

Global Steel Trade Monitor

Steel Imports Report: Canada

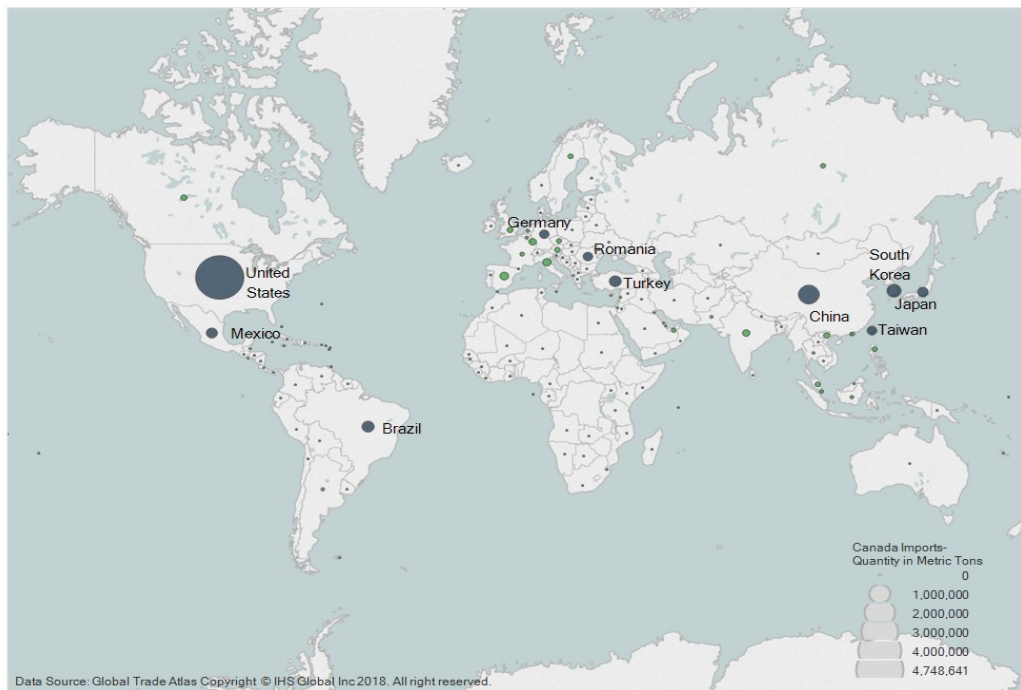
September 2018

Background

Canada was the world's sixteenth-largest steel importer in 2017. In year to date 2018 (through June), further referred to as YTD 2018, Canada imported 4.6 million metric tons of steel, a 13 percent increase from 4.1 million metric tons in YTD 2017. Canada's imports represented about 2 percent of all steel imported globally in 2017. The volume of Canada's 2017 steel imports was less than a quarter of the world's largest importer, the United States. In value terms, steel represented just 2.1 percent of the total goods imported into Canada in 2017.

Canada imports steel from over 100 countries and territories. The ten countries labeled in the map below represent the top import sources for Canada's imports of steel, with each sending more than 150 thousand metric tons to Canada and together accounting for 86 percent of Canada's steel imports in 2017.

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



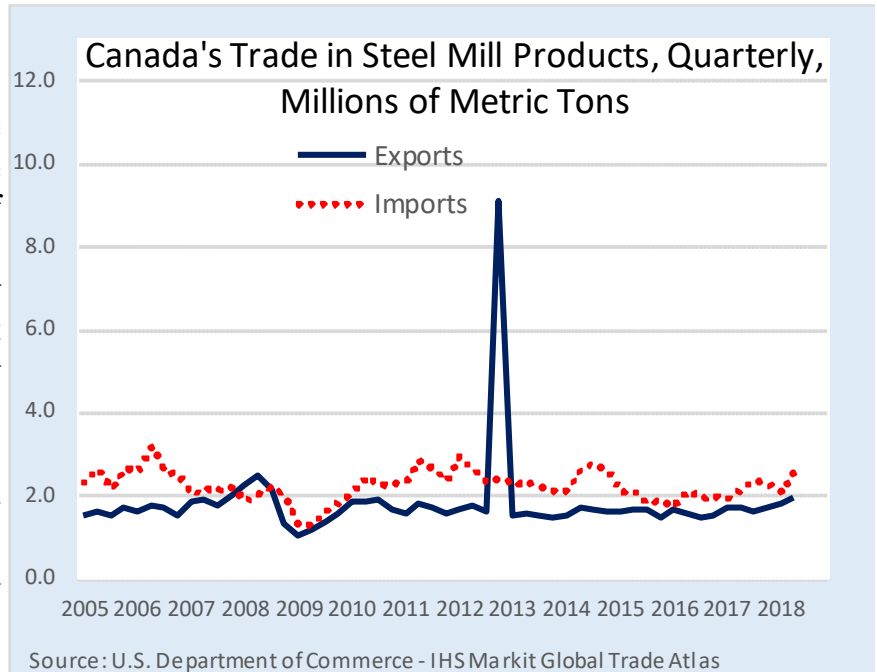
Quick Facts:

