



Global Steel Trade Monitor

Steel Imports Report: South Korea

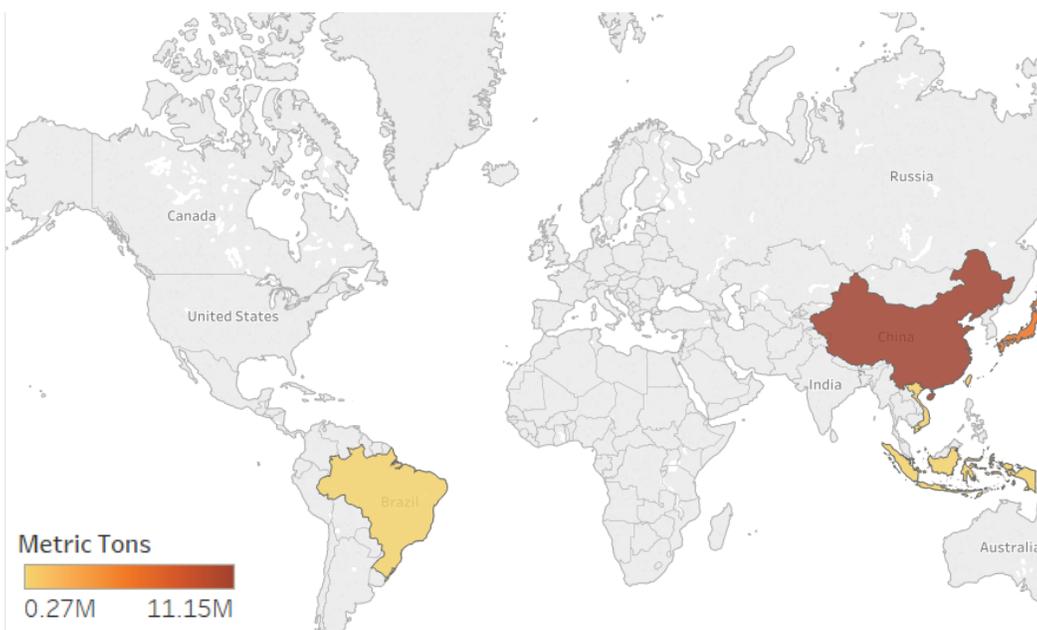
June 2018

Background

South Korea is the world's fourth-largest steel importer. In year-to-date 2018 (through March), further referred to as YTD 2018, South Korea imported 3.9 million metric tons of steel — a 30 percent decrease from 5.6 million metric tons in YTD 2017. South Korea's imports represented 5 percent of all steel imported globally in 2017. South Korea's 2017 steel imports were more than half percent the size of the largest steel importer, the United States. In value terms, steel represented just 2.8 percent of the total amount of goods imported into South Korea in 2017.

South Korea imports steel from over 80 countries and territories. The six countries highlighted in the map below represent the top import sources for South Korea's imports of steel, with each sending more than 250 thousand metric tons and together accounting for 97 percent of South Korea's steel imports in 2017.

South Korea's Imports of Steel Mill Products - 2017



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Quick Facts:

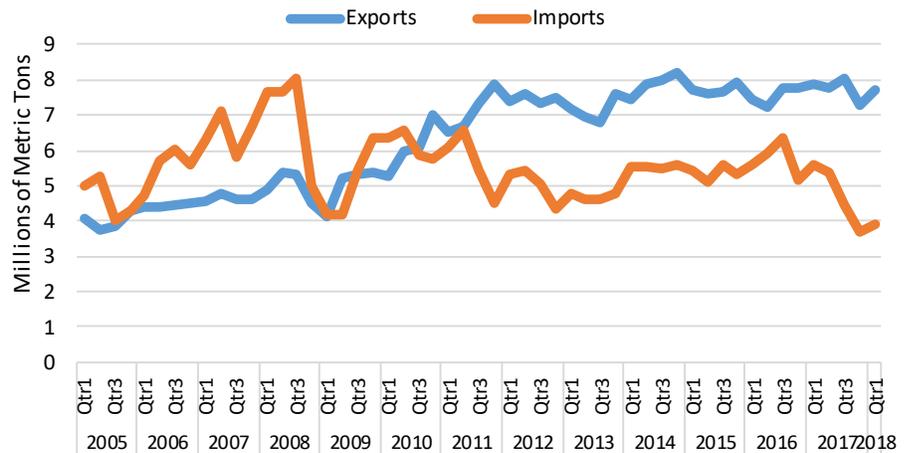
- World's fourth-largest steel importer: 3.9 million metric tons (YTD 2018)
- 6% steel import decline since Q1 2009
- YTD 2018 import volume down 30% and import value down 14%
- Top three import sources: China, Japan, Taiwan
- Import penetration down from 37.3% in YTD 2017 to 28.0% in YTD 2018
- Largest producers: POSCO and Hyundai Steel Co.
- 7 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 29 percent in 2009, bringing steel exports and imports closer. In 2010, exports began to outpace imports, exports and grew 46 percent between Q1 2010 and Q1 2018. Over the same period, imports were relatively stable. Korea has had a steel trade surplus since mid-2010. In YTD 2018, the surplus amounted to 3.8 million metric tons — a 67 percent increase from 2.3 million metric tons in YTD 2017.

