



Global Steel Trade Monitor

Steel Exports Report: Russia

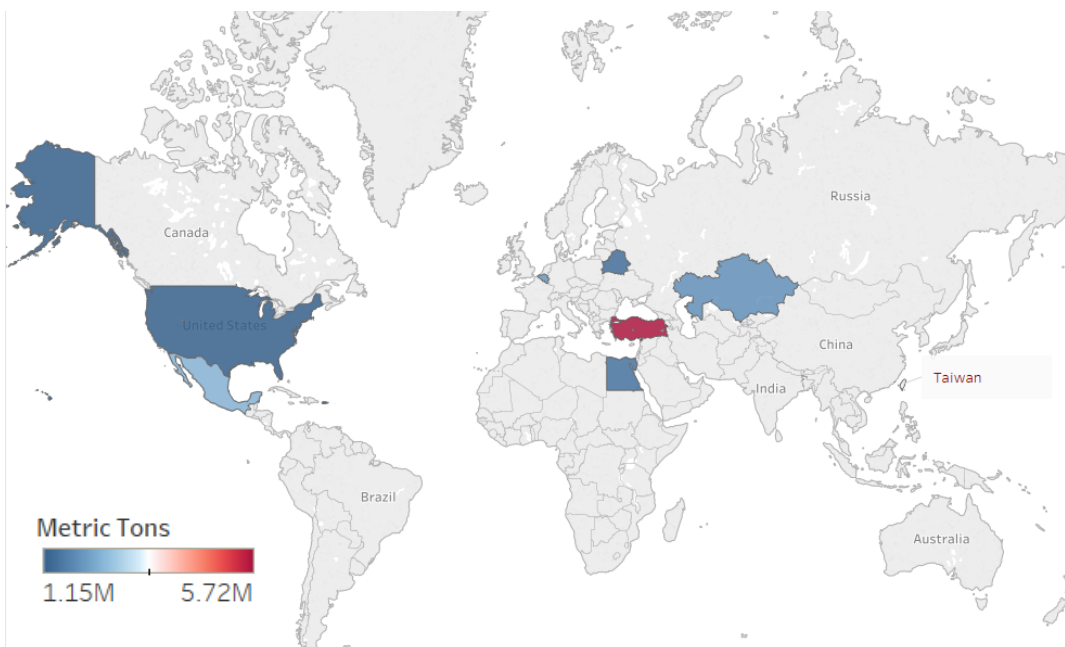
June 2018

Background

Russia is the world's third-largest steel exporter. In year to date 2018 (through March), further referred to as YTD 2018, Russia exported 8.1 million metric tons of steel, a 1 percent increase from 8.0 million metric tons in YTD 2017. Russia's exports represented about 7 percent of all steel exported globally in 2017. The volume of Russia's 2017 steel exports was less than half of the volume shipped by the world's largest exporter, China. In value terms, steel represented just 4.5 percent of the total amount of goods Russia exported in 2017.

Russia exports steel to more than 160 countries and territories. The eight countries labeled in the map below represent the top markets for Russia's exports of steel, receiving more than one million metric tons each and accounting for 63 percent of Russia's steel exports in 2016.

Russia's Exports of Steel Mill Products - 2017



Data Source: Global Trade Atlas; Copyright © IHS Global Inc. 2017. All rights reserved.

