

Global Steel Trade Monitor

Steel Exports Report: Russia

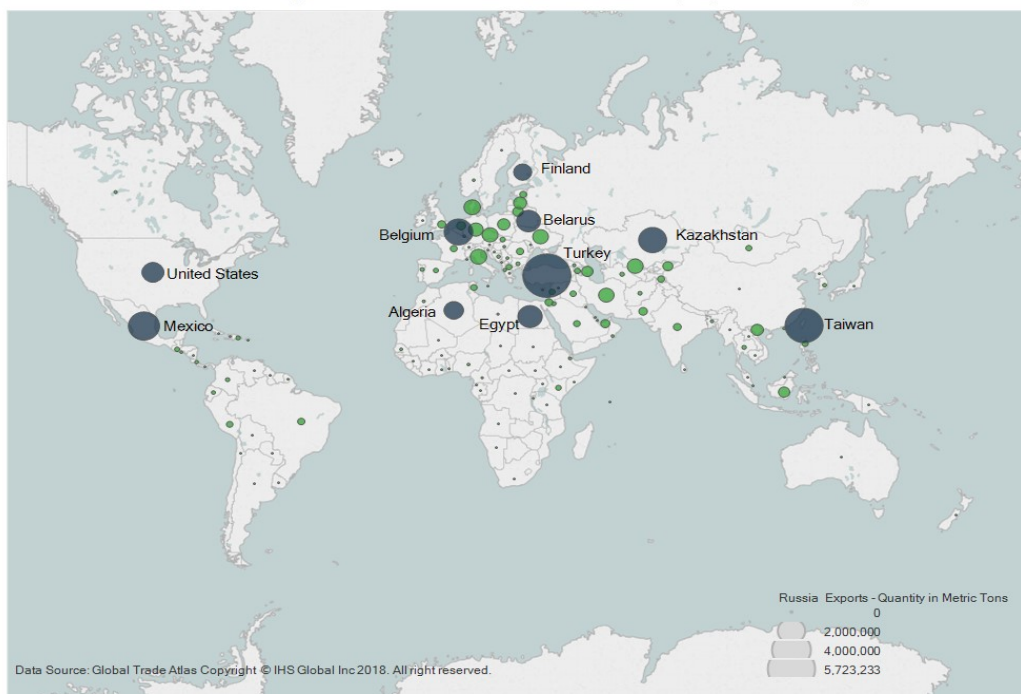
November 2018

Background

Russia is the world's third-largest steel exporter. In year to date 2018 (through June), further referred to as YTD 2018, Russia exported 17 million metric tons of steel, an 8 percent increase from 15.7 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 130 countries and territories. The ten countries labeled in the map below represent the top markets for Russia's exports of steel, receiving more than 700 thousand metric tons each and accounting for 68 percent of Russia's steel exports in 2017

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



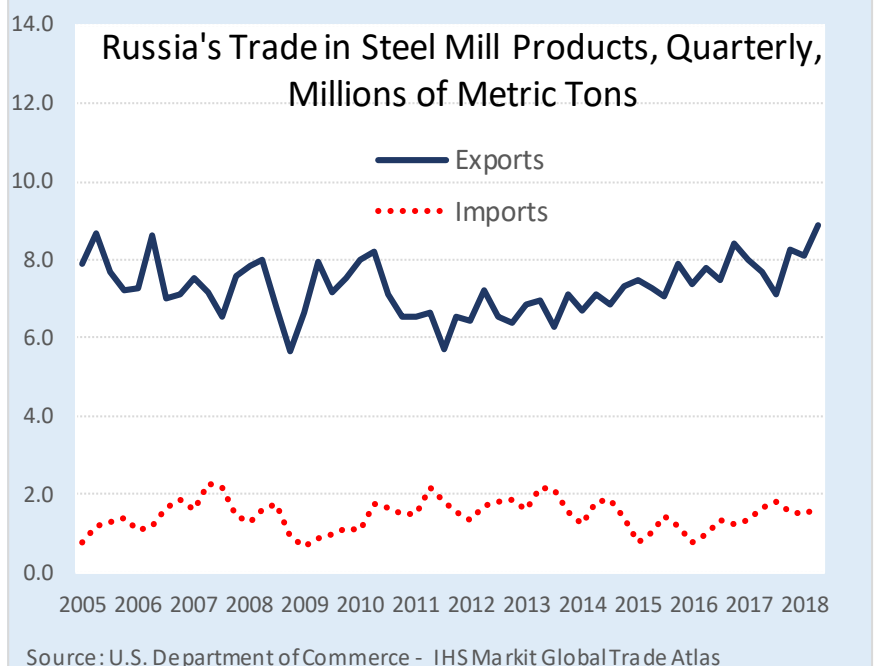
Quick Facts:

- World's third-largest steel exporter: 17 million metric tons (YTD 2018)
- 32% increase in steel exports from Q1 2009
- YTD 2018 export volume up 8% while export value up 38%
- Exports as a share of production up from 44.8% in YTD 2017 to 47.3% in YTD 2018
- Top three markets: Turkey, Taiwan, Mexico
- Largest producers: Novolipetsk Steel, EVRAZ, Magnitogorsk
- 16 trade remedies in effect in 7 countries or territories involving steel mill imports from Russia

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Steel Trade Balance

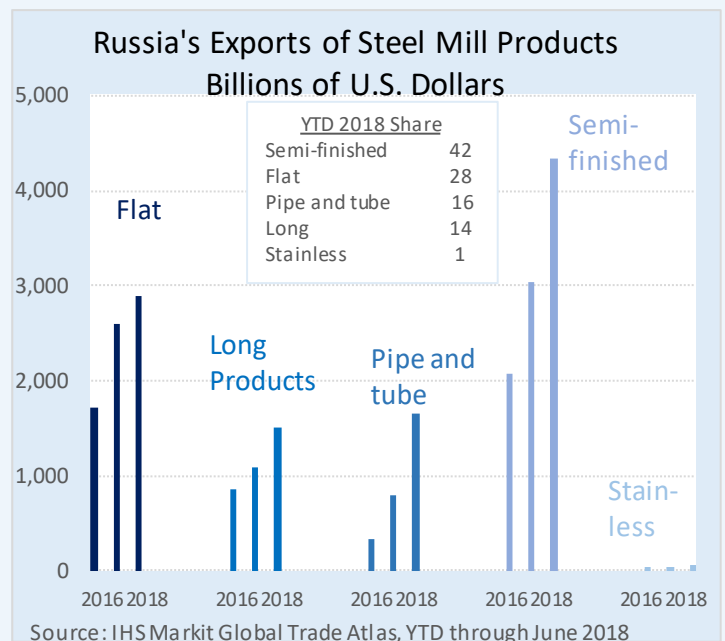
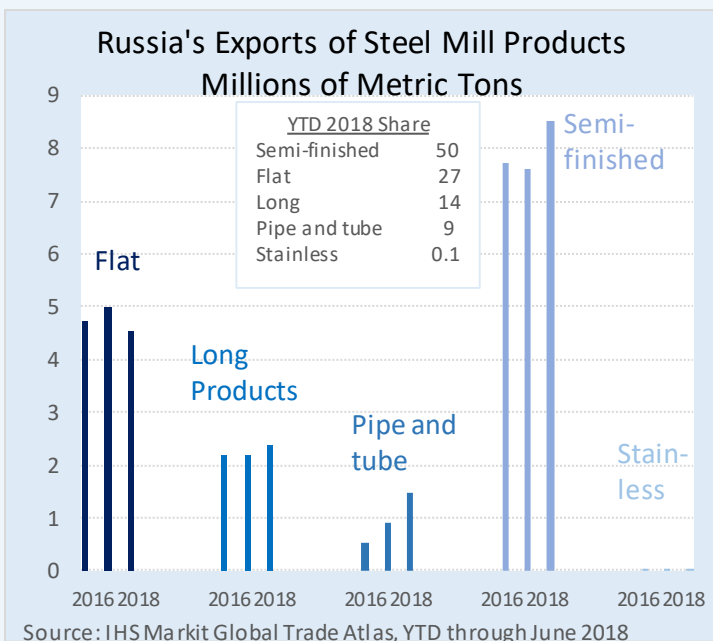
Over the past 11 years, Russia has exported between three and seven times as much steel as it has imported. Russia's steel imports and exports have historically displayed a roughly inverse relationship. Russia's exports increased 34 percent from Q1 2009 to Q2 2018 while imports have increased 151 percent over the same period. Russia's steel trade surplus amounted to 13.8 million metric tons in YTD 2018, a nine percent increase from 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 in 2017. In YTD 2018, exports stood at 17 million metric tons, an eight percent increase from 15.7 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 38 percent in YTD 2018 compared with YTD 2017, reflecting an increase in global steel prices since 2016.

