



Global Steel Trade Monitor

Steel Exports Report: South Korea

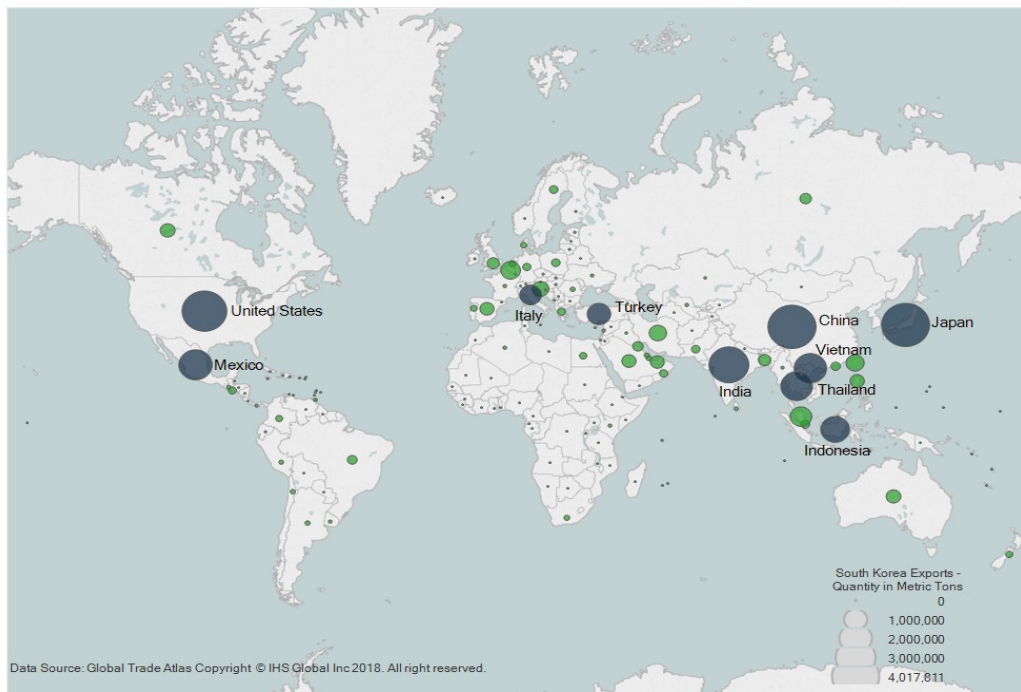
September 2018

Background

South Korea is the world's fourth-largest steel exporter. In year-to-date 2018 (through June), further referred to as YTD 2018, South Korea exported 15.3 million metric tons of steel — a 2 percent decrease from 15.7 million metric tons in YTD 2017. South Korea's exports represented about 7 percent of all steel exported globally in 2017. The volume of South Korea's 2017 steel exports was less than half of the world's largest exporter, China, and just behind the third-largest exporter, Russia. In value terms, steel represented just 4.3 percent of the total amount of goods South Korea exported in 2017.

South Korea exports steel to more than 150 countries and territories. The ten countries labeled in the map below represent the top destinations for South Korea's exports of steel, accounting for 73 percent of South Korea's steel exports in 2017. The top 8 countries each received more than 1 million metric tons of South Korea's steel exports.

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



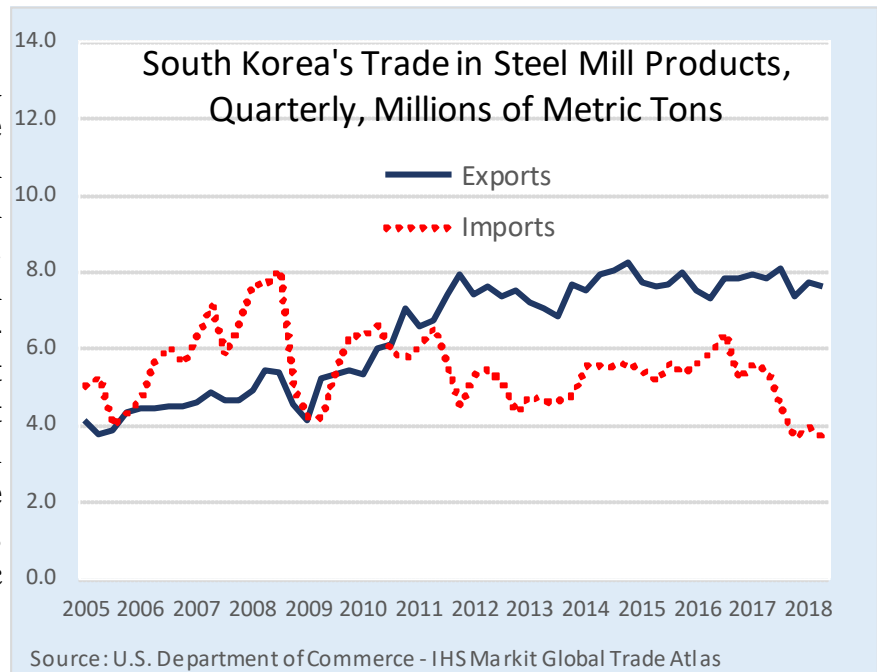
Quick Facts:

- World's fourth-largest steel exporter: 15.3 million metric tons (YTD 2018)
- 85% steel export growth since Q1 2009
- Exports as a share of production at 42.5% in YTD 2018
- YTD export volume down 2%, while export value up 10%
- Top three export markets: China, Japan, India
- Largest producers: POSCO and Hyundai Steel Co.
- 56 trade remedies in effect in 13 countries involving steel mill imports from South Korea

Steel Exports Report: South Korea

Steel Trade Balance

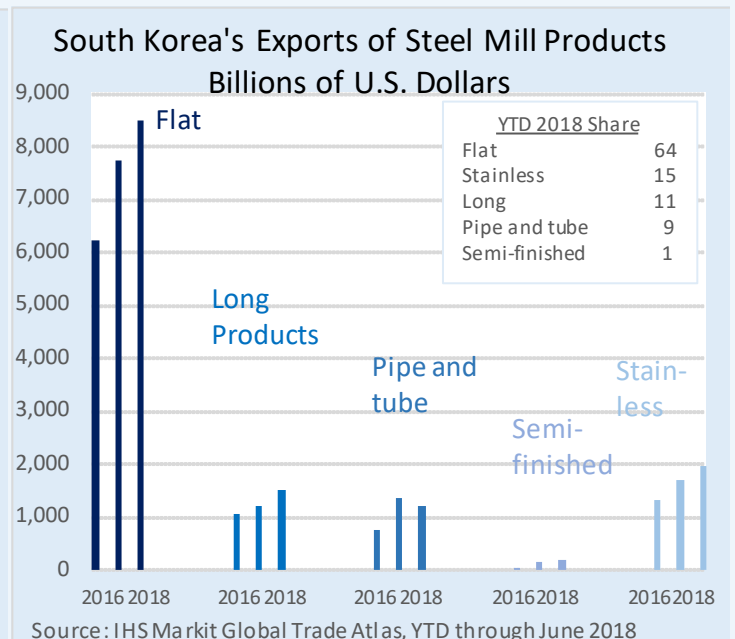
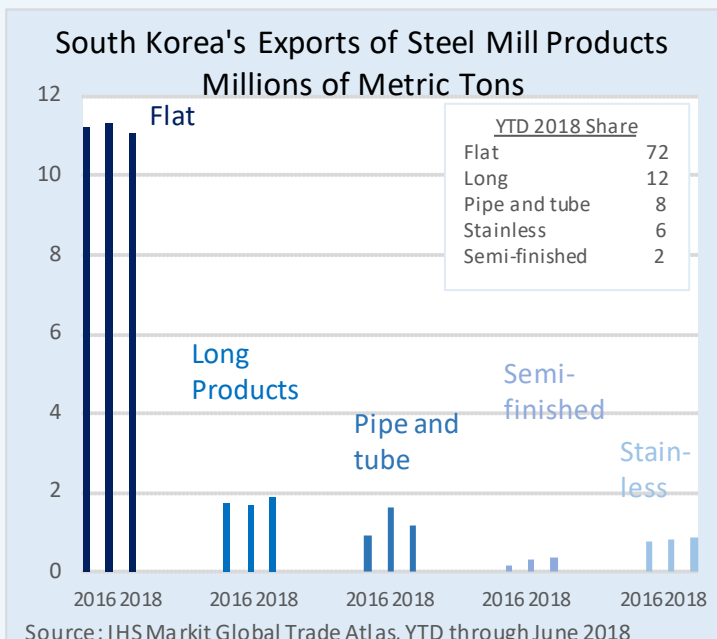
Prior to 2009, South Korea had a trade deficit in steel products. The deficit peaked in 2008 at 8.2 million metric tons. In 2009, imports began to fall and exports were on the rise. South Korea has consistently had an annual steel trade surplus since mid-2010, with exports rising 85 percent and imports declining by 12 percent between Q1 2009 and Q2 2018. In YTD 2018, South Korea's steel trade surplus sits at 7.7 million metric tons, up 67 percent from 4.6 million metric tons in YTD 2017.