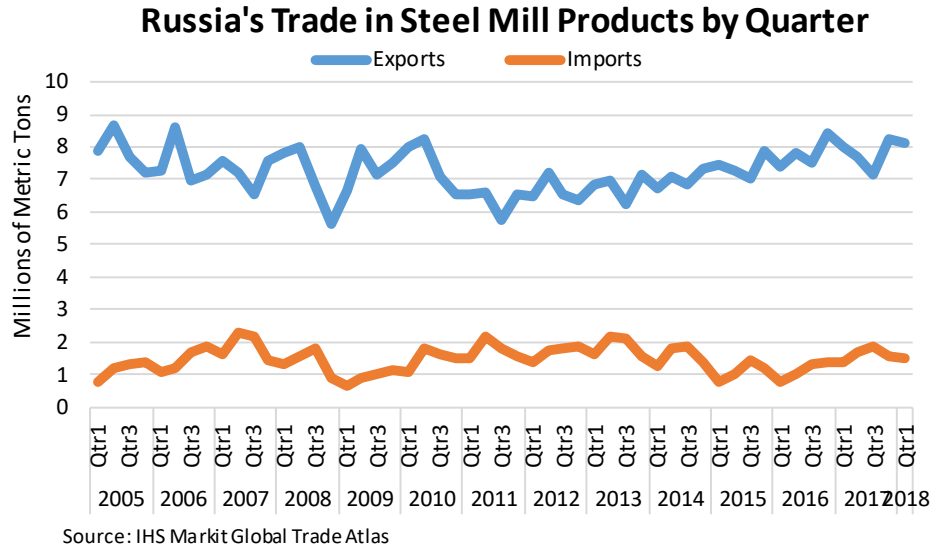
Quick Facts:

- World's third-largest steel exporter: 8.1 million metric tons (YTD 2018)
- 22% increase in steel exports from Q1 2009
- YTD 2018 export volume up 1% while export value up 32%
- Exports as a share of production up from 45.3% in YTD 2017 to 45.7% in YTD 2018
- Top three markets: Turkey, Taiwan, Mexico
- Largest producers: Novolipetsk Steel, EVRAZ, Severstal
- 15 trade remedies in effect in 6 countries involving steel mill imports from Russia

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Steel Trade Balance

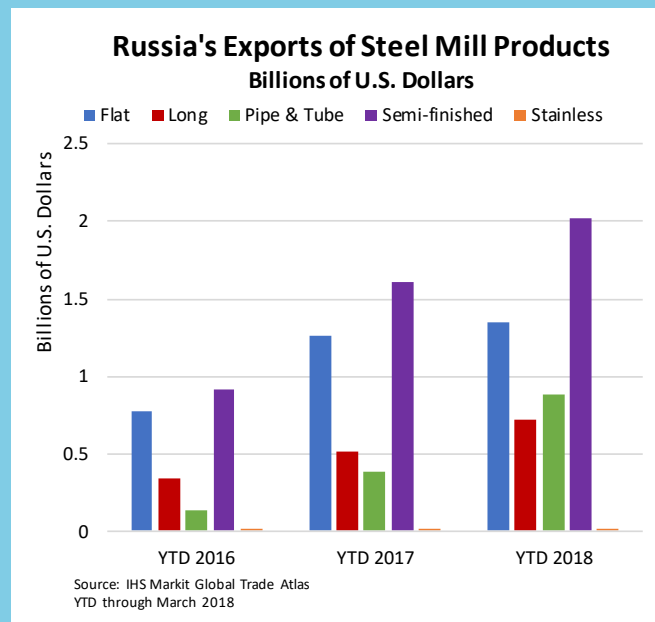
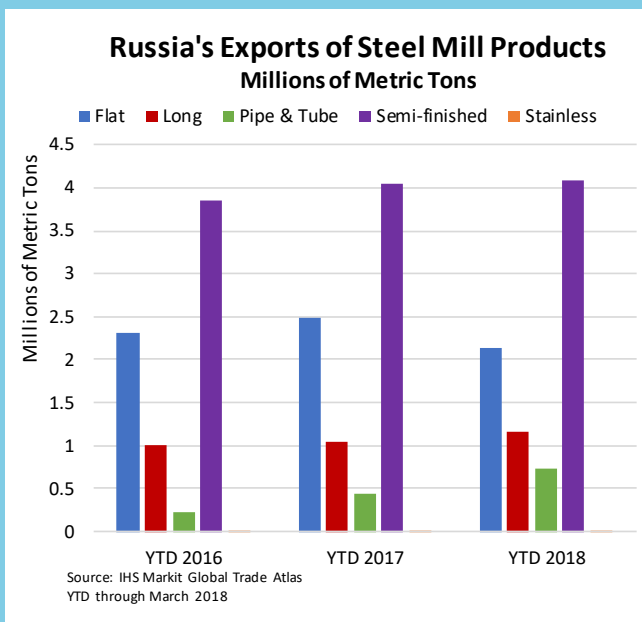
Over the past 11 years, Russia has exported between three and seven times as much steel as it has imported. Russia's steel imports and exports have historically displayed a roughly inverse relationship. Russia's exports increased 22 percent from Q1 2009 to Q1 2018 while imports have increased 55.5 percent over the same period. Russia's steel trade surplus amounted to 6.6 million metric tons in YTD 2018, a one percent decrease from 6.7 million metric tons in YTD 2017.