- World's sixteenth-largest steel importer: 4.6 million metric tons (YTD 2018)
- 97% steel import growth since Q1 2009
- YTD import volume up 13%, while import value up 18%
- Import penetration at 62.4% in YTD 2018, up from 55.8% in YTD 2017
- Top three import sources: United States, China, Turkey
- Largest producers: ArcelorMittal, Essar Steel Algoma
- 54 trade remedies in effect against imports of steel mill products

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Steel Trade Balance

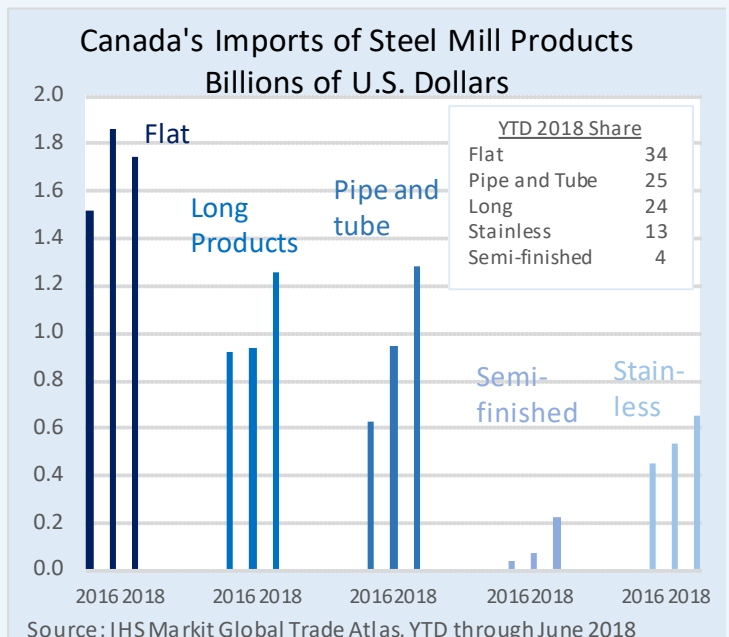
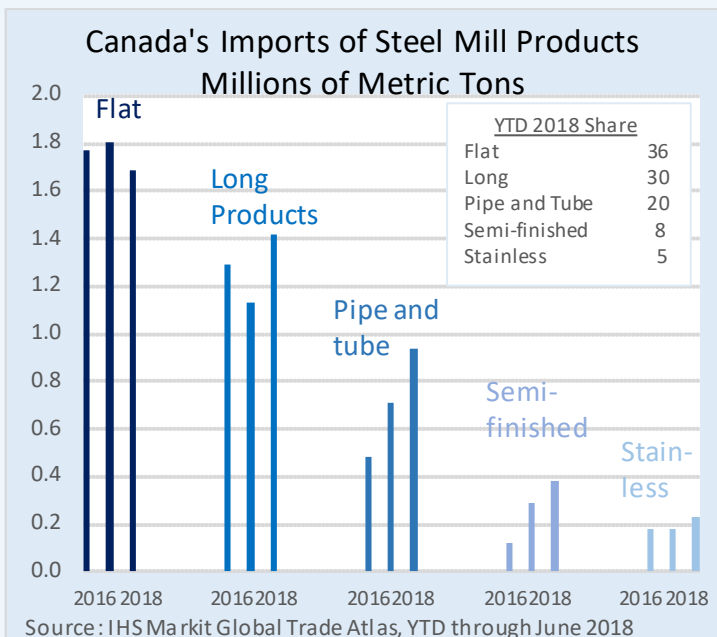
With the exception of three quarters, Canada has maintained a moderate trade deficit in steel products since 2005. Rising exports in the first half of 2008 and a spike in exports in Q4 2012 caused the deficit to briefly become a surplus. Since their recent low points in Q1 2009, imports grew 97 percent by Q2 2018, while exports grew 87 percent. In YTD 2018, Canada's steel trade deficit amounted to -947 thousand metric tons, a 34 percent increase from -709 thousand metric tons in YTD 2017.



