Global Steel Trade Monitor

Steel Imports Report: **Germany**

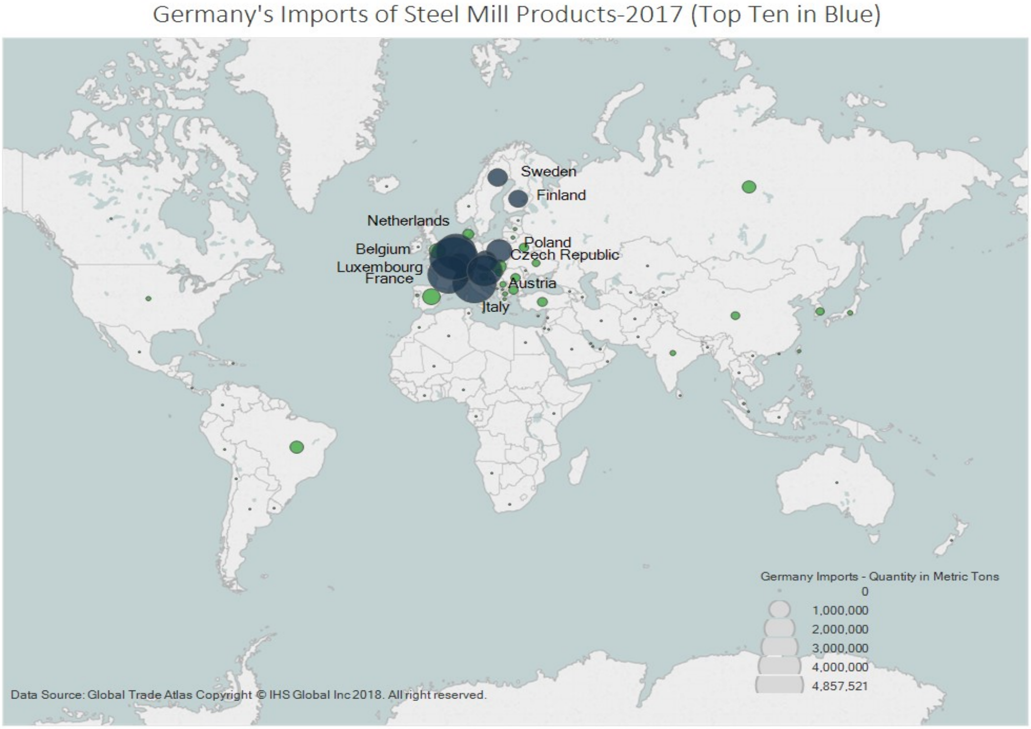
November 2018

Background

Germany is the world's second-largest steel importer. In year-to-date 2018 (through June), further referred to as YTD 2018, Germany imported 14.0 million metric tons of steel, a 2 percent decrease from 14.2 million metric tons in YTD 2017. Germany's imports represented about 7 percent of all steel imported globally in 2017. Germany's 2017 steel imports were about 7 million metric tons less than that of the world's largest importer, the United States. In value terms, steel represented just 1.1 percent of the total goods imported into Germany in 2017.

Germany imports steel from over 80 countries and territories. The 10 countries labeled in the map below are Germany's top import sources for steel, with Germany receiving more than 700 thousand metric tons from each. These 10 countries supplied 83 percent of Germany's steel imports in 2017.

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



Quick Facts:

- World's second-largest steel importer: 14 million metric tons (YTD 2018)
- 74% steel import growth since Q2 2009
- YTD 2018 import volume down 2% while import value up 20%
- Import penetration at 62.2% in YTD 2018
- Top three import sources: Belgium, Italy, France
- Largest producers: ThyssenKrupp, ArcelorMittal, and Salzgitter
- 36 European Union trade remedies in effect against imports of steel mill products