Export Volume, Value, and Product

In 2014, South Korea's steel exports reached a record high of 31.6 million metric tons. Since then, exports have fluctuated between 30.3 and 31.6 million metric tons per year. In YTD 2018, South Korea exported 15.3 million metric tons of steel, down 2 percent from YTD 2017. The value of South Korea's YTD 2018 exports increased 10 percent to \$13.3 billion from \$12.1 billion in YTD 2017.

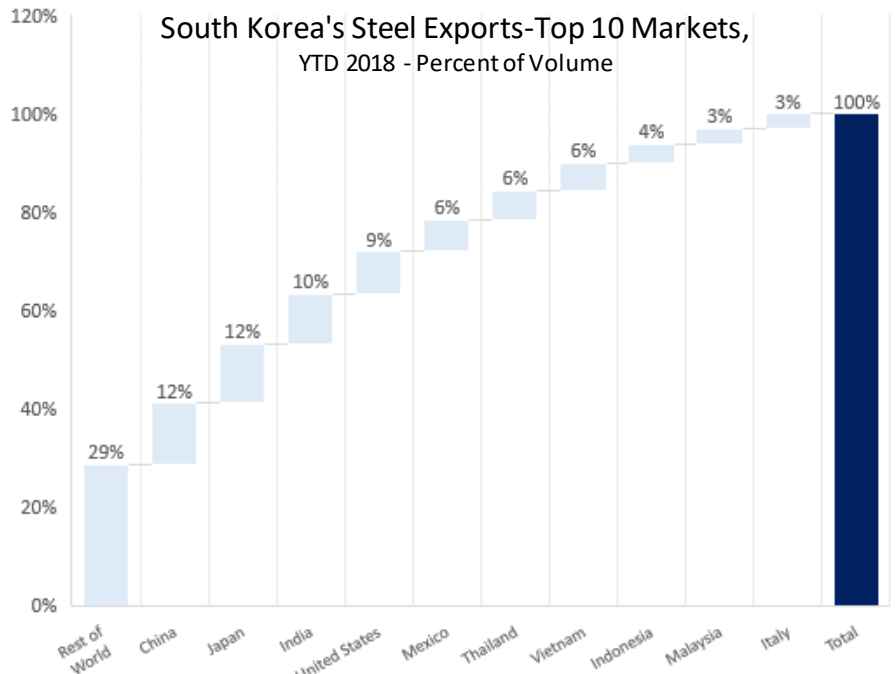
Flat products account for the largest share of South Korea's steel exports. In YTD 2018, 72 percent, or 11.1 million metric tons of South Korea's steel exports consisted of flat products. Long products accounted for 12 percent, or 1.9 million metric tons, followed by pipe & tube products at 8 percent (1.2 million metric tons), stainless products at 6 percent (862 thousand metric tons), and semi-finished steel at 2 percent (352 thousand metric tons).



Steel Exports Report: South Korea

Exports by Top Market

Exports to South Korea's top 10 steel markets represented 71 percent of South Korea's steel export volume in YTD 2018 at 10.9 million metric tons (mmt). China was the largest market for South Korea's exports capturing a 12 percent share (1.9 mmt), followed by Japan at 12 percent (1.8 mmt), India at 10 percent (1.5 mmt), the United States at 9 percent (1.3 mmt), Mexico at 6 percent (1.0 mmt), Thailand at 6 percent (0.9 mmt), and Vietnam at 6 percent (0.88 mmt) in YTD 2018.