South Korea's Trade in Steel Mill Products by Quarter



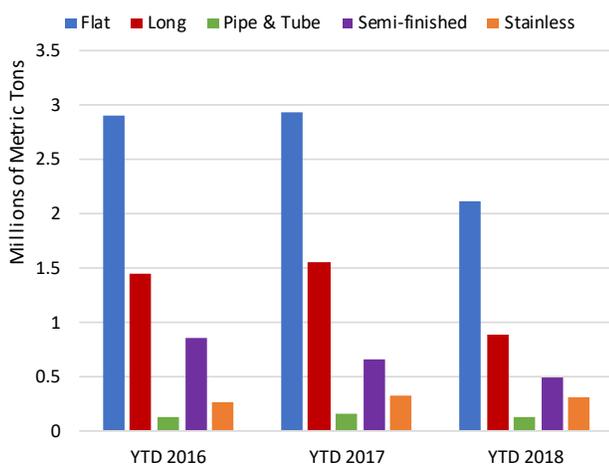
Source: IHS Markit Global Trade Atlas

Import Volume, Value, and Product

The volume of South Korea's steel imports reached a high in 2008 at 28.3 million metric tons. However, import volumes never returned to their pre-recession levels after falling in 2009. In the post-recession period, exports have grown faster than imports. In YTD 2018, South Korea's imports decreased by 30 percent to 3.9 million metric tons, down from 5.6 million metric tons in YTD 2017. The value of South Korea's YTD 2018 imports also decreased by 14 percent to \$3.2 billion, down from \$3.7 billion in YTD 2017.

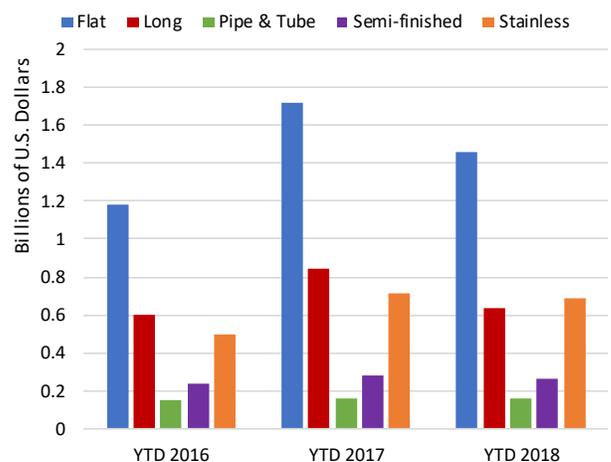
Flat products accounted for 54 percent of South Korea's steel imports in YTD 2018, or 2.1 million metric tons. Long products accounted 23 percent (888 thousand metric tons), followed by semi-finished steel at 12 percent (488 thousand metric tons), stainless steel at 8 percent (309 thousand metric tons), and pipe and tube products at 3 percent (129 thousand metric tons).