In YTD 2018, Russia exported 8.5 million metric tons of semi-finished products, comprising 50 percent of its steel exports. With 4.6 million metric tons, (27 percent) flat products were the second-largest share, followed by long products at 14 percent (2.4 million metric tons), pipe and tube at 9 percent (1.5 million metric tons), and stainless steel at 0.1 percent (14 thousand metric tons).



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Exports by Top Market

Exports to Russia's top 10 steel markets represented 68 percent of Russia's steel export volume in YTD 2018 at 11.5 million metric tons (mmt). Turkey accounted for the largest share of Russia's exports with 17 percent (2.9 mmt), followed by Taiwan at 12 percent (2 mmt), Mexico at 8 percent (1.3 mmt), and Belgium at 7 percent (1.2 mmt).

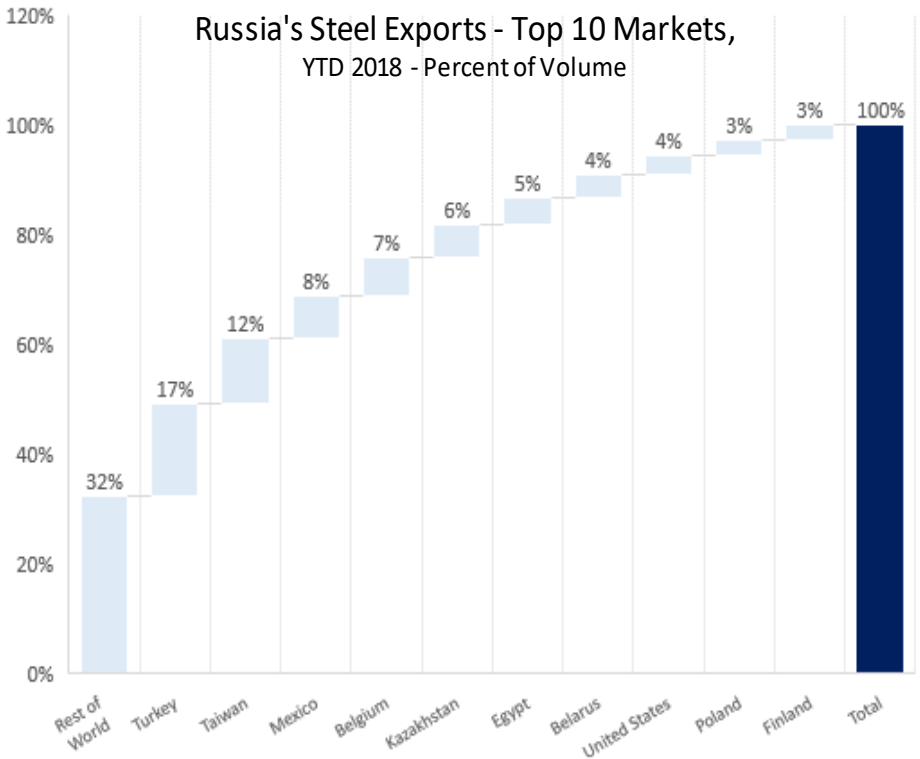
The United States ranked eighth in YTD 2018 as a destination for Russia's steel, receiving 4 percent of exports (0.6 mmt).