Import Volume, Value, and Product

In 2017, the volume of Canada's steel imports increased by 13 percent to 8.7 million metric tons from 7.7 million metric tons in 2016. In YTD 2018, imports totaled 4.6 million metric tons — a 13 percent increase from 4.1 million metric tons in YTD 2017.

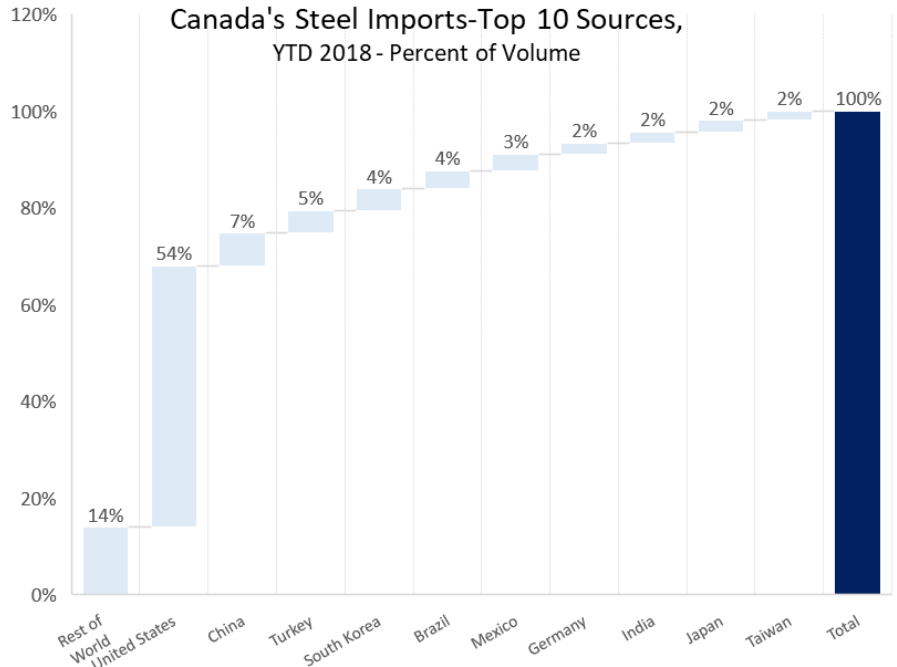
Flat products accounted for 36 percent of Canada's steel exports in YTD 2018 — a total of 1.7 million metric tons. Long products accounted for 30 percent, or 1.4 million metric tons, of Canada's imports, followed by pipe and tube at 20 percent (932 thousand metric tons), semi-finished steel at 8 percent (376 thousand metric tons), and stainless products at 5 percent (227 thousand metric tons).



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Imports by Top Source

The top 10 source countries for Canada's steel imports represented 86 percent of Canada's total steel import volume in YTD 2018 at 4.0 million metric tons (mmt). The United States by far accounted for the largest share of Canada's imports by source country at 54 percent (2.5 mmt), followed by China at 7 percent (0.3 mmt), Turkey at 5 percent (0.22 mmt), South Korea at 4 percent (0.21 mmt), Brazil at 4 percent (0.17 mmt), Mexico at 3 percent (0.16 thousand metric tons).

