INTERNATIONAL TRADE ADMINISTRATION

Global Steel Trade Monitor

Steel Exports Report: **Canada**

September 2018

Background

Canada was the world's nineteenth-largest steel exporter in 2017. In year to date 2018 (through June), further referred to as YTD 2018, Canada exported 3.7 million metric tons of steel, a 9 percent increase from YTD 2017. Canada's exports represented about 1 percent of all steel exported globally in 2017. The volume of Canada's 2017 steel exports was roughly 1/11th the size of the world's largest exporter, China. In value terms, steel represented just 1.5 percent of the total goods Canada exported in 2017.

Canada exports steel to more than 130 countries and territories. The ten countries labeled in the map below represent the top markets for Canada's exports of steel, accounting for 99 percent of Canada's steel exports in 2017.

Canada's Exports of Steel Mill Products-2017 (Top Ten in Blue)

Quick Facts:

- World's nineteenth-largest steel exporter: 3.7 million metric tons (YTD 2018)
- 87% growth in steel exports since Q1 2009
- YTD export volume up 9% while export value up 18%
- Top markets: United States and Mexico
- Exports as a share of production up from 51.1% in YTD 2017 to 56.9% in YTD 2018
- Largest producers: ArcelorMittal, Essar Steel Algoma

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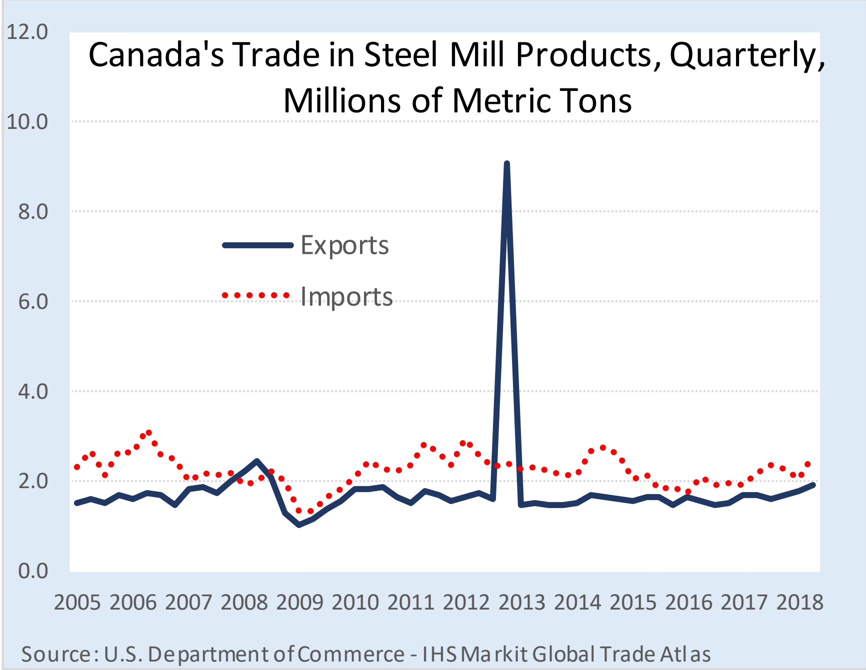
Steel Trade Balance

With the exception of three quarters, Canada has maintained a moderate trade deficit in steel products since 2005. Rising exports in the first half of 2008 and a spike in exports in Q4 2012 (resulting from a bulk shipment of semi-finished steel to Egypt) caused the deficit to briefly become a surplus. Since their recent low points in Q1 2009, imports grew 97 percent by Q2 2018, while exports grew 87 percent. In YTD 2018, Canada's steel trade deficit amounted to –947 thousand metric tons, an increase from –709 thousand metric tons in YTD 2017.