Export Volume, Value, and Product

In 2011, Russia's steel exports dropped by 4.4 million metric tons, a decrease of 15 percent from 29.8 million metric tons in 2010. Over the next six years, exports increased to 31.1 million metric tons by 2018. In YTD 2018, exports were unchanged at 8.1 million metric tons, compared with 8.0 million metric tons in YTD 2017. After declining between 2013 and 2016, the value of Russia's steel exports increased in 2017. This increase continues with the value of Russia's steel exports up 32 percent in YTD 2018 compared with YTD 2017, reflecting an increase in global steel prices since 2016.

In YTD 2018, Russia exported 4 million metric tons of semi-finished products, comprising 50 percent of its steel exports. With 2.1 million metric tons, flat products were the second-largest share, followed by long products at 14 percent (1.2 million metric tons), pipe and tube at 9 percent (729 thousand metric tons), and stainless steel at 0.06 percent (5 thousand metric tons).



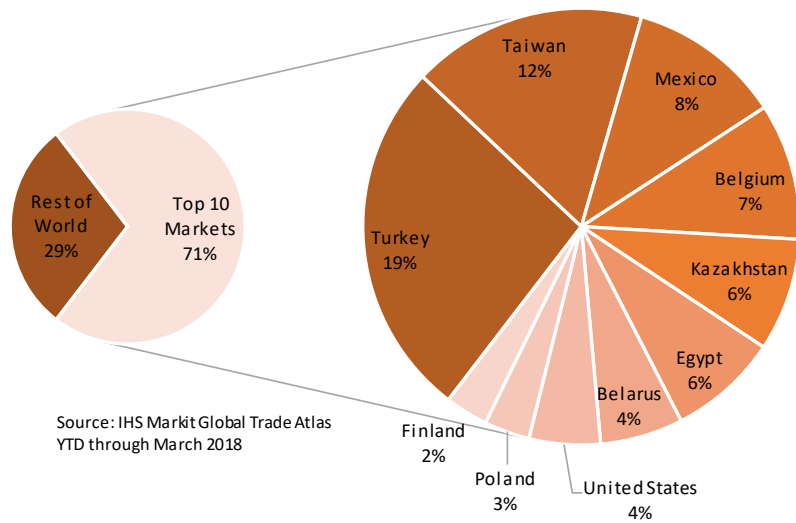
Steel Exports Report: Russia

Exports by Top Market

Exports to Russia's top 10 steel markets represented 71 percent of Russia's steel export volume in YTD 2018 at 5.7 million metric tons (mmt). Turkey accounted for the largest share of Russia's exports with 19 percent (1.5 mmt), followed by Taiwan at 12 percent (1 mmt), Mexico at 8 percent (0.7 mmt), and Belgium at 7 percent (0.6 mmt).

The United States ranked eighth in YTD 2018 as a destination for Russia's steel exports, receiving 4 percent of exports (0.3 mmt).