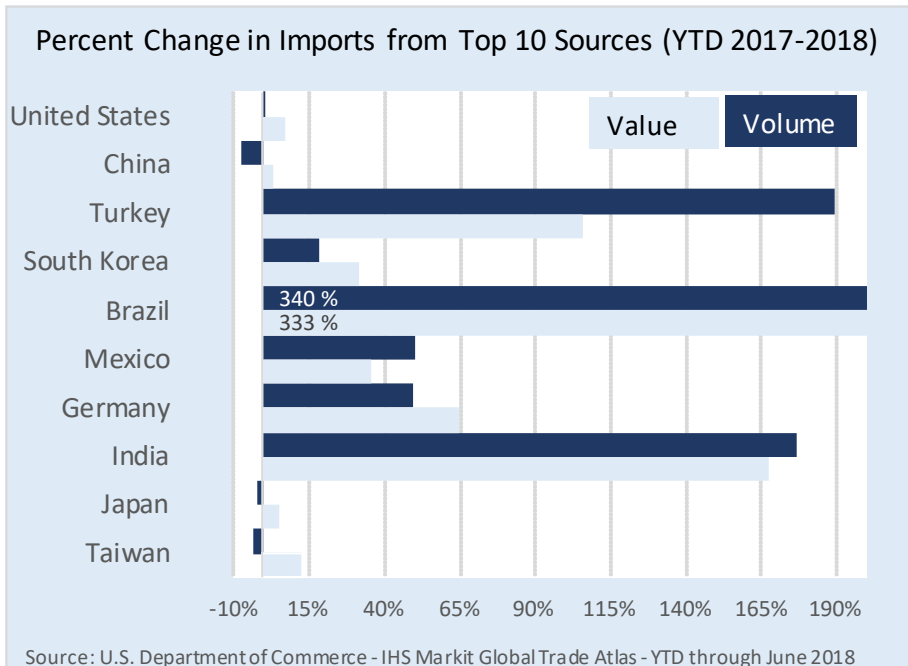


Source: IHS Markit Global Trade Atlas - YTD through June 2018

Notably, while Canada's top source countries have shifted from year to year, the United States has ranked as Canada's top import source for steel products for more than 20 years.

Trends in Imports from Top Sources

The volume of Canada's steel imports increased from seven of Canada's top 10 steel import sources between YTD 2017 and YTD 2018. Canada's imports from Brazil showed the largest increase, up 340 percent, followed by Turkey (+189%), India (+177%), Mexico (+51%), Germany (+50%), South Korea (+18%), and the United States (+1%). China, Taiwan, and Japan were the three top ten sources of Canada's imports that saw a decline, down 7 percent, 3 percent, and 2 percent, respectively.



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

In value terms, imports from all ten of Canada's top sources increased. Brazil showed the largest increase in value, up 333 percent, followed by India (+167%), Turkey (+106%), Germany (+65%), Mexico (+36%), South Korea (+32%), and Taiwan (+13%).

Outside the top sources, other significant volume changes included Canada's imports from 17th-ranked Malaysia (+147%), 20th-ranked Belarus (+184,664%), and 25th-ranked Indonesia (+1,131%).

