exports to Top Markets

The volume of Japan's steel exports decreased to six of Japan's top 10 steel export markets between YTD 2017 and YTD 2018. Export volumes to Malaysia showed the largest decline (-30%), followed by the United States (-18%), Mexico and Vietnam (both -12%), South Korea (-10%), and China (-1%). The markets that had an increase in export volume in YTD 2018 included Indonesia (19%), Taiwan (2%), followed by India and Thailand (both 1%).

The overall value of Japan's steel exports increased in 9 of the top 10 markets, reflecting the overall rise in global steel prices. Markets that experienced the largest increases in steel value between YTD 2017 and YTD 2018 included India (27%), Indonesia (26%), Thailand (15%), and Taiwan (14%).

Outside of the top 10 markets, other notable changes in volume included Japan's exports to 13th-ranked Saudi Arabia (51%) and 19th-ranked Turkey (232%).



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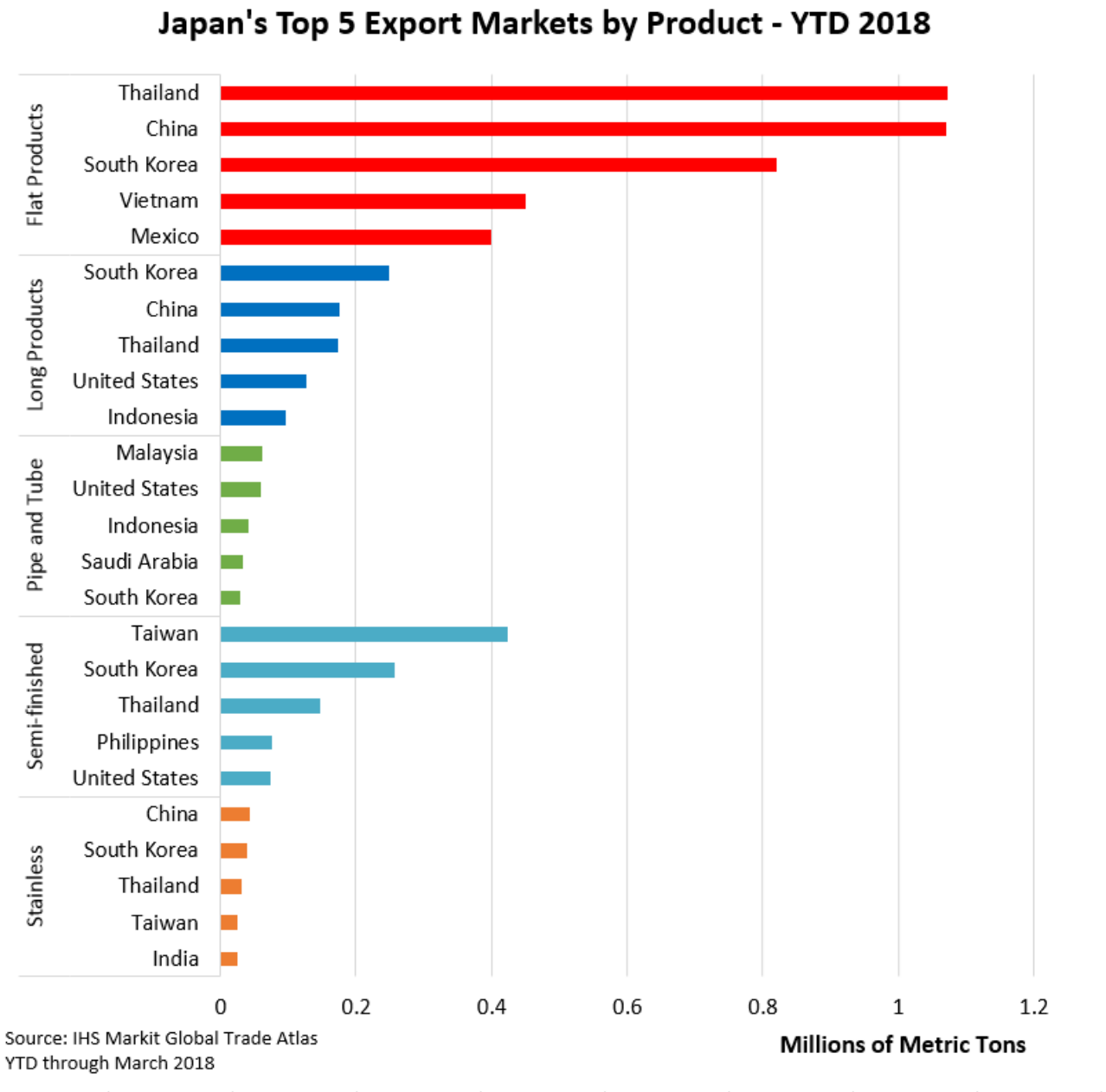
Top Markets by Steel Product Category