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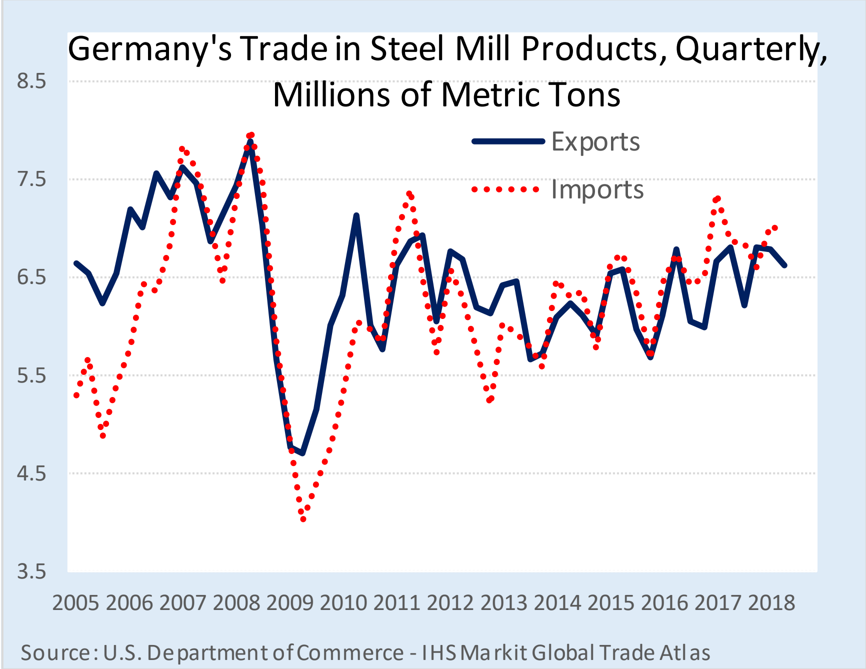
Steel Trade Balance

Germany has had fairly balanced trade in steel for most of the past decade. Both imports and exports fell in 2009 and have recovered since then, increasing 74 percent and 41 percent, respectively, between Q2 2009 and Q2 2018.

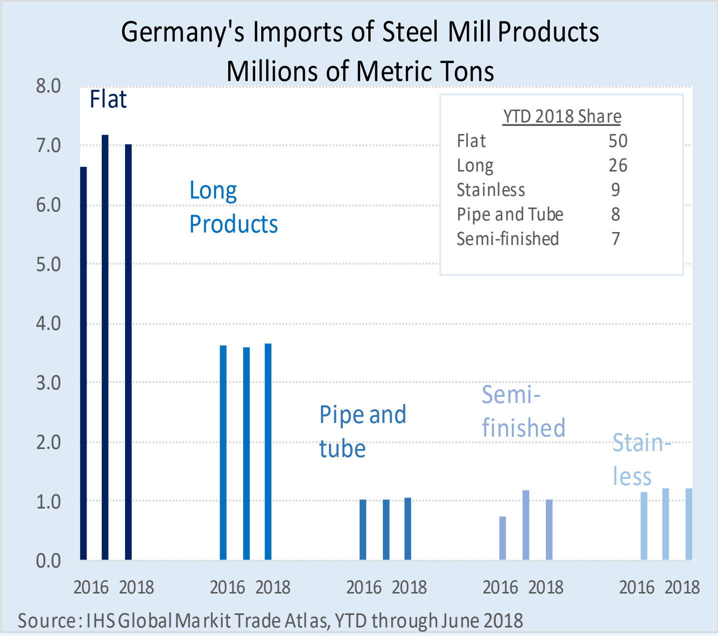
With import growth faster than export growth, Germany posted a modest steel trade deficit for the past three years, amounting to –1.2 million metric tons in 2017. In YTD 2018, the steel trade deficit totaled –581 thousand metric tons, down 24 percent from YTD 2017.