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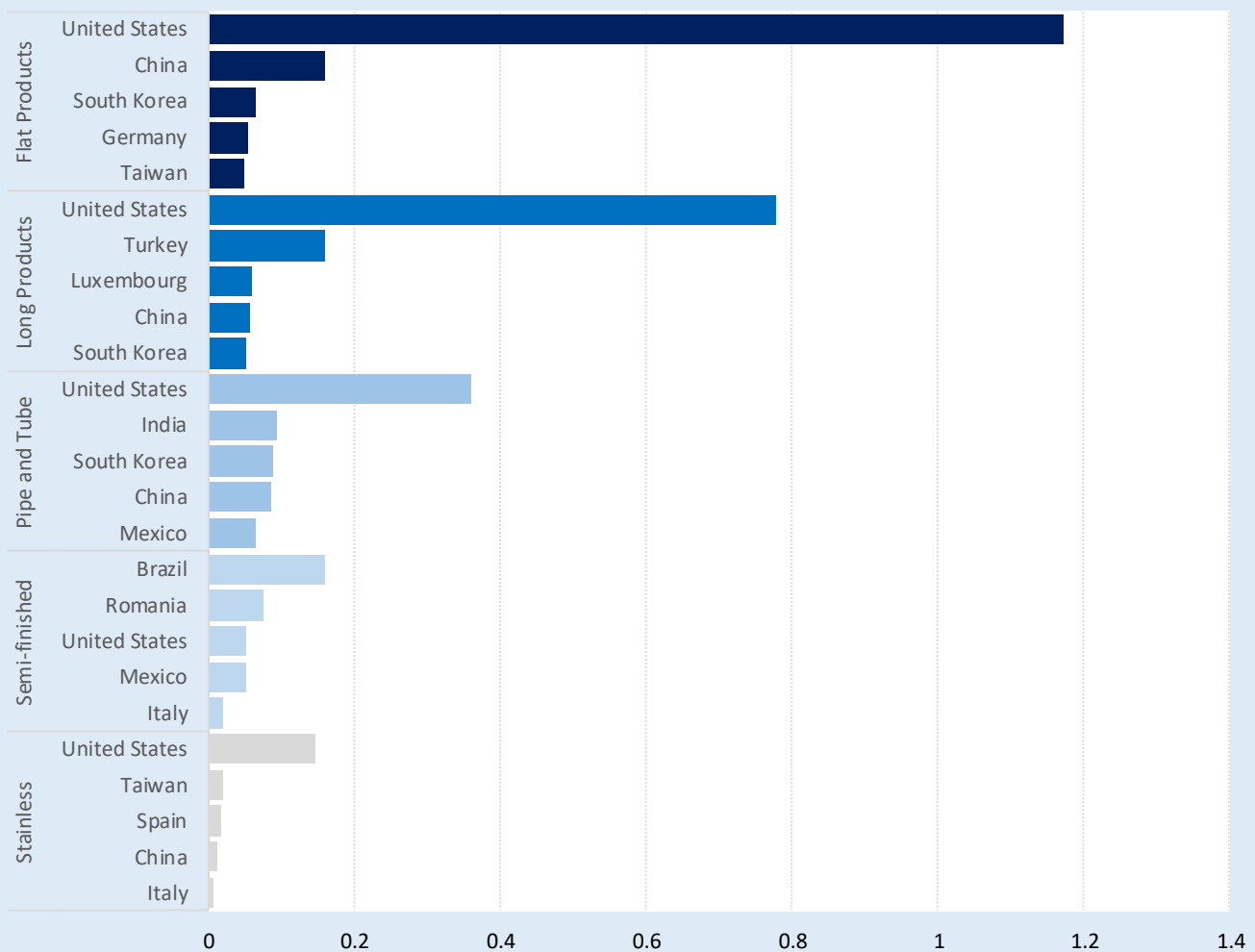
Top Sources by Steel Product Category

The top source countries for Canada’s imports by volume vary across types of steel products, though the United States held the top position for imports in four of the five product categories. Additionally, the United States accounted for more than 39 percent of Canada’s imports in all but one category.

The United States was the largest source of Canada’s steel imports in flat, long, pipe and tube, and stainless products. In flat products, the United States accounted for 70 percent of Canada’s imports (1.2 million metric tons) in YTD 2018. Imports from the United States accounted for 55 percent of Canada’s long product imports (778 thousand metric tons), 39 percent of pipe and tube imports (360 thousand metric tons), and 64 percent of stainless imports (145 thousand metric tons).

Brazil was the largest source of Canada’s semi-finished imports, accounting for 42 percent (159 thousand metric tons), while the United States accounted for 14 percent (52 thousand metric tons).

Canada's Top 5 Import Sources 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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Canada's Export Market Share from Top Source Countries