Japan's top export markets by volume vary across types of steel products. Thailand accounted for the largest share of Japan's exports of flat products in YTD 2018 at 17 percent (1 million metric tons), followed closely by China at 17 percent (1 million metric tons).

Japan exported the largest share of long products to South Korea at 21 percent (249 thousand metric tons), and the largest share of pipe and tube exports to Malaysia at 15 percent (61 thousand metric tons).

Taiwan accounted for the largest share of Japan's semi-finished export products in YTD 2018 at 41 percent (424 thousand metric tons), while China accounted for the largest share of stainless steel at 17 percent (43 thousand metric tons).



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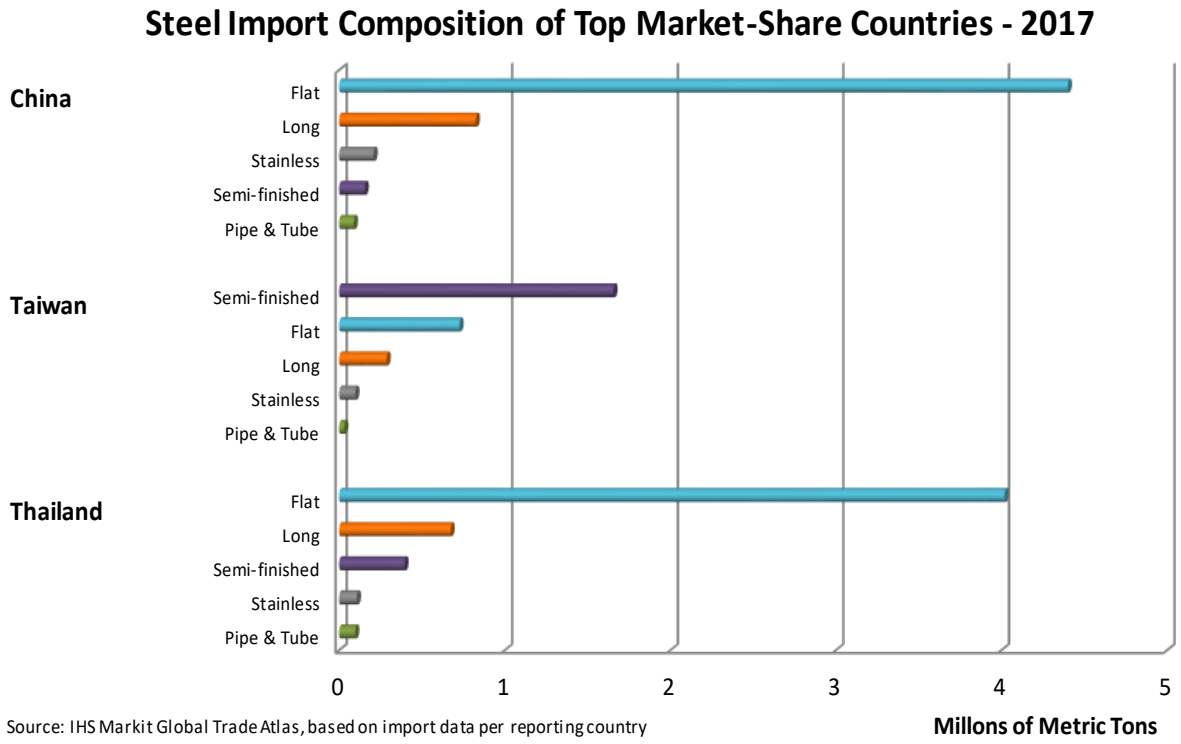
Japan's Import Market Share in Top Destinations