Russia's Steel Exports - Top 10 Markets
YTD 2018 - Percent of Volume



Source: IHS Markit Global Trade Atlas
YTD through March 2018

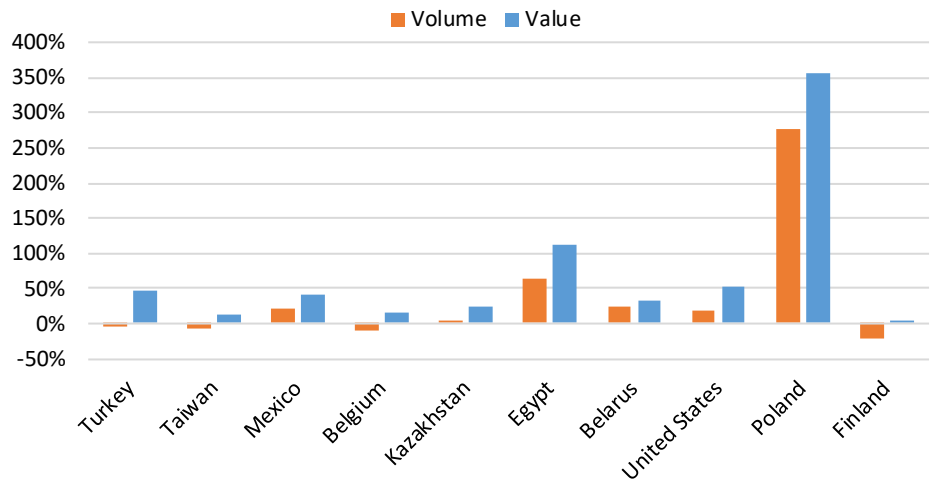
Trends in Exports to Top Markets

Between YTD 2017 and YTD 2018, the volume of Russia's steel exports increased to six of its top 10 export markets. Russia's exports to Poland jumped 278 percent by volume in YTD 2018. Other increases included exports to Egypt (63%), Belarus (25%), Mexico (21%) the United States (17%), and Kazakhstan (4%). Russia's exports to the remaining four of its top 10 steel export markets decreased in volume between YTD 2017 and YTD 2018 including Finland (-21%) and Belgium (-10%), Taiwan (-8%), and Turkey (-4%).

Export values in YTD 2018 increased to all of Russia's top 10 markets. Exports to Poland increased the most in value (357%), followed by Egypt (111 percent), followed by the United States (52%), Turkey (46%), Mexico (42%), Belarus (33%), Kazakhstan (24%), Belgium (15%), Taiwan (14%), and Finland (4%).

Outside the top 10 markets, other notable volume changes included Russia's exports to 13th-ranked Germany (90%), and 22-ranked Indonesia (79%).