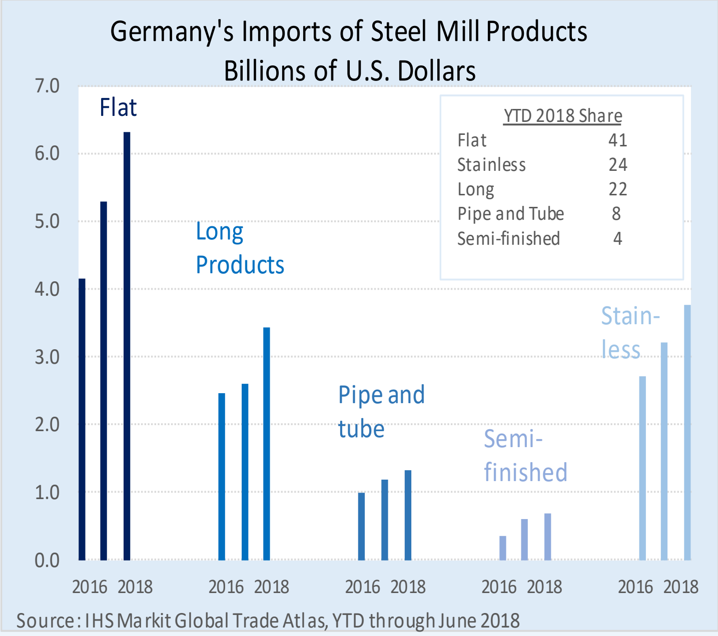


Import Volume, Value, and Product

Germany's imports of steel products hit a recent peak in 2017 at 27.7 million metric tons. Between 2012 and 2017, imports averaged 25.2 million metric tons per year. In YTD 2018, the volume of Germany's steel imports has decreased by 2 percent to 14 million metric tons from 14.2 million metric tons in YTD 2017. Between 2011 and 2017, import value fell by 30 percent, from $34.1 billion to $26.3 billion. In YTD 2018, the value of Germany's steel imports has increased by 20 percent to $15.5 billion from $12.9 billion in YTD 2017.

In YTD 2018, flat products accounted for 50 percent of Germany's steel imports, or 7.0 million metric tons. Long products accounted for 26 percent, or 3.7 million metric tons, of Germany's imports, followed by stainless steel at 9 percent (1.2 metric tons), pipe and tube at 8 percent (1.1 million metric tons), and semi-finished at 7 percent (1.0 thousand metric tons).





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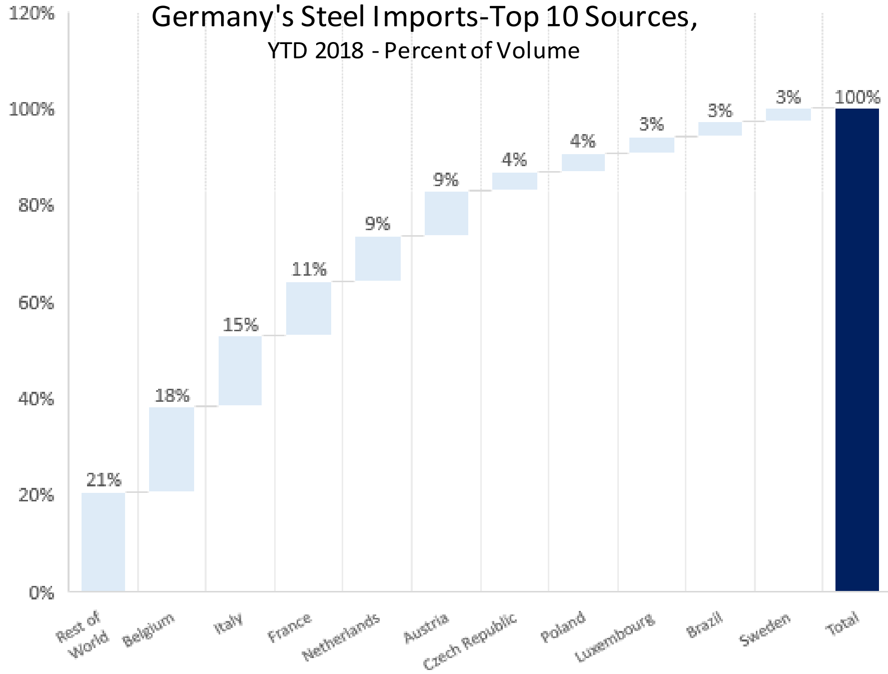
Imports by Top Source

Germany's steel imports from the top 10 sources represented 79 percent total steel import volume in YTD 2018. At 2.5 million metrics tons (mmt), Belgium accounted for 18 percent and the largest share of Germany's imports. The next largest source was Italy at 15 percent (2.0 mmt), followed by France at 11 percent (1.6 mmt), and Austria and the Netherlands, both at 9 percent (1.3 mmt).