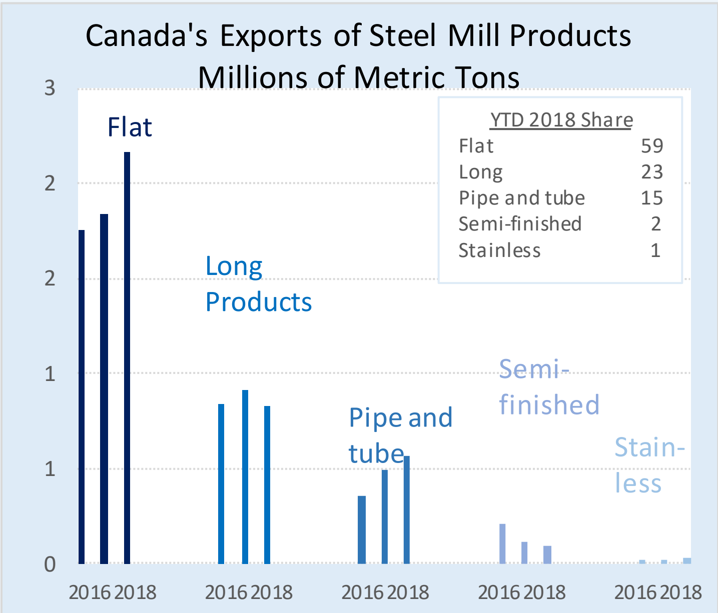


Source: U.S. Department of Commerce - IHS Markit Global Trade Atlas

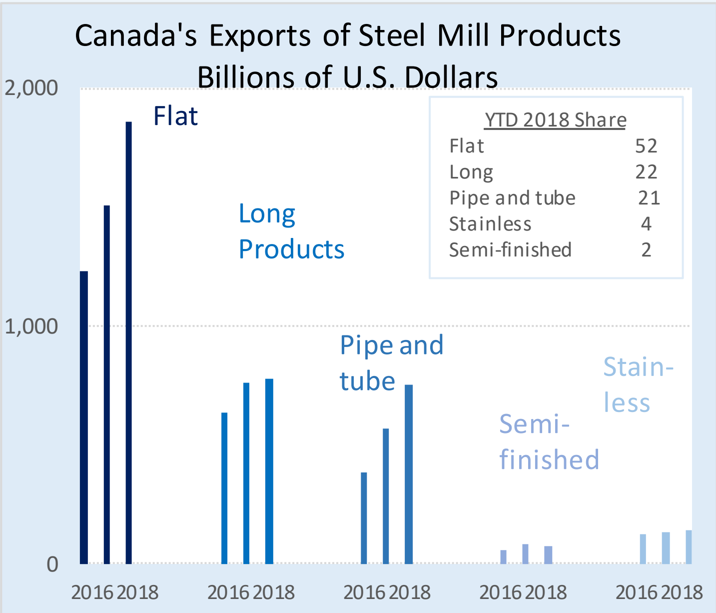
Export Volume, Value, and Product

In 2017, the volume of Canada's steel exports increased by 9 percent to 6.7 million metric tons from 6.1 million metric tons in 2016. Exports in YTD 2018 increased by 9 percent to 3.7 million metric tons from 3.4 million metric tons in YTD 2017. In value terms, Canada's steel exports increased by percent between 2016 and 2017 and have continued to increase in YTD 2018 —up 18 percent to $3.6 billion from $3.1 billion in YTD 2017.

Flat products accounted for 59 percent of Canada's steel exports by volume in YTD 2018 at 2.2 million metric tons. Long products represented the second-largest category at 23 percent (832 thousand metric tons), followed by pipe and tube (15% or 564 thousand metric tons), semi-finished steel (2% or 90 thousand metric tons), and stainless steel (1% or 29 thousand metric tons).