South Korea's Imports of Steel Mill Products
Millions of Metric Tons



Source: IHS Markit Global Trade Atlas
YTD through March 2018

South Korea's Imports of Steel Mill Products
Billions of U.S. Dollars



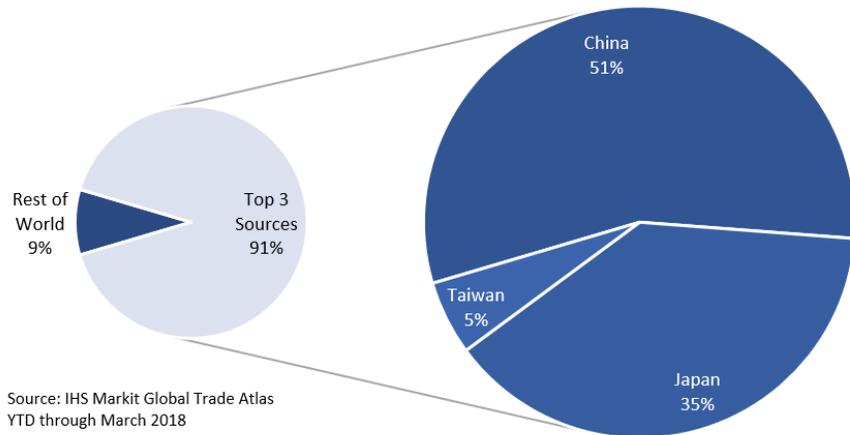
Source: IHS Markit Global Trade Atlas
YTD through March 2018

Steel Imports Report: South Korea

Imports by Top Source

The top 3 source countries for South Korea's steel imports represented 91 percent of the total steel import volume in YTD 2018 with 3.6 million metric tons (mmt). China accounted for the largest share of South Korea's imports by source country at 51 percent (2 mmt), followed by Japan at 35 percent (1.4 mmt) and Taiwan at 5 percent (0.2 mmt).

South Korea's Steel Imports - Top 3 Sources
YTD 2018 - Percent of Volume



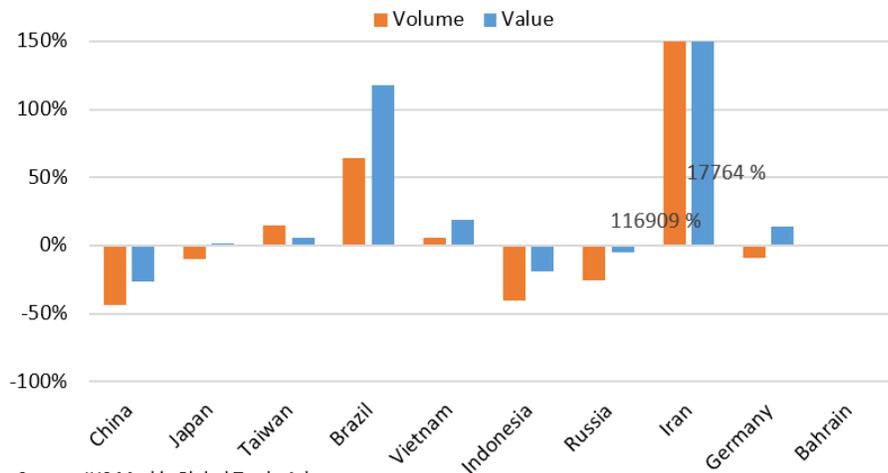
Source: IHS Markit Global Trade Atlas
YTD through March 2018

The United States ranked 16th as a source for South Korea's steel imports in YTD 2018 with 0.1 percent of imports (5 thousand metric tons).

Trends in Imports from Top Sources

The volume of South Korea's steel imports increased from half of South Korea's top ten steel import sources between YTD 2017 and YTD 2018. South Korea's imports from Iran and Brazil increased significantly in YTD 2018 — up 116,909 and 64.5 percent, respectively. Imports from Taiwan increased 15 percent, followed by Vietnam (6%), and Bahrain increased to 12,903 metric tons in YTD 2018, from zero metric tons in YTD 2017. South Korea's import volumes from China showed the largest decrease, down 44 percent, followed by Indonesia, (-40%), Russia (-26%), Japan (-10%), and Germany (-9%).

Percent Change in Imports from Top 10 Sources (YTD 2017 to YTD 2018)



Source: IHS Markit Global Trade Atlas
YTD through March 2018

The overall value of South Korea's steel imports increased from all but three of the top 10 sources. As with import volume, values from Iran and Brazil showed significant increases, up 17,764 percent and 118 percent, respectively, followed by imports from Vietnam (19%), and Germany (14%). Import value declined the most from China (-26%), followed by Indonesia (-19%), and Russia (-5%).