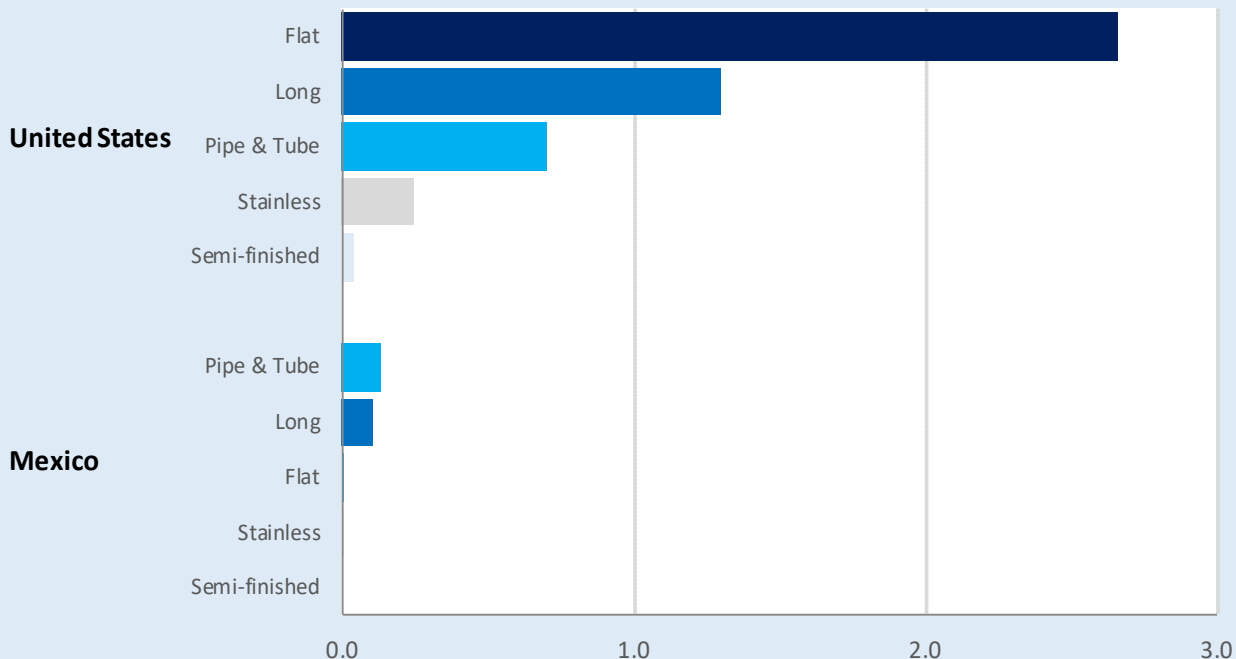
In 2017, the share of steel exports sent to Canada from its top import sources increased slightly in the majority of sources. The share of Romania's steel exports to Canada showed the largest increase (up 5.2 percentage points), followed by Mexico (up 2.3 percentage points). The export share to Canada from China, South Korea, and Brazil all increased by less than one percentage point. The United States saw the largest decrease in the share of steel exports to Canada, down 1 percentage point, while export shares for Japan, Taiwan, and Germany all decreased by less than 0.7 percentage point.

Canada's Steel Export Market Share						
Top 10 Import Sources	Share of Exports to Canada - 2016	Canada's Rank in 2016	Share of Exports to Canada - 2017	Canada's Rank in 2017	Change in Share	
United States	50.2%	1	49.3%	1	↓	
China	0.6%	33	1.3%	20	↑	
South Korea	1.0%	19	1.2%	16	↑	
Brazil	1.6%	17	1.9%	15	↑	
Turkey	0.5%	37	2.2%	11	↑	
Mexico	2.4%	3	4.7%	4	↑	
Japan	0.5%	23	0.4%	21	↓	
Taiwan	2.0%	12	1.3%	19	↓	
Romania	0.8%	18	6.1%	6	↑	
Germany	0.6%	25	0.6%	23	↓	

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

Among Canada's top import sources, the United States and Mexico sent the largest shares of their total steel exports to Canada at 49.3 and 4.7 percent, respectively. In 2017, flat products accounted for 54 percent (2.7 million metric tons) of the United States' steel exports to Canada, while pipe & tube products accounted for 55 percent (131 thousand metric tons) of Mexico's exports to Canada.