Source: IHS Markit Global Trade Atlas, YTD through June 2018



Source: IHS Markit Global Trade Atlas, YTD through June 2018

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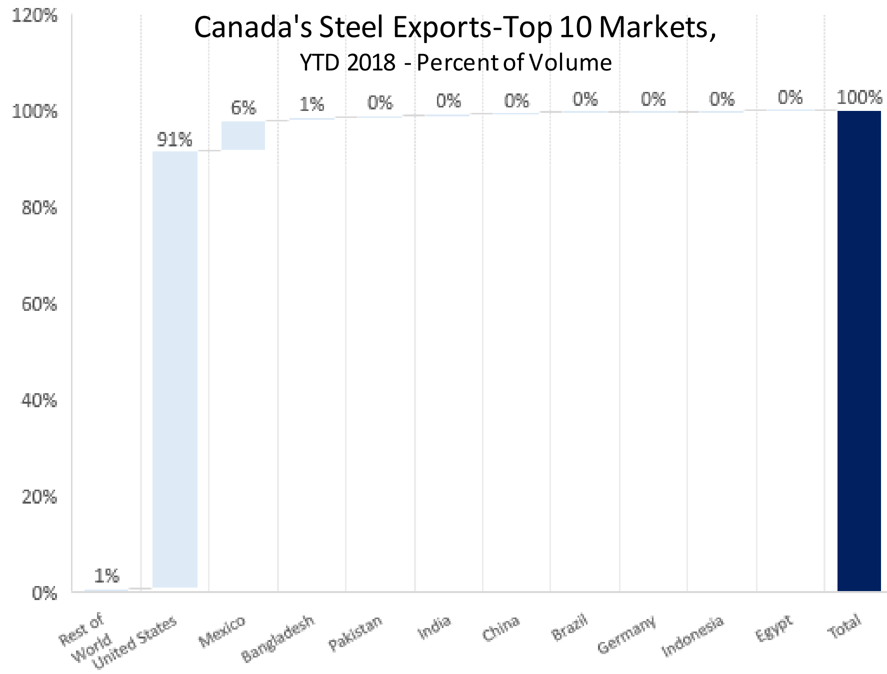
Exports by Top Market

Exports to Canada's top 2 steel markets represented 97 percent of Canada's steel export volume in YTD 2018 at 3.6 million metric tons (mmt). Furthermore, the top ten markets for Canada's exports, by themselves accounted for 99 percent of exports by volume. Canada sent 91 percent of its steel exports to the United States in YTD 2018 (3.3 mmt) and 6 percent to Mexico (235 thousand metric tons). Of note, with the exception of 2012, the United States and Mexico have ranked first and second as top export markets for Canada's shipments of steel since 2000.

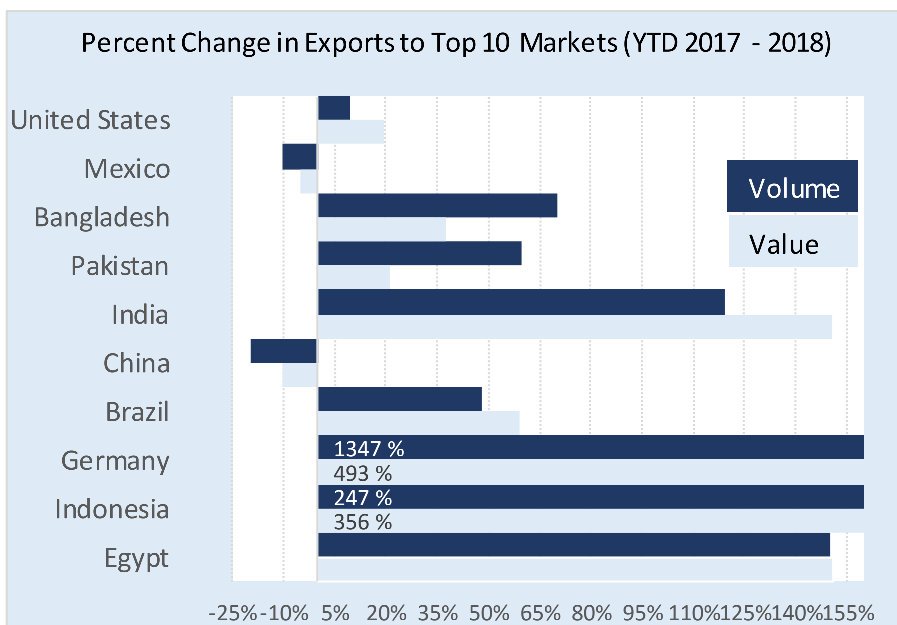


Source: U.S. Department of Commerce - IHS Markit Global Trade Atlas - YTD through June 2018

Trends in Exports to Top Markets

Between YTD 2017 and YTD 2018, the volume of Canada's steel exports increased to eight of its top 10 steel export markets. Export volumes increased the most to Germany (+ 1,347%) followed by Indonesia (+ 247%), then Egypt (+150%), India (+119%), Bangladesh (+70%), and Pakistan (+60%). The volume of Canada's steel exports to China declined 20%, followed by Mexico (-20%).