Steel Imports Report: South Korea

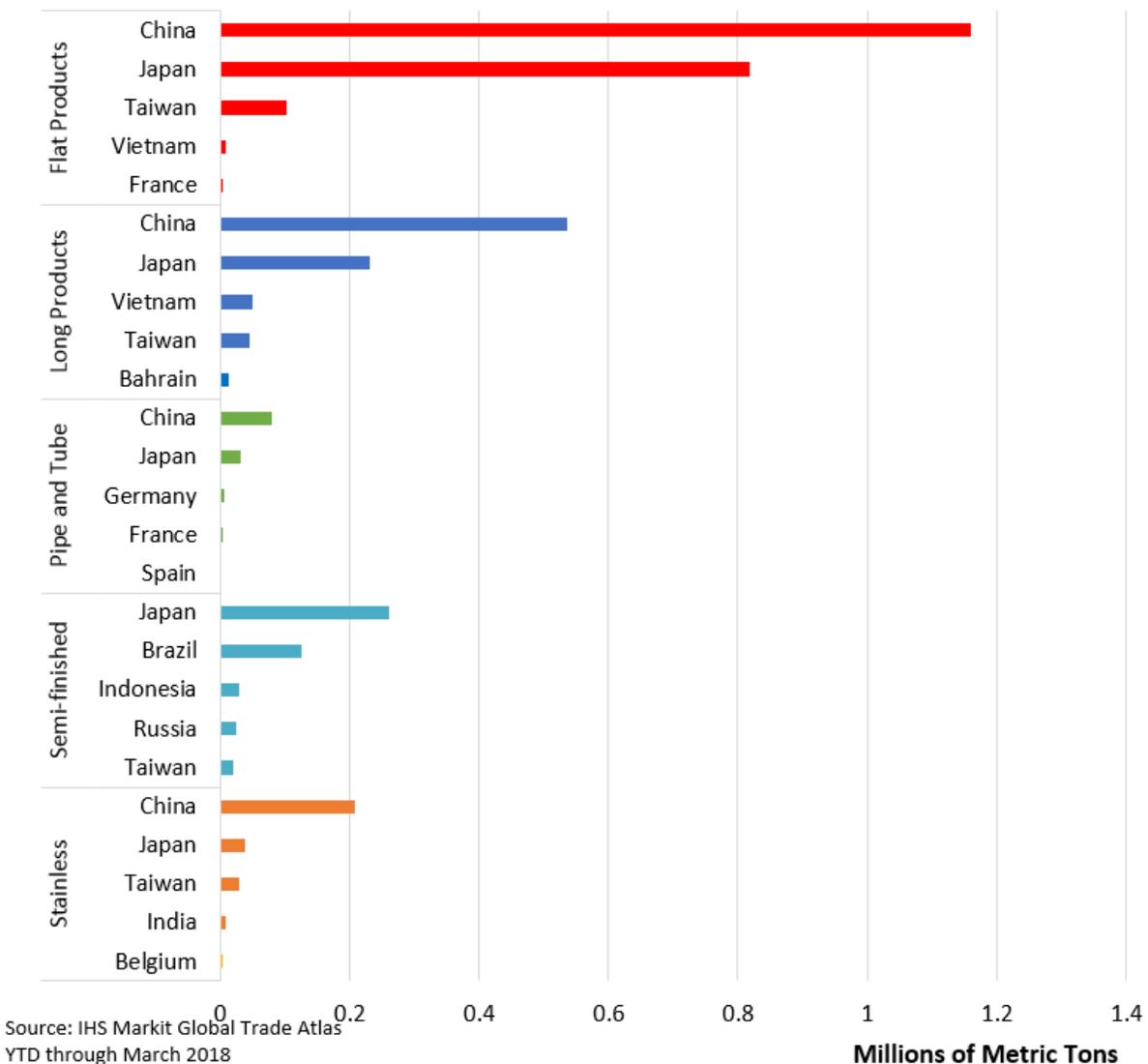
Top Sources by Steel Product Category

South Korea's top import sources by volume vary across types of steel products, though China and Japan hold the first and second spots for most products. In YTD 2018, China accounted for the largest share of South Korea's imports of flat products at 55 percent (1.2 million metric tons), long products at 60 percent (536 thousand metric tons), pipe and tube products at 61 percent (79 thousand metric tons), and stainless products at 67 percent (208 thousand metric tons).

Japan accounted for the largest share of South Korea's semi-finished imports in YTD 2018 at 54 percent (262 thousand metric tons), the second-largest share of South Korea's imports of flat products at 39 percent (817 thousand metric tons), the second-largest share of long products at 26 percent (231 thousand metric tons), the second-largest share of pipe and tube products at 25 percent (32 thousand metric tons), and the second-largest share of stainless products at 12 percent (38 thousand metric tons).