Steel Import Composition of Top Market-Share Countries-2017

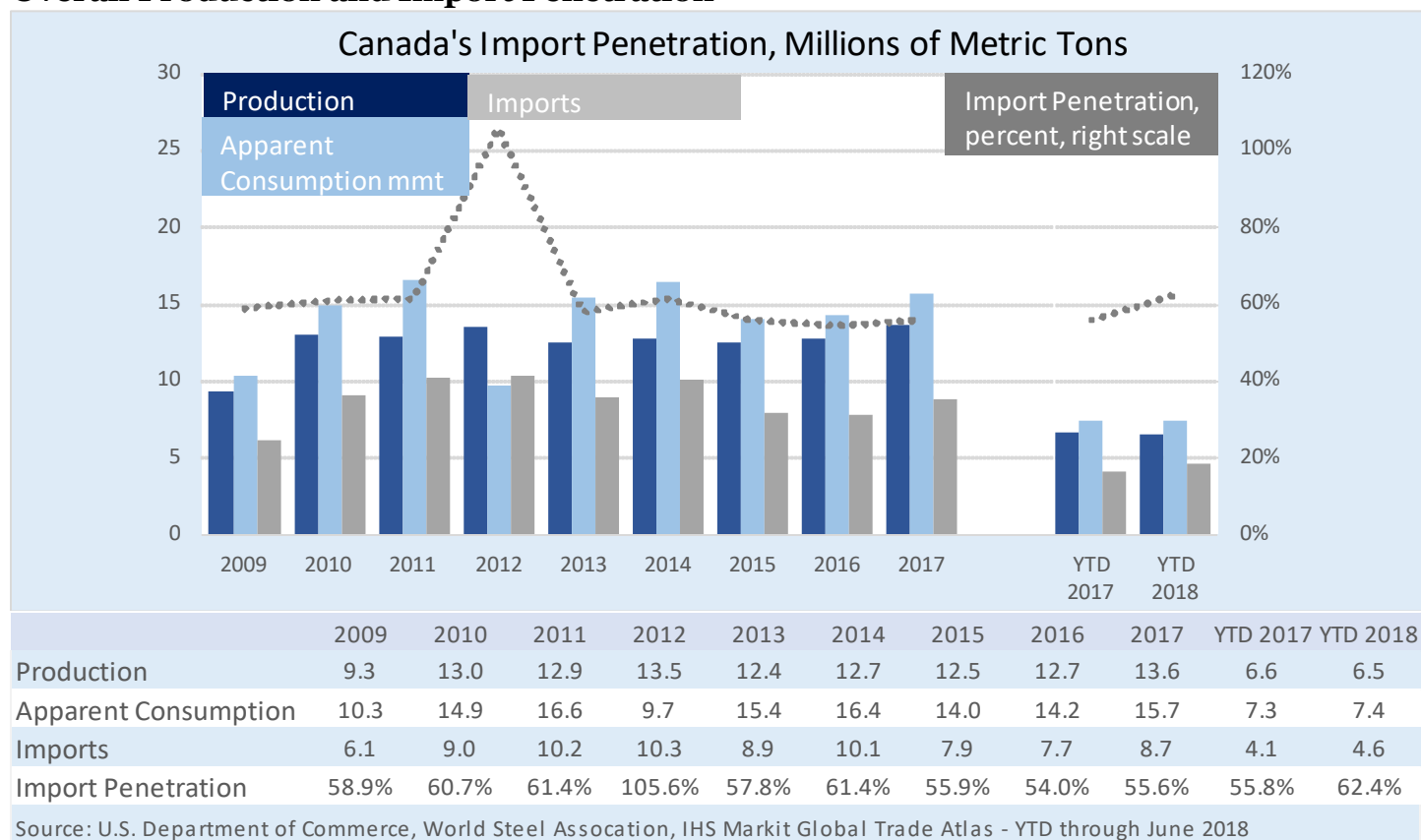


Source: IHS Markit Global Trade Atlas, based on import data per reporting country

Millions of Metric Tons

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Overall Production and Import Penetration



Canada's crude steel production averaged 12.9 million metric tons between 2012 and 2017. Production in YTD 2018 was down 2 percent to 6.5 million metric tons 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. Import penetration averaged 63.8 percent between 2009 and 2017, with the exception of 105.6 percent import penetration reached in 2012 as demand dropped due to a jump in exports. Higher imports and nearly constant demand between YTD 2017 and YTD 2018 caused import penetration to increase 6.6 percentage points to 62.4 percent from 55.8 percent.