In 2017, the import market share for Japan's steel products increased in the majority of Japan's top 10 export markets. The share of Taiwan's steel imports from Japan increased the most (up 6.6 percentage points from 2016), followed by Thailand (up 6 percentage points from), and Malaysia (up 3 percentage points). Import shares in the United States and China decreased by 1.5 and .5 percentage points, respectively.

Japan's Steel Import Market Share				
Top 10 Export Destinations	Share of Imports from Japan - 2016	Japan's Rank in 2016	Share of Imports from Japan - 2017	Japan's Rank in 2017
South Korea	30.0%	2	30.7%	2
Thailand	31.3%	2	37.3%	1
China	41.8%	1	41.3%	1
Taiwan	31.3%	2	37.9%	1
Vietnam*	N/A	N/A	N/A	N/A
Indonesia**	17.1%	2	N/A	N/A
Mexico	18.9%	2	21.5%	2
United States	6.5%	6	5.0%	7
Malaysia	18.5%	2	21.5%	2
India	14.8%	3	14.9%	3

Source: HIS Markit Global Trade Atlas, based on import data per reporting country
*2016 and 2017 Data for Vietnam not available
** 2017 Data for Indonesia not available

Among Japan's top export markets, China, Taiwan, and Thailand received the largest shares of their total steel imports from Japan in 2016 at 41.3 percent, 37.9 percent, and 37.3 percent, respectively. Flat products accounted for a significant share of steel imports from Japan in both China at 78 percent (4.4 million metric tons) and Thailand at 13 percent (4 million metric tons), while semi-finished products accounted for the largest share Taiwan's imports from Japan at 10 percent (1.7 million metric tons).



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

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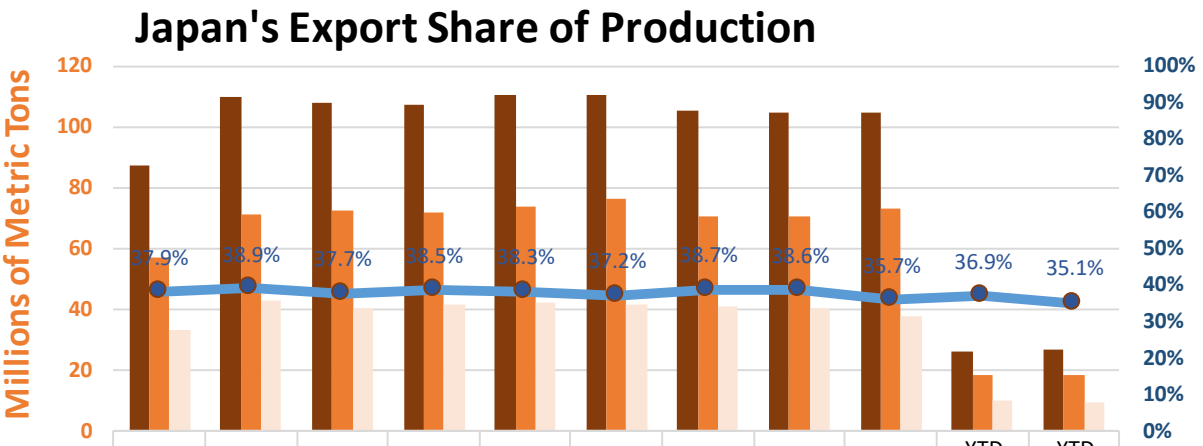
Overall Production and Export Share of Production