The United States was not a top five source for South Korea in any product group in YTD 2018.

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



Steel Imports Report: South Korea

South Korea's Export Market Share from Top Source Countries

In 2017, the share of steel exports sent to South Korea from its top import sources increased or remained about the same in almost all cases for which data was available. In 2017, the share of Australia's steel exports to South Korea increased 4.7 percentage points, while China and Taiwan's increased 2 percentage points. Indonesia was the only country with a notable decrease in its share of steel exports to South Korea (down 10 percentage point from 2016), while Japan, India and Germany saw minor decreases, down 1, 0.5 and .04 percentage points, respectively.

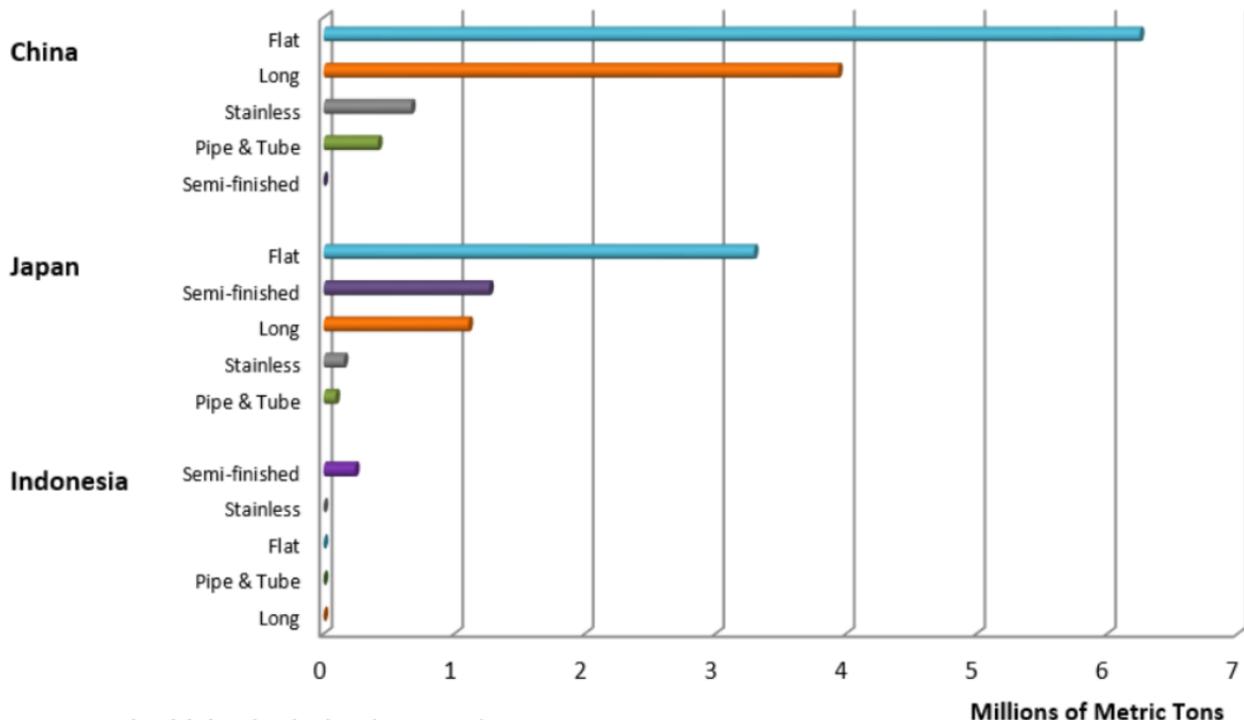
South Korea's Steel Export Market Share				
Top 10 Import Sources	Share of Exports to South Korea - 2016	South Korea's Rank in 2016	Share of Exports to South Korea - 2017	South Korea's Rank in 2017
China	13.3%	1	15.4%	1
Japan	17.1%	1	15.8%	1
Taiwan	3.9%	7	5.8%	6
Indonesia	19.9%	1	10.0%	3
Vietnam*	N/A	N/A	N/A	N/A
Brazil	1.5%	19	2.1%	13
Russia	0.1%	63	0.1%	57
Australia	3.1%	8	7.8%	4
India	0.9%	22	0.4%	34
Germany	0.2%	35	0.2%	36