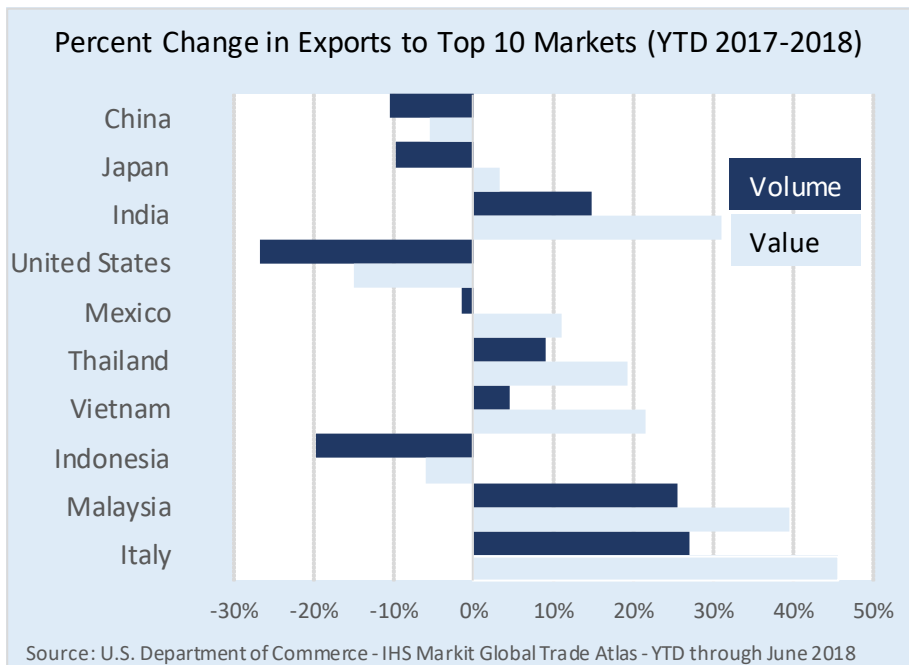


Source: U.S. Department of Commerce - IHS Markit Global Trade Atlas - YTD through June 2018

Trends in Exports to Top Markets

The volume of South Korea's steel exports increased to 5 of its top 10 markets in YTD 2018. Among the top markets, South Korea's exports increased to Italy (+27%), Malaysia (+26%), India (15%), Thailand (+9%), and Vietnam (+5%). South Korea's exports decreased the most by volume to the United States (-27%), Indonesia (-20%), China (-11%), Japan (-10%), and Mexico (-1%).

The overall value of South Korea's steel exports increased to all but three of the top 10 markets. Markets that saw an increase in steel value between YTD 2017 and YTD 2018 included exports to Italy (+46%), Malaysia (+40%), India (+31%), Vietnam (+22%), Thailand (+19%), Mexico (+11%), and Japan (+3%). South Korea's exports decreased the most in value to the United States (-15%), Indonesia (-6%), and China (-5%).



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

Outside the top 10 markets, other notable changes in South Korea's YTD 2018 export volume included exports to 12th-ranked Belgium (+39%), 13th-ranked Canada (+57%), 16th-ranked Iran (-23%), and 20th-ranked Russia (+71%).