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



Source: IHS Markit Global Trade Atlas
YTD through March 2018

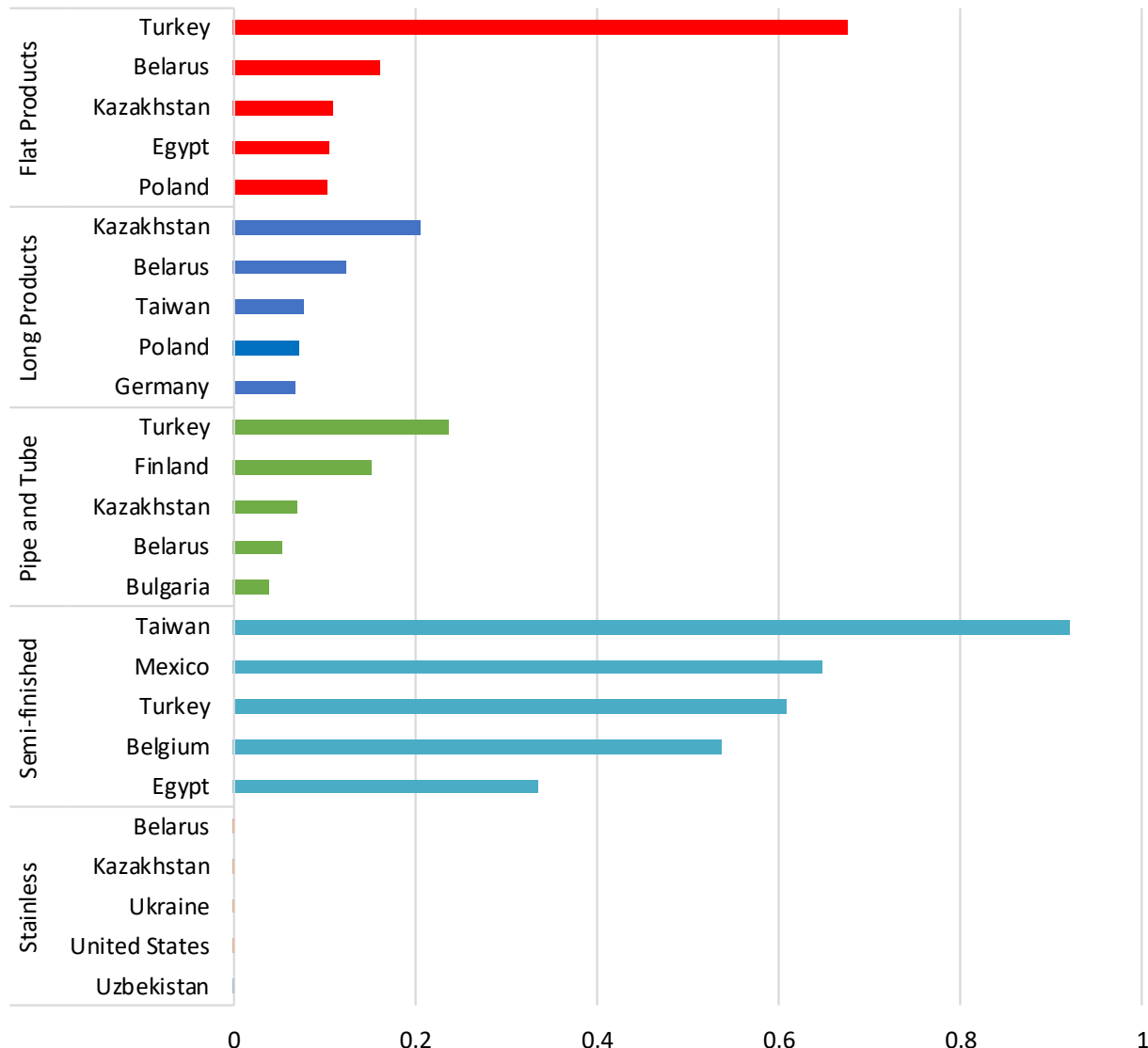
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Top Markets by Steel Product Category

Russia's top export markets by volume vary across types of steel products. Turkey accounted for the largest share of Russia's exports of flat and pipe and tube products in YTD 2018 at 32 percent (676 thousand metric tons) and 33% (238 thousand metric tons), respectively. Russia exported the largest shares of long products to Kazakhstan at 18 percent (206 thousand metric tons). Taiwan received the largest share of Russia's semi-finished steel products to at 23 percent (921 thousand metric tons). Russia sent the largest share of its stainless product to Belarus at 40 percent (2 thousand metric tons)

Stainless was the only product category for which the United States was a top-five export destination, coming in fourth with 3 percent (132 metric tons) of Russia's total YTD 2018 exports in this category.

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



Source: IHS Markit Global Trade Atlas
YTD through March 2018

Millions of Metric Tons

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Russia's Import Market Share in Top Destinations

In 2017, the import market share for Russia's steel products increased in the majority of Russia's top export destinations. Countries with notable increases in their share of steel imports from Russia included Finland (up 38.6 percentage points), Algeria (up 15 percentage points), and Belarus (up 4.3 percentage points).

In 2017, Belgium saw the largest decrease in its share of steel imports from Russia, a drop of 3 percentage points, while Mexico's share decreased from 1.4 percent to 1 percent.