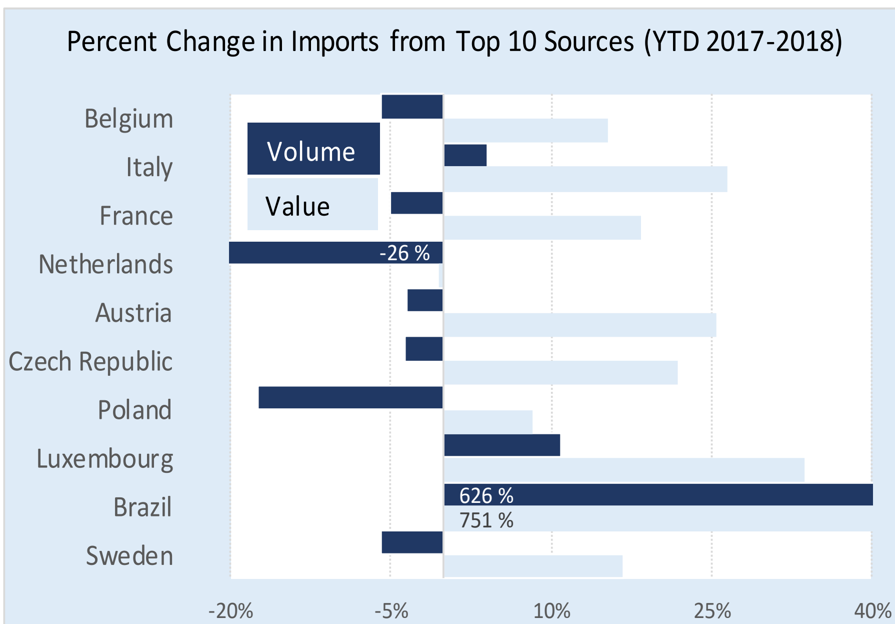
The United States ranked 31st as a source for Germany's steel imports in YTD 2018, representing just 0.1 percent of imports (20 thousand metric tons).



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

Trends in Imports from Top Sources

Between YTD 2017 and YTD 2018, the volume of Germany's imports decreased from seven of the country's top 10 sources. Imports from the Netherlands showed the largest decline (-26%), followed by Poland (-17%), Belgium and Sweden (each -6%), France (-5%), the Czech Republic (-4%), and Austria (-3%). Brazil had the largest increase among Germany's top 10 import sources (+626%), followed by Luxemburg (+11%), and Italy (+4%).



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

The value of Germany's imports increased from nine of its top 10 sources. Germany's imports from Brazil increased the most (+751%), followed by Luxembourg (+34%), Italy (+26%), Austria (+25%), the Czech Republic (+22%), and Sweden (+17%). The Netherlands was the only top 10 source with a decrease in value (-1%).

Outside the top 10 sources, other notable volume changes included Germany's imports from 17th-ranked Turkey (+175%), 26th-ranked Japan (+84%), and 27th-ranked South Korea (-33%).