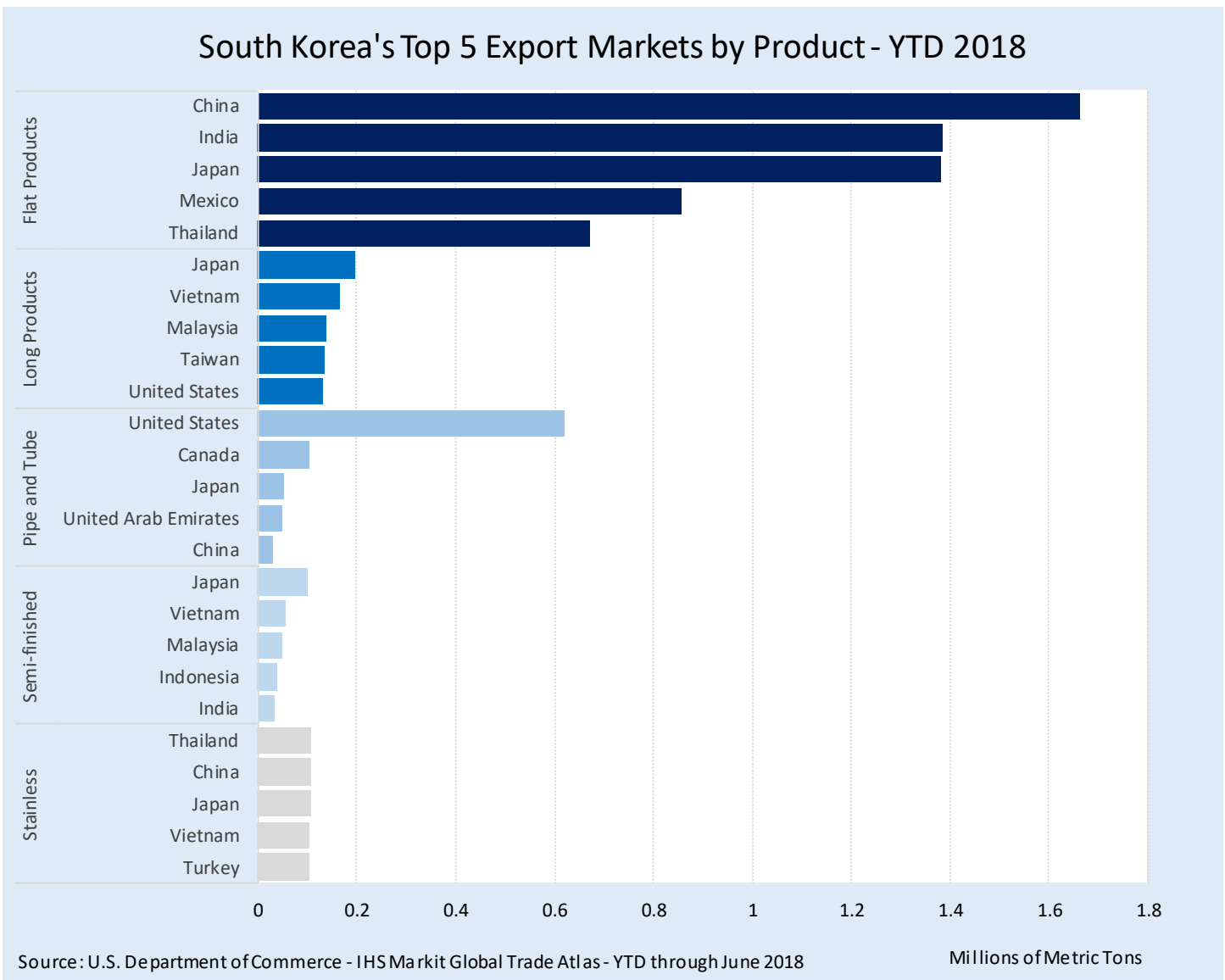
Steel Exports Report: South Korea

Top Markets by Steel Product Category

South Korea's top export markets by volume vary across types of steel products. China accounted for the largest share of South Korea's exports of flat products at 15 percent (1.7 million metric tons), followed closely by India and Japan, both at 12 percent (1.4 million metric tons each).

Japan was the largest destination for South Korea's long product exports at 11 percent (198 thousand metric tons), followed by Vietnam at 9 percent (165 thousand metric tons). Japan also received the most exports of South Korea's semi-finished products at 29 percent (102 thousand metric tons). Thailand received the largest share of South Korea's stainless exports at 13% (109 thousand metric tons), followed closely by China at 13% (108 thousand metric tons).

The United States accounted for the largest share of South Korea's pipe and tube exports at 53 percent (621 thousand metric tons).



Steel Exports Report: South Korea

South Korea's Import Market Share in Top Destinations

In 2017, the import market share for South Korea's steel products increased in all of South Korea's top export destinations except China, the United States, Italy, Vietnam, and Indonesia. The share of China's and the United States' steel imports from South Korea decreased by slightly larger margins, down 2.4 and 1.7 percentage points, respectively.