Among Russia's top export markets, Belarus received the largest share of its steel imports from Russia at 82.2 percent, followed by Finland at 48.1 percent, and Turkey at 27.7 percent. In 2017, flat

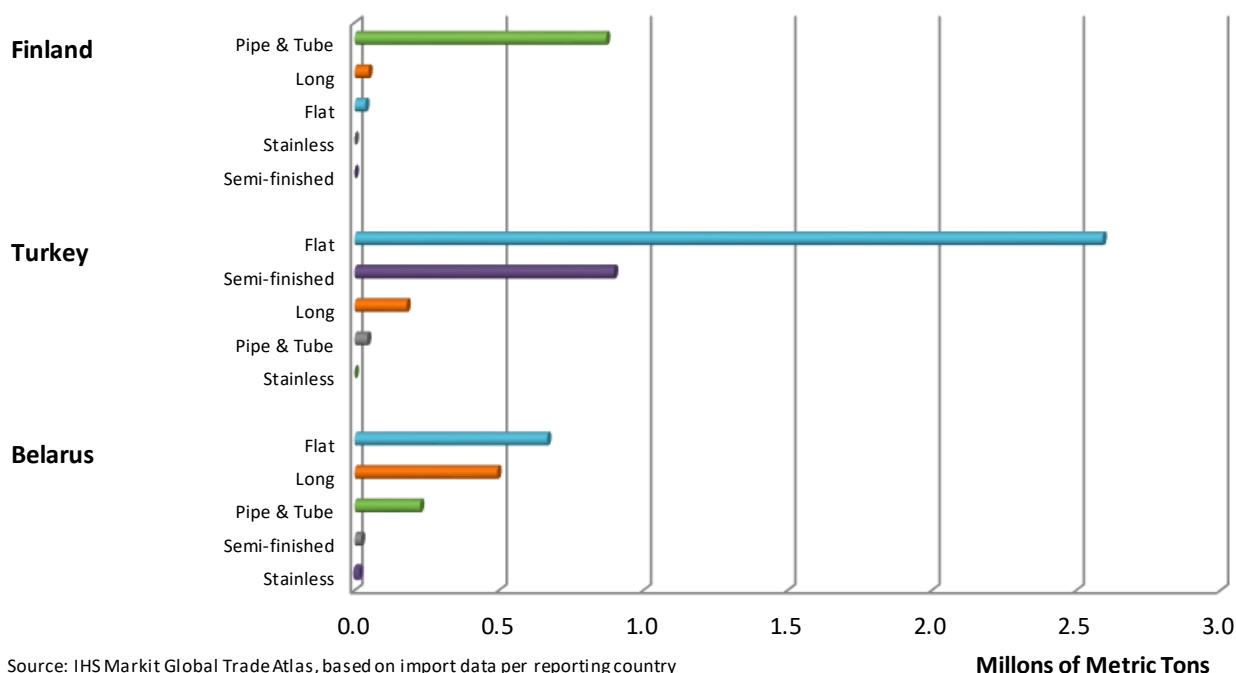
products accounted for the largest share of steel imports from Russia in both Belarus (47% or 667 thousand metric tons) and Turkey (70% or 2.6 million metric tons). Pipe and tube products accounted for the largest share of steel imports from Russia in Finland (91% or 871 thousand metric tons).

Russia's Steel Import Market Share				
Top 10 Export Destinations	Share of Imports from Russia - 2016	Russia's Rank in 2016	Share of Imports from Russia - 2017	Russia's Rank in 2017
Turkey	24.9%	1	27.7%	1
Taiwan	14.9%	3	15.6%	3
Mexico	1.4%	11	1.0%	13
Belgium	16.6%	1	13.6%	3
Kazakhstan*	N/A	N/A	N/A	N/A
Egypt*	N/A	3	N/A	3
Belarus	77.9%	1	82.2%	1
United States	6.4%	7	8.3%	5
Algeria	4.6%	5	19.6%	2
Finland	9.5%	4	48.1%	1