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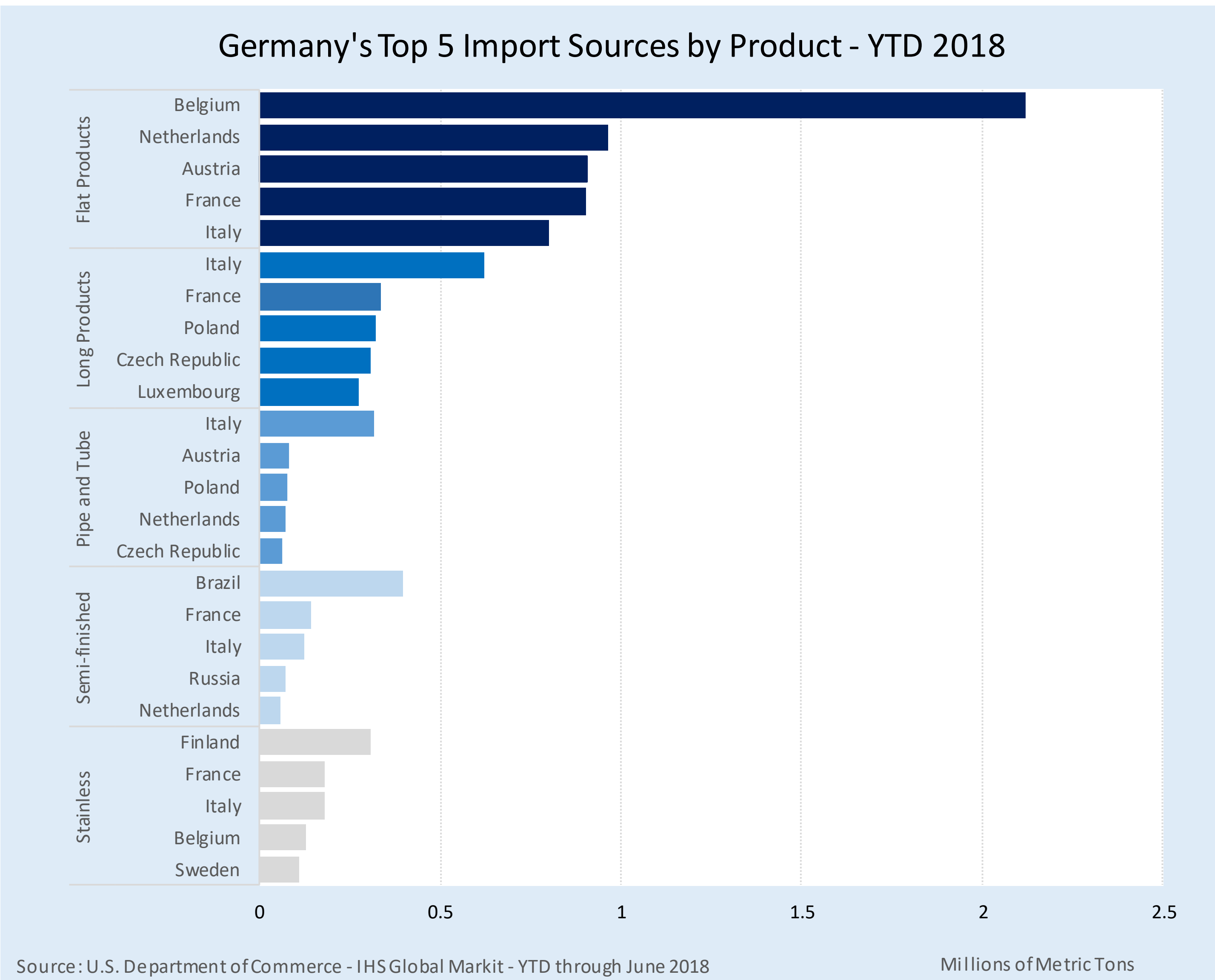
Top Sources by Steel Product Category

The top source countries for Germany's imports by volume vary across types of steel products. Belgium accounted for 30 percent (2.1 million metric tons) of Germany's imports of flat products in YTD 2018.

Germany imported the largest shares of both long products and pipe and tube products from Italy in YTD 2018 at 17 percent (622 thousand metric tons) and 30 percent (318 thousand metric tons), respectively. Germany imported 39% of its semi-finished steel from Brazil (395 thousand metric tons), while Finland accounted for the largest share of Germany's imports of stainless products at 25 percent (309 thousand metric tons).

The United States was not a top-five import source for any product category.