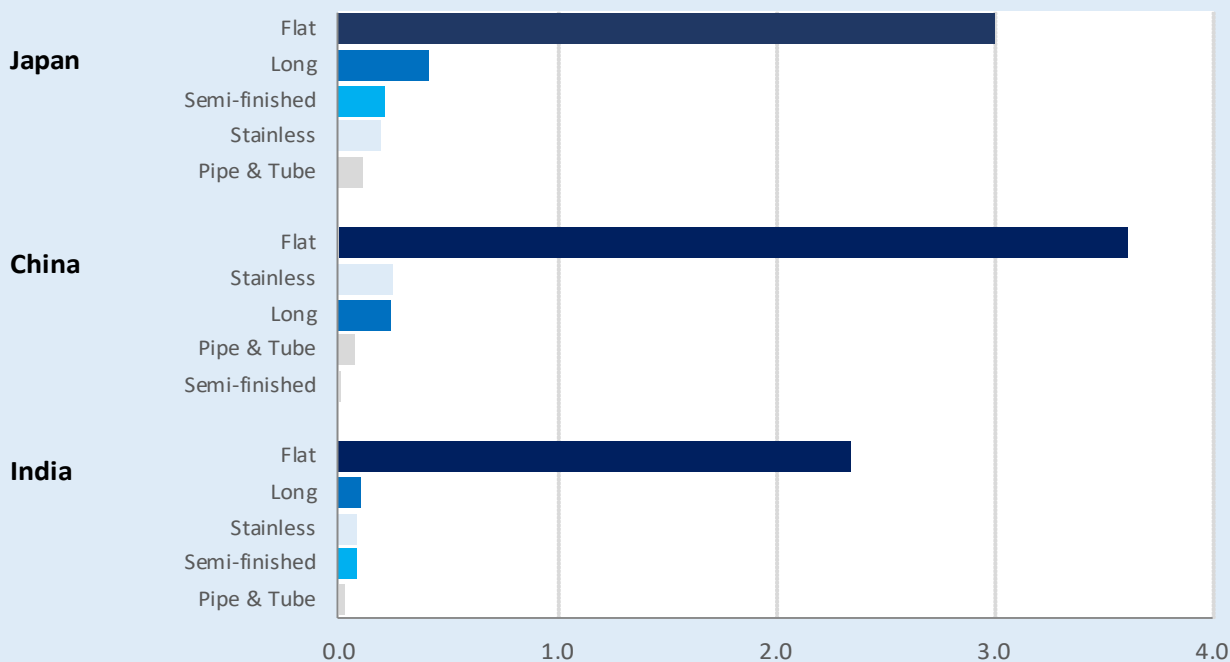
Countries with notable increases in their share of steel imports from South Korea included India (up 4.9 percentage points from 2016), Japan (up 4.1 percentage points), and Mexico (up 2.6 percentage points), while Thailand and Turkey saw more marginal increases (less than two percentage points).

Among South Korea's top export markets, Japan, China, and India received 30 percent or more of their total steel imports from South Korea. In 2017, flat products accounted overwhelmingly for the largest share of steel imports from South Korea in each Japan (77% or 3 million metric tons) China (86% or 3.6 million metric tons), and India (89% or 2.3 million metric tons).

South Korea's Steel Export Market Share						
Top 10 Export Markets	Share of Imports from South Korea - 2016	South Korea's Rank in 2016	Share of Imports from South Korea - 2017	South Korea's Rank in 2017	Change in Share	
China	32.8%	2	30.4%	2	↓	
Japan	60.6%	1	64.6%	1	↑	
United States	11.6%	3	9.8%	3	↓	
India	24.7%	2	29.7%	1	↑	
Mexico	11.1%	3	13.7%	3	↑	
Vietnam*	10.0%	3	N/A	N/A	N/A	
Thailand	10.2%	3	12.2%	3	↑	
Indonesia*	9.4%	3	N/A	N/A	N/A	
Turkey	7.6%	4	8.7%	3	↑	
Italy	4.6%	6	4.2%	9	↓	

Source: IHS Markit Global Trade Atlas, based on import data per reporting country
*2017 Import data for Vietnam and Indonesia is not available