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 (capacity)	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

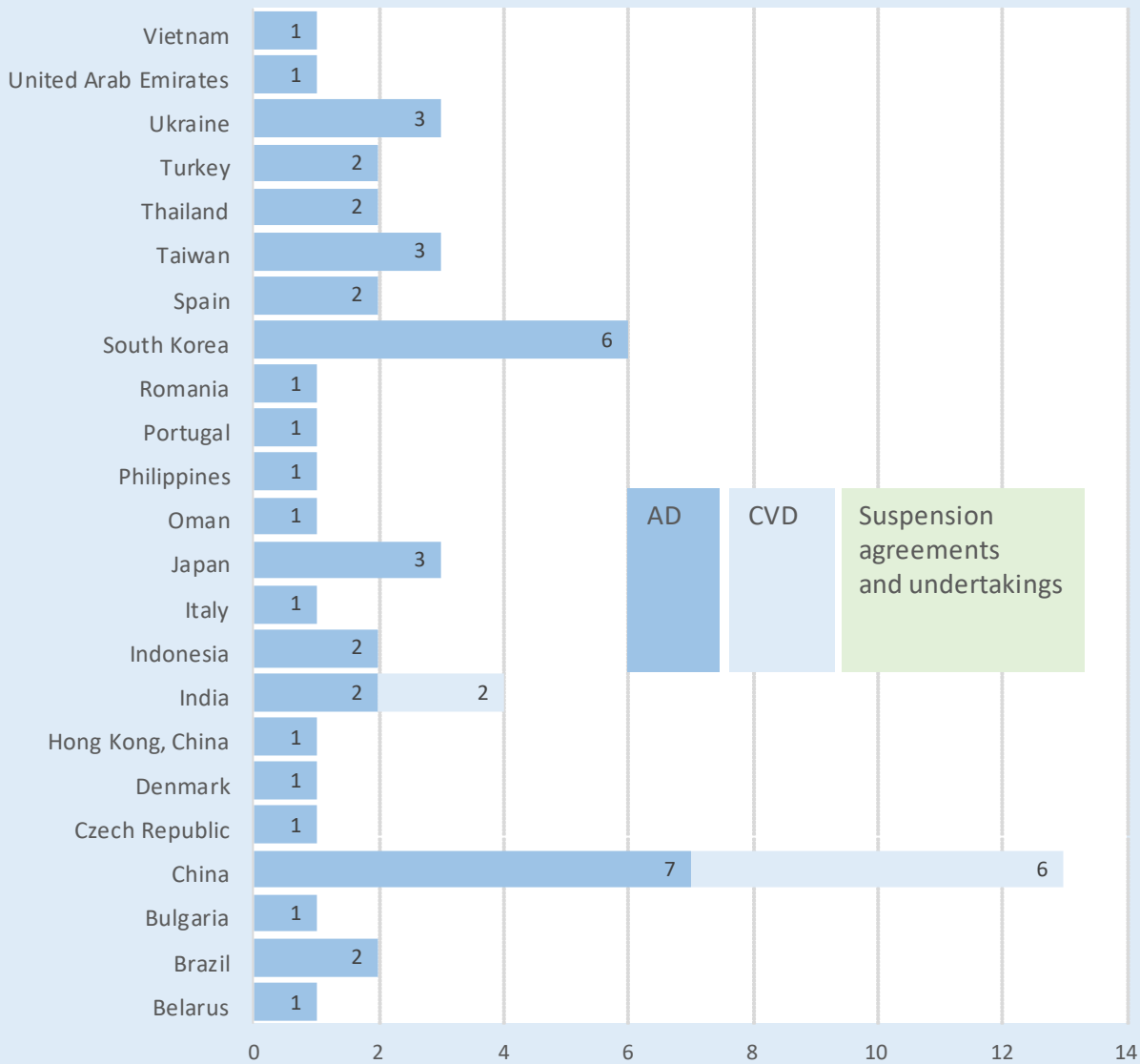
Source: World Steel Association; Hoover's; Bloomberg; Company websites

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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 Canada has against imports of steel mill products from various countries. Canada has no steel mill safeguards in effect.

Canada's Steel Trade Remedies in Effect Against Steel Mill Imports



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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