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

*Vietnam 2016 and 2017 data unavailable

Among South Korea's top import sources, China and 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 2017, at 55 and 56 percent (6.3 million metric tons and 3.3 million metric tons, respectively). Nearly all of Indonesia's exports to South Korea consisted of semi-

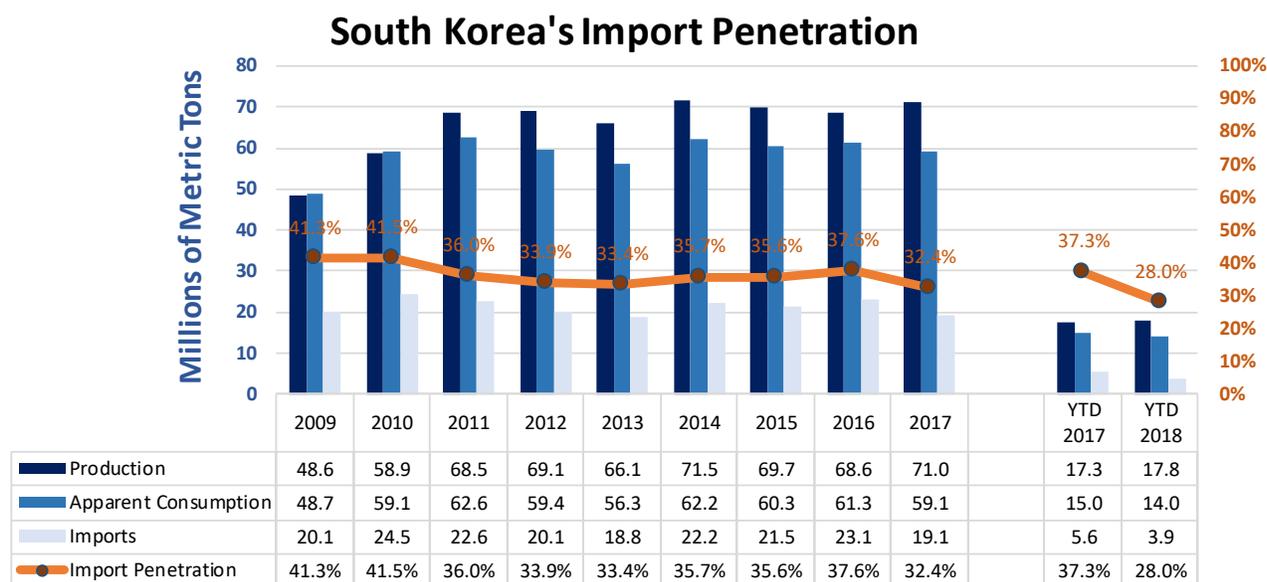
Steel Export Composition of Top Market-Share Countries - 2017



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

Steel Imports Report: South Korea

Overall Production and Import Penetration



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

Between 2009 and 2012, South Korea's crude steel production grew by 42 percent. Since then, production has fluctuated and averaged about 69 million metric tons per year through 2017. In YTD 2018, production totaled 17.8 million metric tons, up 2.8 percent from 17.3 million metric tons in YTD 2017. Apparent consumption (a measure of steel demand) went from being in balance with production in 2009 and 2010 to falling behind production. In YTD 2018, apparent consumption decreased 7 percent to 14 million metric tons, down from 15 million metric tons in YTD 2017. The gap between production and apparent consumption was the widest in 2017 when it reached 11.9 million metric tons. In YTD 2018, the gap was at 3.8 million metric tons, a 67% increase compared with 2.3 million metric tons in YTD 2017. Between 2009 and 2017, import penetration decreased 8.9 percentage points. In YTD 2018, South Korea's import penetration decreased 9.3 percentage points to 28 percent, down from 37.3 percent in YTD 2017.

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, or 95 percent, of 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 Company	21.23	Beams, reinforcing bars, hot-rolled, plates
3	Dongkuk Steel Mill Co, Ltd	3.73	Plates, sections, bars

Source: World Steel Association; Hoovers; MarketLine

Steel Imports Report: **South Korea**

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.

South Korea’s Trade Remedies in Effect Against Steel Mill Imports				
Country	AD	CVD	Suspension Agreements and Undertakings	Total
China	1		1	2
India	1			1
Japan	2		1	3
Spain	1			1
TOTAL	5	0	2	7

Source: World Trade Organization, through December 31, 2017

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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