In terms of value, Canada's steel exports increased to 8 of its 10 largest markets, reflecting a recent increase in global steel prices. As with volume, Canada saw the value of its steel exports increase the most to Germany (+493%) followed by Indonesia (+356%), Egypt and India (both +151%), and Brazil (+59%). The value of Canada's exports to China declined the most (-11%), followed by exports to Mexico (-5%).



Source: U.S. Department of Commerce - IHS Markit Global Trade Atlas - YTD through June 2018

Export markets outside the top 10 that saw notable increases include 13th-ranked Italy (+315%), 14th-ranked Cuba (+68%), 15th-ranked Mongolia (+4868%), and 16th-ranked Norway (+5976%).

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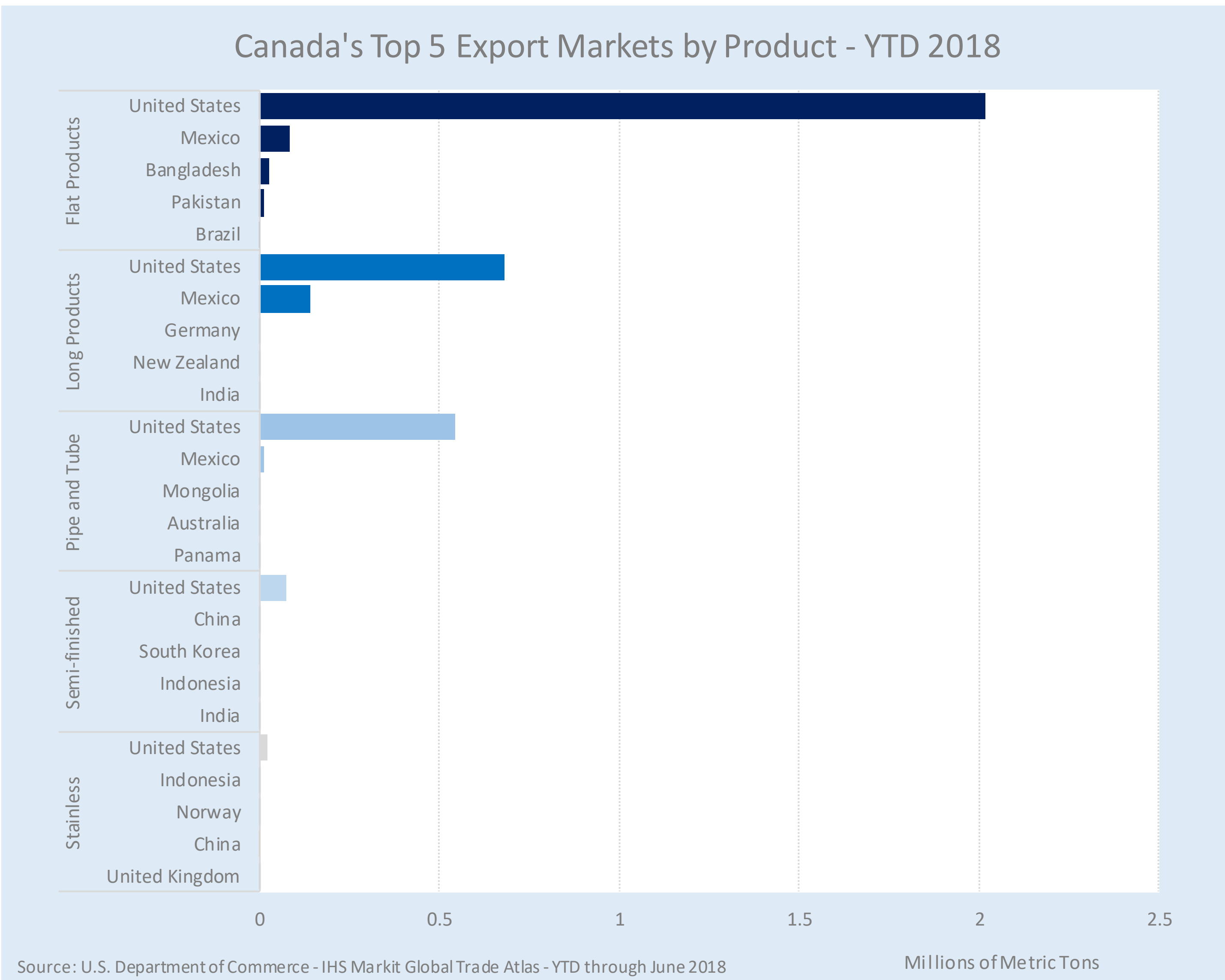
Top Markets by Steel Product Category