Trends in Exports to Top Markets

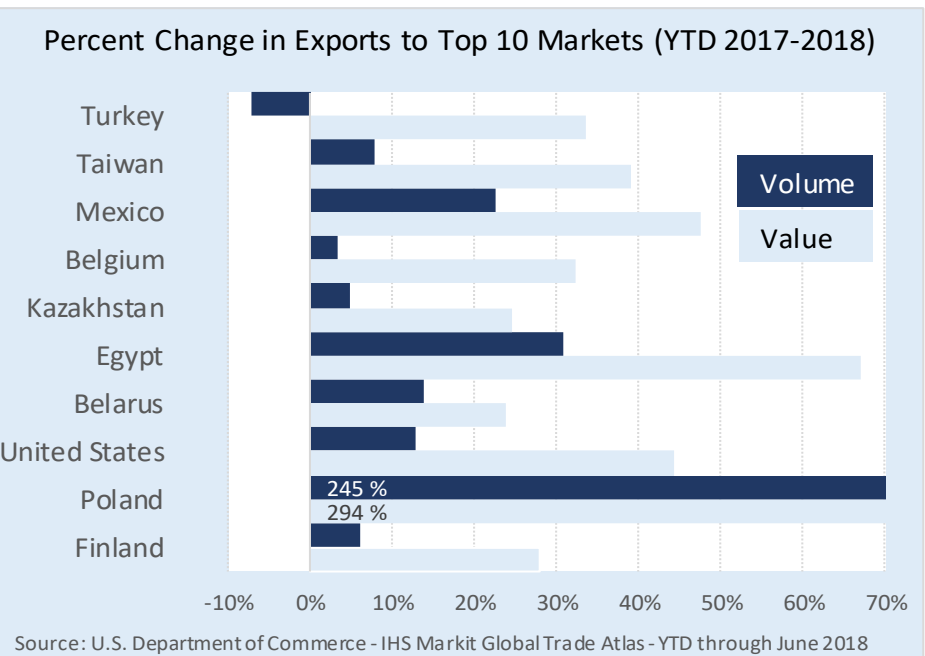
Between YTD 2017 and YTD 2018, the volume of Russia's steel exports increased to 9 of its top 10 export markets. Russia's exports to Poland jumped 245 percent by volume in YTD 2018. Other increases included exports to Egypt (+31%), Mexico (+23%), Belarus (+14%) the United States (+13%), Taiwan (+8%), Finland (+6%), Kazakhstan (+5%), and Belgium (+3%). Russia's exports by volume decreased only to Turkey, down 7 percent from YTD 2017.

Export values in YTD 2018 increased to all of Russia's top 10 markets. Exports to Poland increased the most in value (+294%), followed by Egypt (+67 percent), followed by Mexico (+48%), the United States (+44%), Taiwan (+39%), Turkey (+33%), Belgium (32%), Finland (+28%), Kazakhstan (+25%) and Belarus (+24%).

Outside the top 10, other notable volume changes included Russia's exports to 13th-ranked Germany (+51%), 16th-ranked Latvia, and 23-ranked Philippines (+1,190%).