Steel Import Composition of Top Market-Share Countries-2017

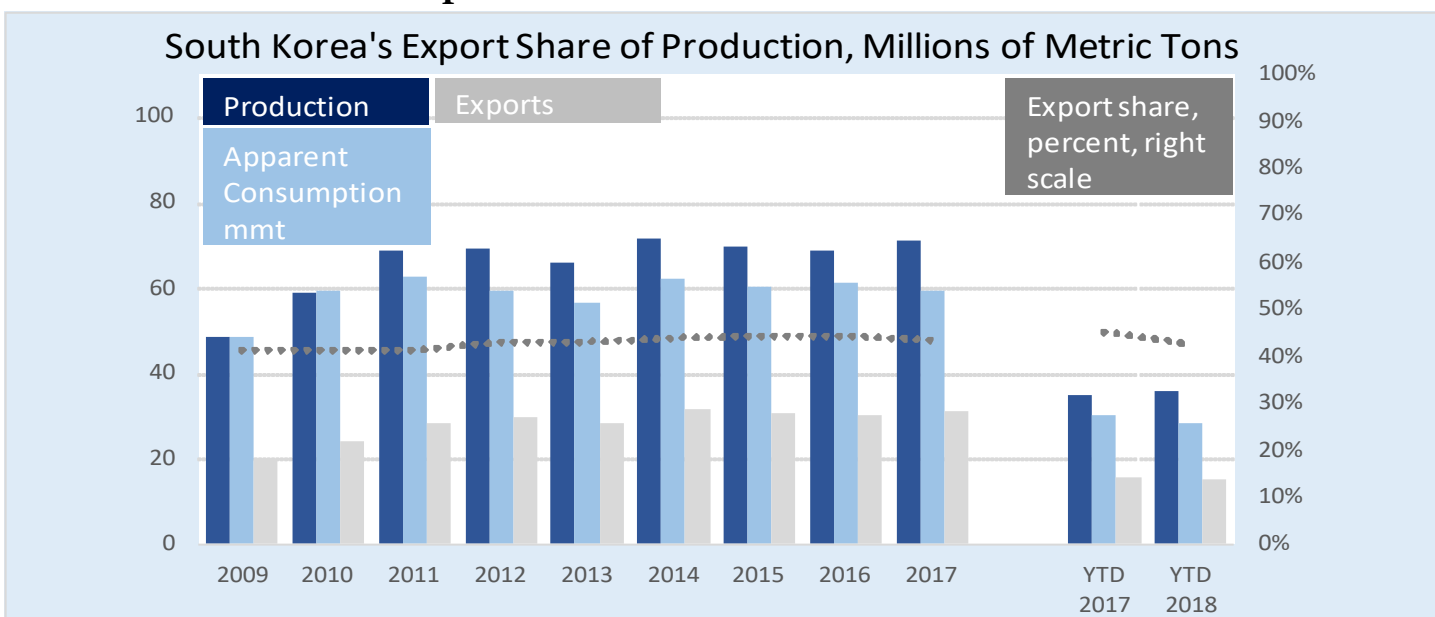


Source: IHS Markit Global Trade Atlas, based on import data per reporting country

Millions of Metric Tons

Steel Exports Report: South Korea

Overall Production and Export Share of Production



	2009	2010	2011	2012	2013	2014	2015	2016	2017	YTD 2017	YTD 2018
Production	48.57	58.9	68.5	69.1	66.1	71.5	69.7	68.6	71.0	34.8	36.1
Apparent Consumption	48.7	59.1	62.6	59.4	56.3	62.2	60.3	61.3	59.1	30.2	28.3
Exports	20.0	24.3	28.5	29.8	28.5	31.6	30.9	30.3	31.0	15.7	15.3
Export Share of Production	41.2%	41.3%	41.5%	43.2%	43.2%	44.1%	44.3%	44.2%	43.7%	45.0%	42.5%

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

Between 2009 and 2012, South Korea's crude steel production grew by 42 percent. Since then, production has fluctuated and averaged 69 million metric tons per year through 2017. In YTD 2018, production totaled 36.1 million metric tons, up 4 percent from 34.8 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 2011. In YTD 2018, apparent consumption decreased 6 percent to 28.3 million metric tons, down from 30.2 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 7.7 million metric tons, compared with 4.6 million metric tons for YTD 2017. Exports as a share of production gradually increased from 41.2 percent in 2009 to 43.7 percent in 2017. In YTD 2018, exports as a share of production decreased 2.5 percentage points from YTD 2017, down to 42.5%.

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.