The United States held the top position for every product category of Canada's steel exports, and the United States accounted for over 80 percent of Canada's steel exports for every category. In YTD 2018, Canada exported 93 percent (2 million metric tons) of its flat product to the United States, 82 percent (680 thousand metric tons) of its long products exports, 96 percent (544 thousand metric tons) of its pipe and tube exports, 82 percent (74 thousand metric tons) of its semi-finished exports, and 81 percent (23 thousand metric tons) of its stainless products to the United States.



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Canada's Import Market Share in Top Destinations

In 2017, the import market share for Canada's steel products remained mostly unchanged in the majority of Canada's top 10 export destinations for which data are available. The share of imports from Canada in the United States, Mexico and New Zealand decreased by less than 1.5 percentage points. At the same time, import shares in India and Brazil increased by 0.1 percent while in China and Japan import shares remained constant relative to 2016. Only Sri Lanka had a notable increase in the share of steel imports from Canada (up 2 percentage points from 2016).

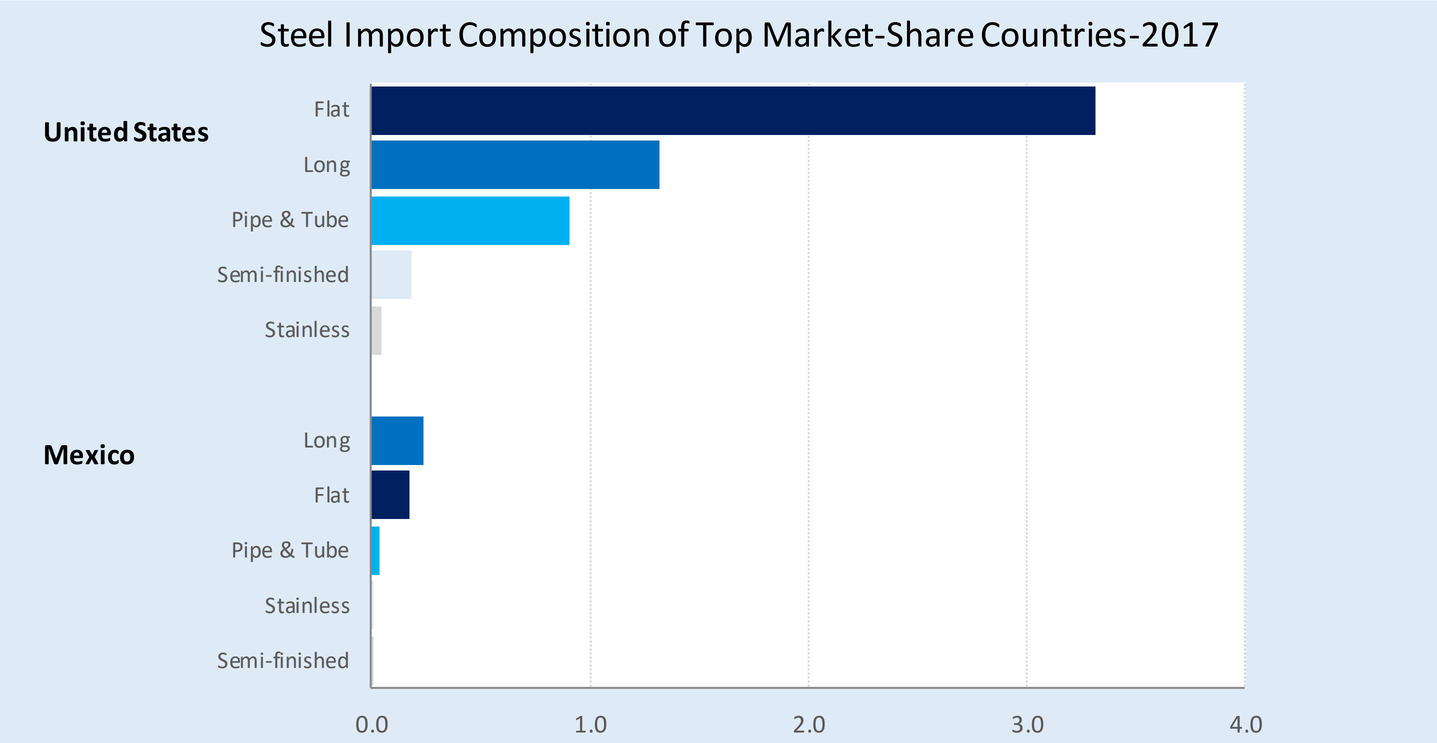
Canada's Steel Export Market Share

Top 10 Export Markets	Share of Imports from Canada-2016	Canada's Rank in 2016	Share of Imports from Canada - 2017	Canada's Rank in 2017	Change in Share
United States	17.3%	1	16.7%	1	↓
Mexico	5.5%	5	4.2%	5	↓
Bangladesh*	N/A	N/A	N/A	N/A	N/A
Pakistan**	0.8%	12	N/A	N/A	N/A
Sri Lanka	0.0%	42	2.0%	9	↑
China	0.1%	27	0.1%	28	↑
India	0.1%	28	0.2%	26	↑
Japan	0.0%	27	0.0%	17	↑
Brazil	0.1%	41	0.1%	38	↑
New Zealand	0.8%	10	0.7%	10	↓

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

*Data unavailable for Bangladesh 2016-2017 and for Pakistan for 2017.

Among Canada's top export markets, the United States and Mexico received the highest shares of their total steel imports from Canada, and in the remaining six countries, Canada accounted for 2 percent of imports or less. In 2017, flat products accounted for the largest share of steel imports from Canada in the United States at 57 percent (3.3 million metric tons), while long products accounts for the largest share of steel imports from Canada to Mexico at 54 percent (243 thousand metric tons).