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



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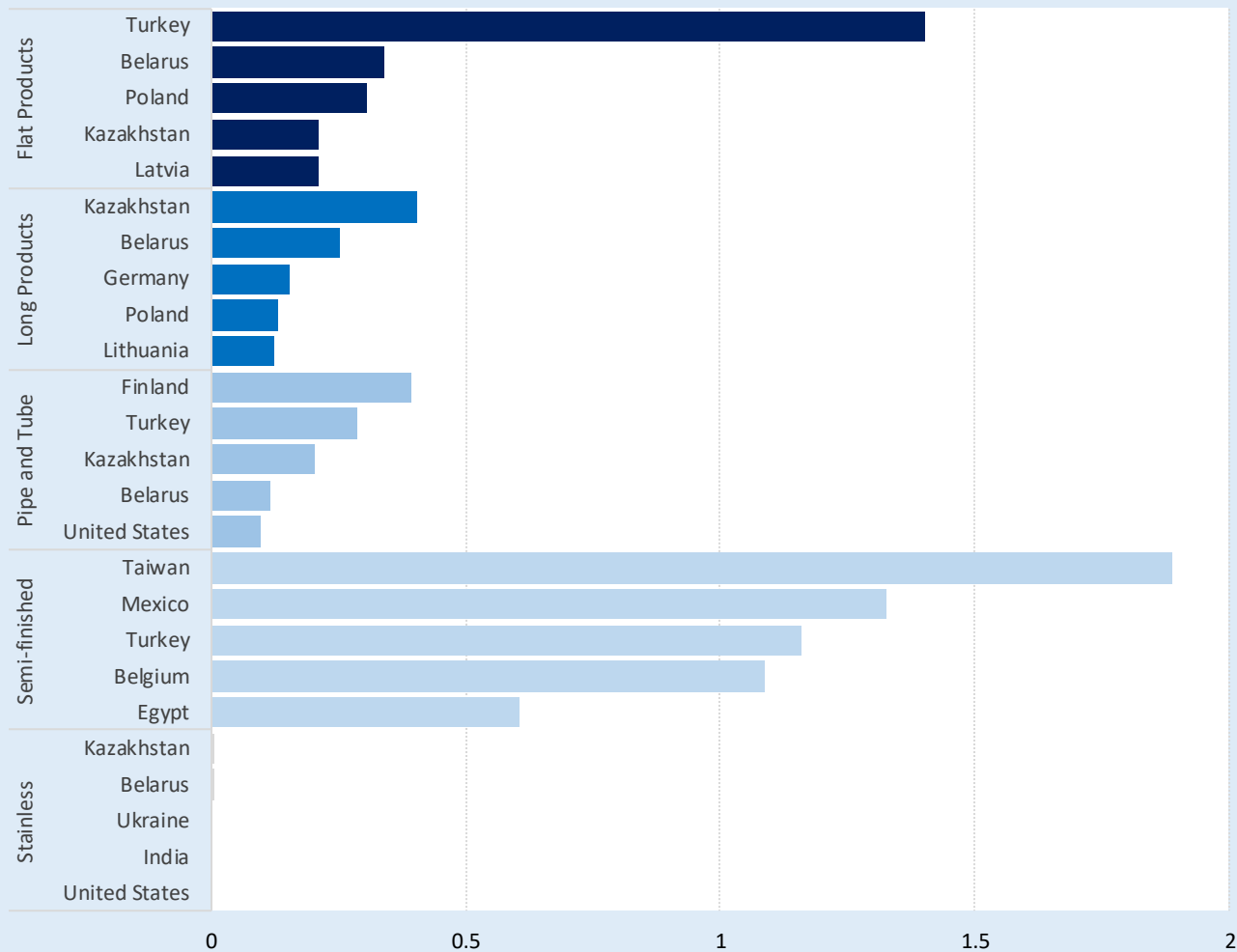
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Top Markets by Steel Product Category

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 products in YTD 2018 at 31 percent (1.4 million metric tons). Russia exported the largest shares of long and stainless products to Kazakhstan at 17 percent (405 thousand metric tons) and 41 percent (5.8 thousand metric tons), respectively. Taiwan received the largest share of Russia's semi-finished steel products at 22 percent (1.9 million metric tons). Russia sent the largest share of its pipe and tube products to Finland at 27 percent (393 thousand metric tons)

Stainless and pipe and tube were the only product categories for which the United States was a top-five export destination, coming in fifth with 3 percent (461 metric tons) and 7 percent (98 thousand metric tons), respectively of Russia's total YTD 2018 exports in these categories.

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



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

Millions of Metric Tons

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Russia's Import Market Share in Top Destinations