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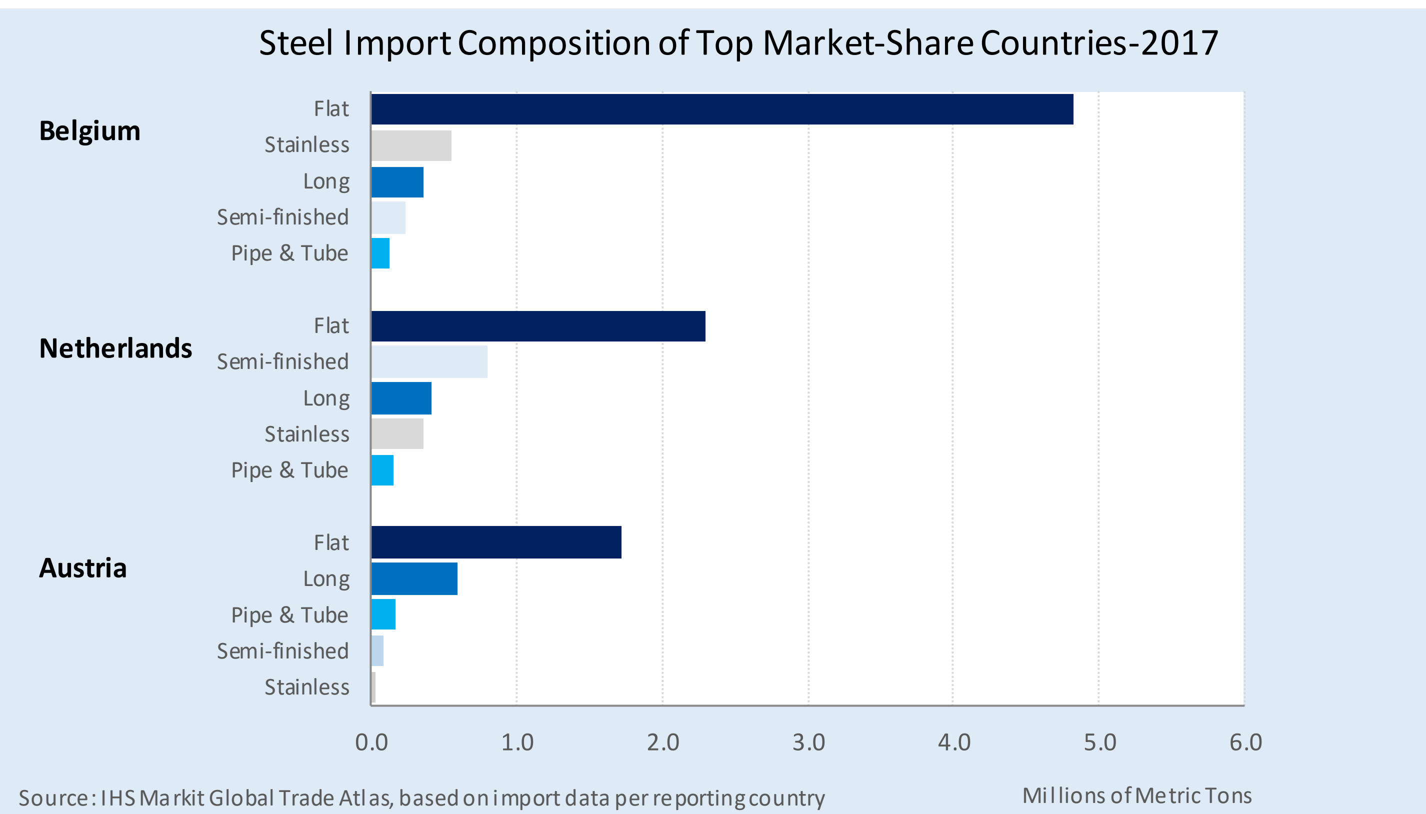
Germany's Export Market Share from Top Source Countries

In 2017, the share of steel exports sent to Germany increased in five of the top 10 import sources. The share of France's steel exports to Germany increased the most (up 2.7 percentage points, followed closely by Luxembourg (up 2.7 percentage points), and Italy (up 1.5 percentage points). Export shares to Germany in Finland and Belgium each increased by less than a percentage point. Export shares in Poland, the Czech Republic, Austria, Sweden, and the Netherlands decreased in 2017. Germany ranks first as an export destination in all of its top import sources, except Finland. Among Germany's top sources, Belgium, the Netherlands, and Austria each sent more than 30 percent of their total steel exports to Germany in 2017. Flat products accounted for significant shares of steel exports to Germany in Belgium at 79 percent (4.8 million metric tons), the Netherlands at 57 percent (4.2 million metric tons), and Austria at 66 percent (2.6 million metric tons).

Germany's Steel Export Market Share

Top 10 Import Sources	Share of Exports to Germany - 2016	Germany's Rank in 2016	Share of Exports to Germany - 2017	Germany's Rank in 2017	Change in Share
Belgium	33.3%	1	33.7%	2	↑
Italy	21.4%	1	22.9%	1	↑
France	21.2%	1	23.9%	2	↑
Netherlands	36.0%	1	35.5%	1	↓
Austria	36.0%	1	33.5%	3	↓
Poland	26.8%	1	23.9%	1	↓
Czech Republic	26.7%	1	24.1%	2	↓
Luxembourg	20.1%	1	22.8%	8	↑
Sweden	21.9%	1	21.0%	11	↓
Finland	24.5%	2	24.8%	7	↑