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

*Kazakhstan and Egypt data unavailable

Steel Import Composition of Top Market-Share Countries - 2017



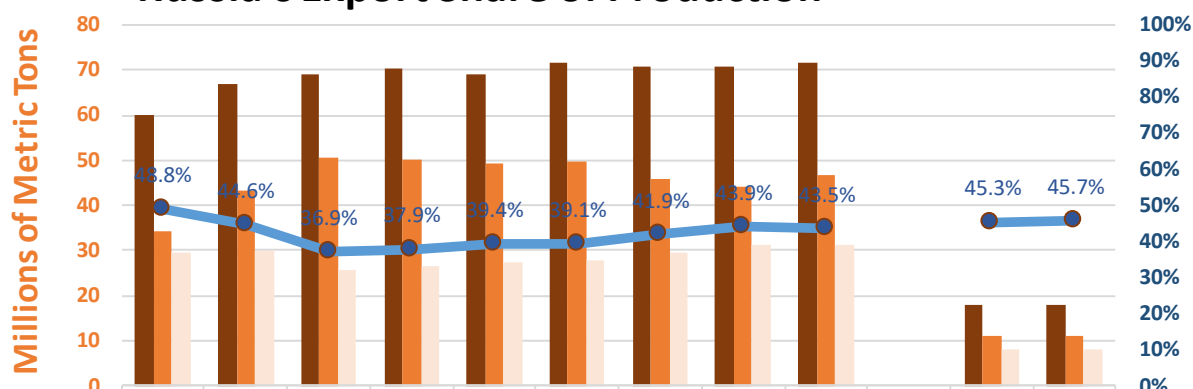
Source: IHS Markit Global Trade Atlas, based on import data per reporting country

Millions of Metric Tons

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Overall Production and Export Share of Production

Russia's Export Share of Production



	2009	2010	2011	2012	2013	2014	2015	2016	2017	YTD 2017	YTD 2018
Production	60.0	66.9	68.9	70.2	69.0	71.5	70.9	70.8	71.5	17.7	17.8
Apparent Consumption	34.4	43.1	50.5	50.3	49.3	49.8	45.6	44.1	46.8	11.0	11.1
Exports	29.3	29.8	25.4	26.6	27.2	28.0	29.7	31.1	31.1	8.0	8.1
Export Share of Production	48.8%	44.6%	36.9%	37.9%	39.4%	39.1%	41.9%	43.9%	43.5%	45.3%	45.7%

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

Russia's crude steel production increased by 19 percent from 60 million metric tons in 2009 to 71.5 million metric tons in 2017. In YTD 2018, production has increased less than 1 percent compared to YTD 2017. Apparent consumption (a measure of steel demand) has consistently outpaced production by roughly 20 to 27 million metric tons per year since 2009. In YTD 2018, the gap between production and demand stood at 6.6 million metric tons, a decline from 6.7 million metric tons in YTD 2017. After a decline of 11.9 percentage points from 2009 to 2011, exports as a share of production displayed modest growth for every year except 2014 and 2017. The export share of production increased to 45.7 percent in YTD 2018 from 45.3 percent in YTD 2017.

Top Producers

Russia's steel production is concentrated among a handful of companies, with the country's top five producers accounting for 65.2 million metric tons, or 91 percent of total 2017 production, based on available data.

Russia's Top Steel Producers in 2017

Rank	Company	Production (mmt)	Main Products
1	Novolipetsk Steel (NLMK)	17	Hot-rolled, cold-rolled, semi-finished, rebar, galvanized
2	EVRAZ	14	Beams, rails, structural shapes, rebar, pipe
3	Magnitogorsk Iron & Steel Works (MMK)	12.9	Semi-finished, hot-rolled, coated, sections, pipes
4	Severstal	11.7	Flat products, hot-rolled, cold-rolled, galvanized, pipe
5	Metinvest Holding	9.6	Heavy plate, strips, semi-finished

Source: World Steel Association

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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 Russia.

Steel Mill Trade Remedies in Effect Against Russia				
Country	AD	CVD	Suspension Agreements	Total
			and Undertakings	
European Union	4		1	5
India	1			1
Indonesia	1			1
Mexico	4			4
Thailand	1			1
Ukraine	1			1
USA	1		1	2
TOTAL	13	0	2	15

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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