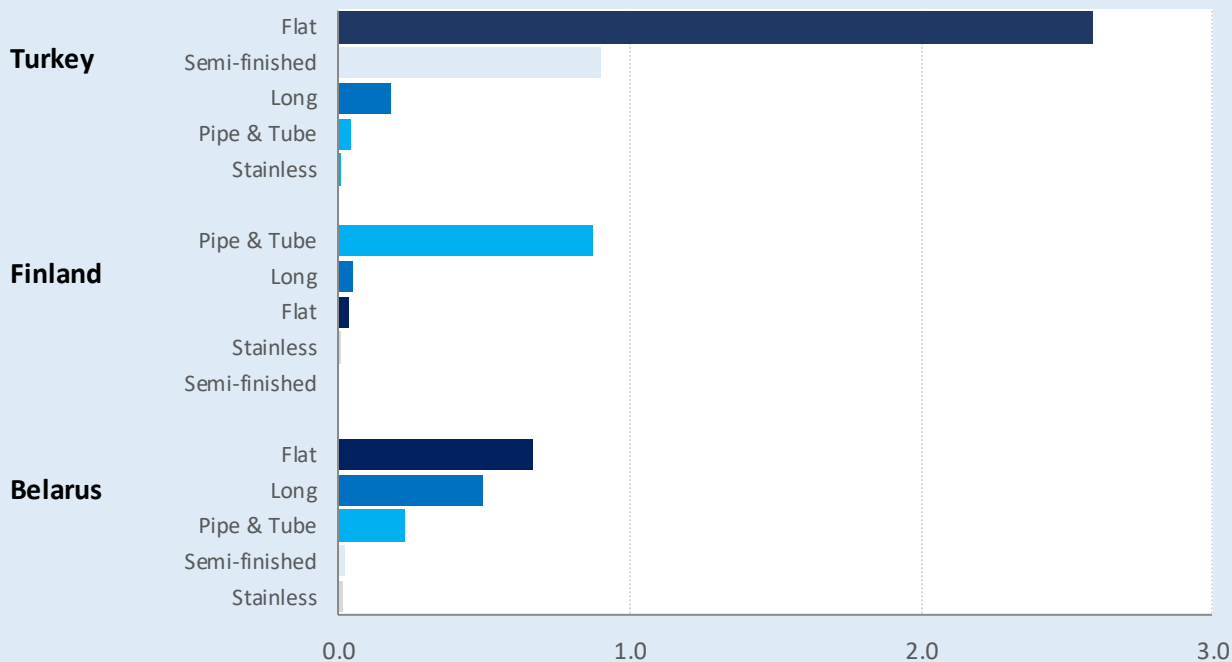
In 2017, the import market share for Russia's steel products increased in the majority of Russia's top export destinations. Countries with notable increases in their share of steel imports from Russia included Finland (up 38.6 percentage points), Algeria (up 15 percentage points), and Belarus (up 4.3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

Russia's Steel Export Market Share					
Top 10 Export Markets	Share of Imports from Russia - 2016	Russia's Rank in 2016	Share of Imports from Russia - 2017	Russia's Rank in 2017	Change in Share
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	N/A
Egypt*	N/A	N/A	N/A	N/A	N/A
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: IHS Markit Global Trade Atlas, based on import data per reporting country
*Kazakhstan and Egypt data unavailable

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).