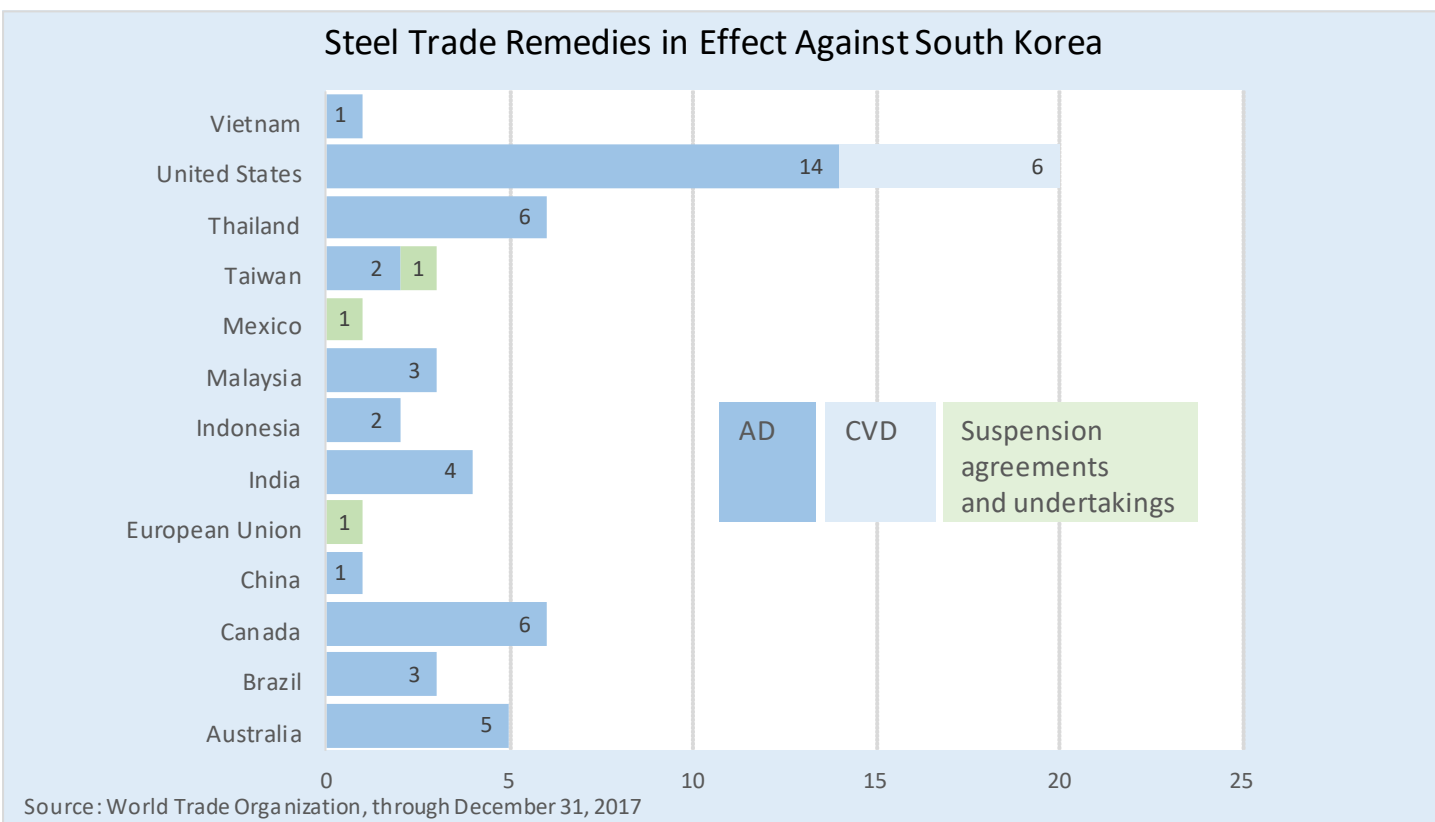
South Korea's Top Steel Producers in 2017			
Rank	Company	Production (mmt)	Main Products
1	POSCO	42.19	Hot-rolled, cold-rolled, plate, stainless, electrical, wire rods
2	HYUNDAI Steel Company	21.23	Beams, reinforcing bars, hot-rolled, plates
3	Dongkuk Steel Mill Co, Ltd	3.73	Plates, sections, bars

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

Steel Exports 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 tables below provide statistics on the current number of trade remedies various countries have against steel mill products from South Korea.



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-allow; 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-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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