	2009	2010	2011	2012	2013	2014	2015	2016	2017	YTD 2017	YTD 2018
Production	87.5	109.6	107.6	107.2	110.6	110.7	105.2	104.8	104.7	26.2	26.4
Apparent Consumption	57.2	71.3	72.5	71.5	73.5	76.0	70.2	70.2	73.4	18.1	18.6
Exports	33.2	42.6	40.5	41.3	42.4	41.2	40.7	40.4	37.4	9.7	9.3
Export Share of Production	37.9%	38.9%	37.7%	38.5%	38.3%	37.2%	38.7%	38.6%	35.7%	36.9%	35.1%

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

Japan's crude steel production increased by 25 percent between 2009 and 2010 and then maintained an average of 107.9 million metric tons through 2017. In YTD 2018, production has increased by 1 percent to 26.4 million metric tons from 26.2 million metric tons in YTD 2017. Apparent consumption (a measure of steel demand) has followed a similar growth trend, though it has been consistently outpaced by production, and the gap between the two stood at 31.3 million metric tons in 2017. In YTD 2018, apparent consumption has increased by 3 percent. Between 2009 and 2017, Japan's steel exports as a share of production remained fairly flat, decreasing just 2.2 percentage points to 35.7 percent over the period. Exports as a share of production declined 2 percent in YTD 2018 from YTD 2017, down to 35.1 percent from 36.9 percent.

Top Producers

Japan's steel production is concentrated among a small number of steel producing companies, with the country's top three producers accounting for 85.25 million metric tons, or 81 percent of total 2017 production, based on available data.

Japan's Top Steel Producers in 2017

Rank	Company	Production (mmt)	Main Products
1	Nippon Steel and Sumitomo Metal Corporation	47.36	Bars, plates, sheets, pipe and tube, structural, rails, stainless
2	JFE Steel Corporation	30.15	Sheets, plates, pipes, electrical, stainless, bars, wire rods
3	Kobe Steel, Ltd.	7.74	Wire rod, bars, plates, sheets

Source: World Steel Association; 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 tables below provide statistics on the current number of trade remedies various countries have against steel mill products from Japan.

Steel Mill Trade Remedies in Effect Against Japan

Country	AD	CVD	Suspension Agreements and Undertakings	Total
Australia	3			3
Canada	3			3
China	1			1
European Union	1			1
India	2			2
Indonesia	1			1
Mexico	1			1
South Korea	1		1	2
Thailand	2			2
United States	14			14
TOTAL	**29**	**0**	**1**	**30**

Source: World Trade Organization, through December 31, 2017

Global Steel Mill Safeguards in Effect

Country	Product(s)
India	1) Hot-rolled steel in coils; 2) Hot-rolled steel flat sheets and plates
Indonesia	1) Flat-rolled products of iron or non-alloy steel; 3) I and H sections of other alloy steel; 4) Bars and rods, hot-rolled, in irregularly wound coils
Malaysia	1) Hot-rolled steel plate; 2) Steel concrete reinforcing bar; 3) Steel wire rod and deformed bar in coil
Morocco	1) Cold-rolled sheets and plated or coated sheets; 2) Reinforcing bars and wire rods
Philippines	Steel angle bars
South Africa	Hot-rolled steel flat products
Thailand	1) Hot-rolled steel flat products with certain amounts of alloying elements; 2) Unalloyed hot-rolled steel flat products in coils and not in coils; 3) Structural hot-rolled H-beams with alloy
Vietnam	Semi-finished and certain finished products of alloy and non-alloy steel

Source: World Trade Organization, through February 28, 2018

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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