Steel Import Composition of Top Market-Share Countries-2017

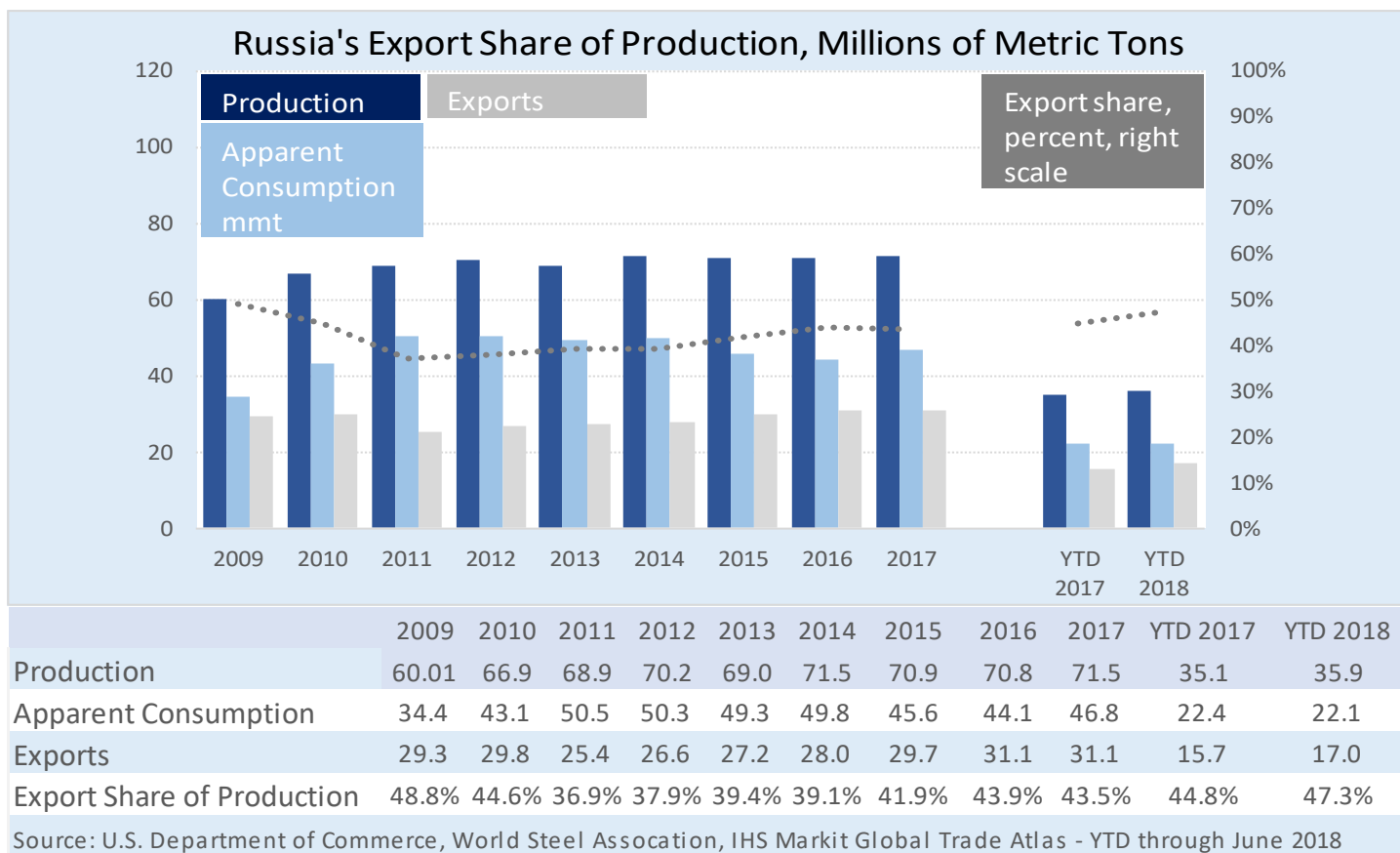


Source: IHS Markit Global Trade Atlas, based on import data per reporting country

Millions of Metric Tons

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Overall Production and Export Share of Production



Russia's 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 2 percent compared to YTD 2017. Production has consistently outpaced apparent consumption (a measure of steel demand) and in YTD 2018, the gap between production and demand stood at 13.8 million metric tons, up from 12.7 million metric tons in YTD 2017. After a decline 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 47.3 percent in YTD 2018 from 44.8 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.