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

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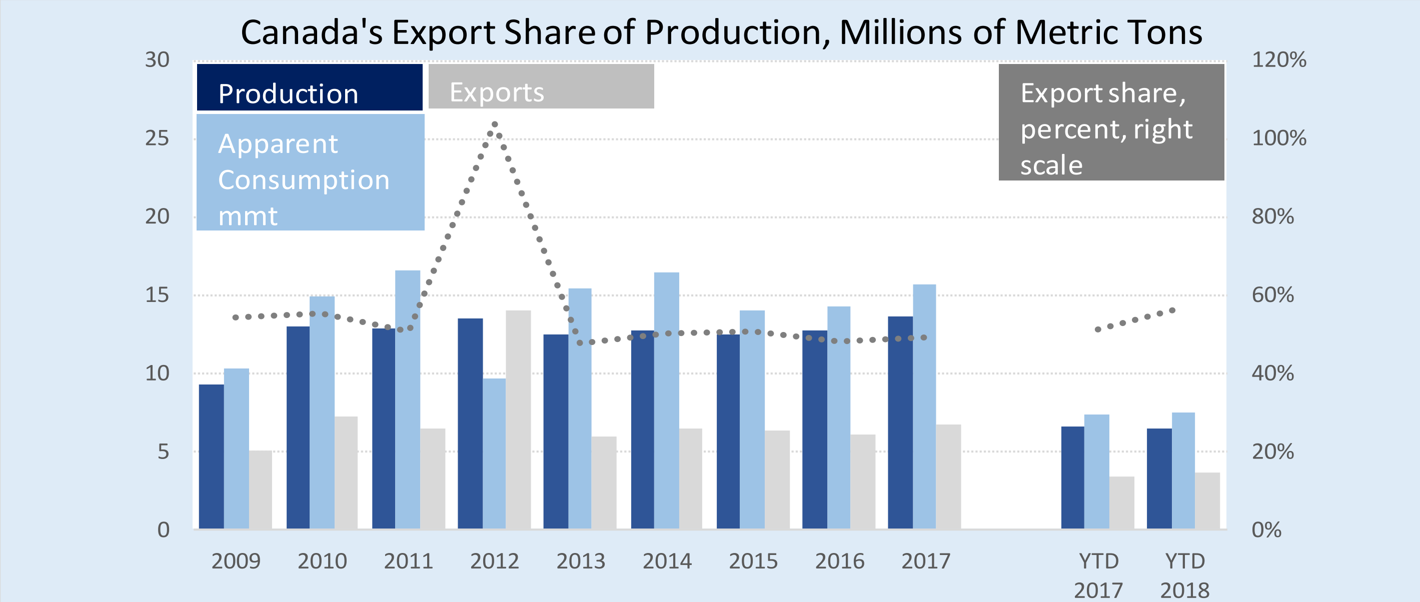
Overall Production and Export Share of Production



	2009	2010	2011	2012	2013	2014	2015	2016	2017	YTD 2017	YTD 2018
Production	9.292	13.0	12.9	13.5	12.4	12.7	12.5	12.7	13.6	6.6	6.5
Apparent Consumption	10.3	14.9	16.6	9.7	15.4	16.4	14.0	14.2	15.7	7.3	7.4
Exports	5.1	7.2	6.5	14.1	5.9	6.4	6.3	6.1	6.7	3.4	3.7
Export Share of Production	54.5%	55.1%	50.4%	104%	47.7%	50.3%	50.4%	48.3%	48.9%	51.1%	56.9%

Source: U.S. Department of Commerce, World Steel Assocation, IHS Markit Global Trade Atlas - YTD through June 2018

Canada's crude steel production averaged 12.8 million metric tons between 2013 and 2017. Production in YTD 2018 was down 2 percent to 6.5 million metric tons, down from 6.6 million metric tons in YTD 2017. Apparent consumption (a measure of steel demand) has outpaced production for much of the period, excluding 2012 when a spike in exports pushed demand down. The gap between demand and production increased in 2017, to 2.1 million metric tons, and has been steady in YTD 2018, compared with YTD 2017. Since 2009, exports as a share of production maintained an average of 50.7 percent, excluding 2012 when a spike in semi-finished exports to Egypt caused the share to hit 104 percent. In YTD 2018, exports as a share of production increased to 56.9 percent from 51.1 percent in YTD 2017.

Top Producers

Steel production in Canada is dominated by foreign-owned companies as many domestically-owned firms were purchased by steel companies from outside of Canada. The largest producer, Luxembourg-based ArcelorMittal, alone accounts for roughly half of Canadian steel production through its two subsidiaries.

Canada's Top Steel Producers in 2017

Rank	Company	Production (mmt)	Main Products
1	ArcelorMittal Dofasco	4.5 (shipments)	Hot-rolled sheet, cold-rolled sheet, galvanized
2	ArcelorMittal Long Pro	2 (production)	Semi-finished, reinforcing bars, bars, wire rod, wire
3	Essar Steel Algoma	2.8	Hot-rolled sheet, cold-rolled sheet, plates
4	Evraz	N/A	Plate, coil, OCTG
5	Gerdau	N/A	Long products
6	U.S. Steel Canada	N/A	Hot-rolled sheet, cold-rolled sheet, galvanized

Source: World Seel Association: Hoover's; Bloomberg; Company websites

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 provide statistics on the current number of trade remedies various countries have against steel mill products from Canada.

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; 2) I and H sections of other alloy steel; 3) 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-finsished 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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