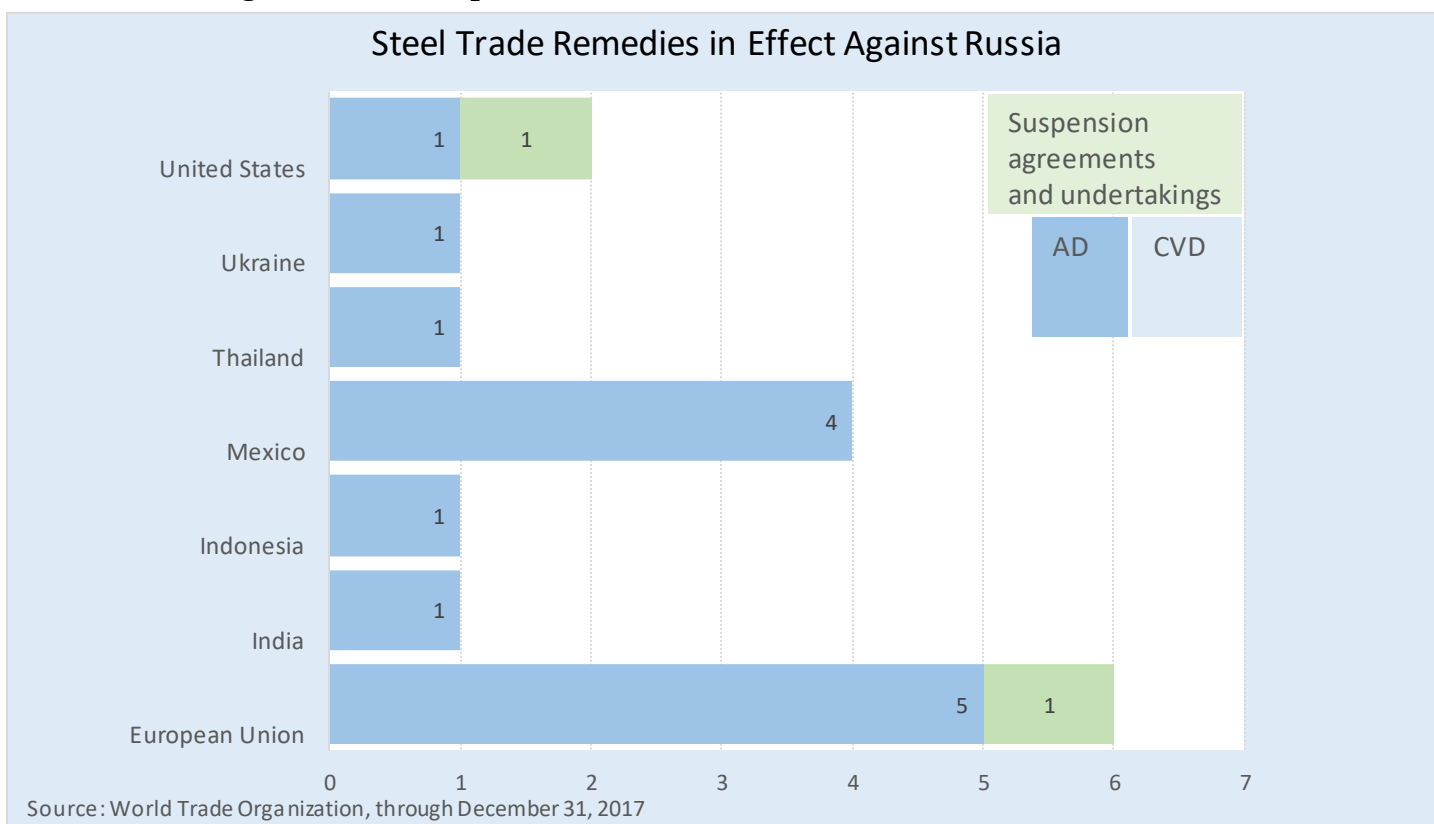
Russia's Top Steel Producers in 2017			
Rank	Company	Production (mmt)	Main Products
1	Novolipetsk Steel (NLMK)	17	Hot-rolled, cold-rolled, semi-finished, rebar, galvanized
2	EVRAZ	14	Beams, rails, structural shapes, rebar, pipe
3	Magnitogorsk Iron & St	12.9	Semi-finished, hot-rolled, coated, sections, pipes
	Severstal	11.7	Flat products, hot-rolled, cold-rolled, galvanized, pipe
	Metinvest Holding	9.6	Heavy plate, strips, semi-finished

Source: World Steel Association; Hoover's; Bloomberg; 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 table below provides statistics on the current number of trade remedies various countries have against steel mill products from Russia.



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) Articles of finishing casing and tubing 2) Flat-rolled products of iron or non-alloy; 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/>.



INTERNATIONAL
TRADE
ADMINISTRATION

Steel Import Monitoring and Analysis
1401 Constitution Ave., NW, Room 21006
Washington, D.C. 20230

T 202.482.2105
F 202.501.1377
Email EGlobalSteelStats@trade.gov

trade.gov/steel