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



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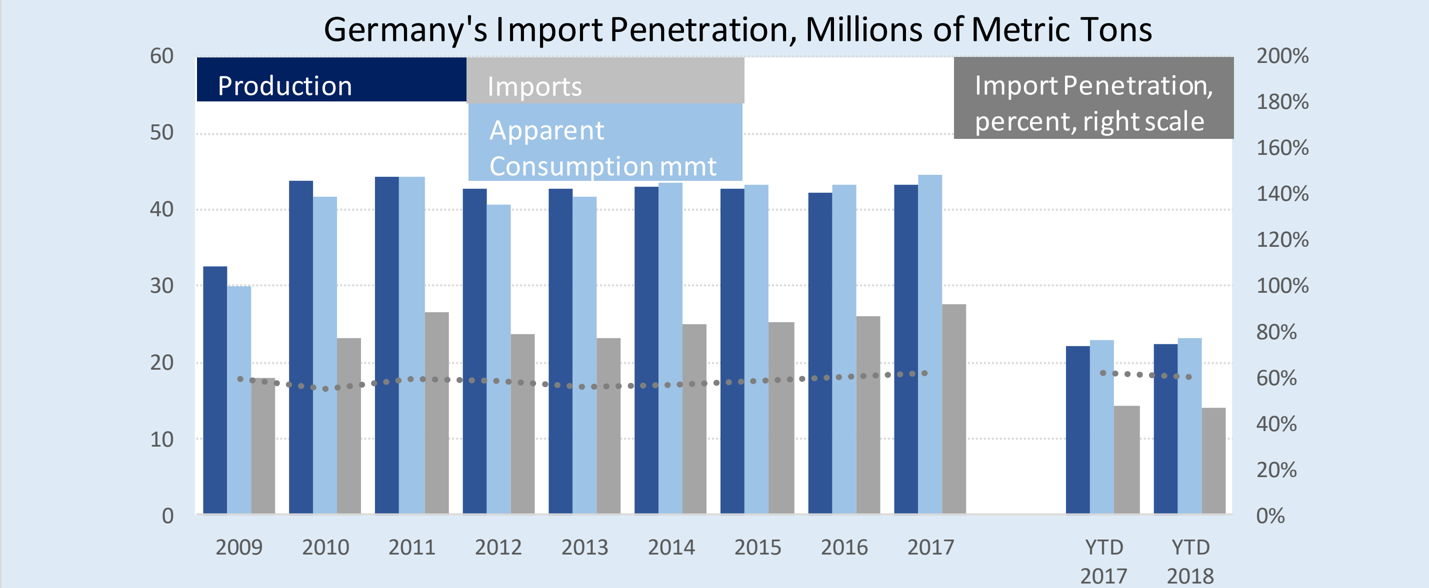
Overall Production and Import Penetration



	2009	2010	2011	2012	2013	2014	2015	2016	2017	YTD 2017	YTD 2018
Production	32.7	43.8	44.3	42.7	42.6	42.9	42.7	42.1	43.3	22.2	22.5
Apparent Consumption	30.0	41.7	44.4	40.7	41.7	43.5	43.2	43.3	44.5	23.0	23.1
Imports	18.0	23.1	26.5	23.8	23.3	24.9	25.4	26.1	27.7	14.2	14.0
Import Penetration	59.9%	55.4%	59.8%	58.5%	55.9%	57.2%	58.6%	60.4%	62.2%	61.9%	60.6%

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

Germany's crude steel production increased by 36 percent between 2009 and 2011 before maintaining a steady average of 43 million metric tons through 2017. Production in YTD 2018 has increased 1 percent compared to YTD 2017 to 22.5 million metric tons. Apparent consumption (a measure of steel demand) was either roughly on par with or slightly less than production between 2009 and 2014, and has slightly outpaced production since 2014. So far in YTD 2018, apparent consumption at 23.1 mmt is just above Germany's steel production of 22.5 mmt. The import penetration level in YTD 2018 declined 1.3 percentage points to 60.6 percent. Despite such high import penetration levels, Germany exported a similar percentage of its production, which helped to keep demand in line with production.

Top Producers

According to the German Steel Federation, 14 steel producers accounted for 99 percent of Germany's total steel production, based on available data — with the top four listed here accounting for nearly 66 percent of production. Production among Germany's top companies is heavily skewed towards electric arc furnace

Germany's Top Steel Producers in 2017

Rank	Company	Production (mmt)	Main Products
1	ThyssenKrupp	12.0	Sheet, strip, plate, loated flat products products
2	ArcelorMittal&	7.00	flat, long and tube
3	Salzgitter	7	strip, plates, sections, and pipe and tubes
4	HKM	3.8	semi-finished

Source: German Steel Federation; Company websites
*Denotes foreign-owned producer

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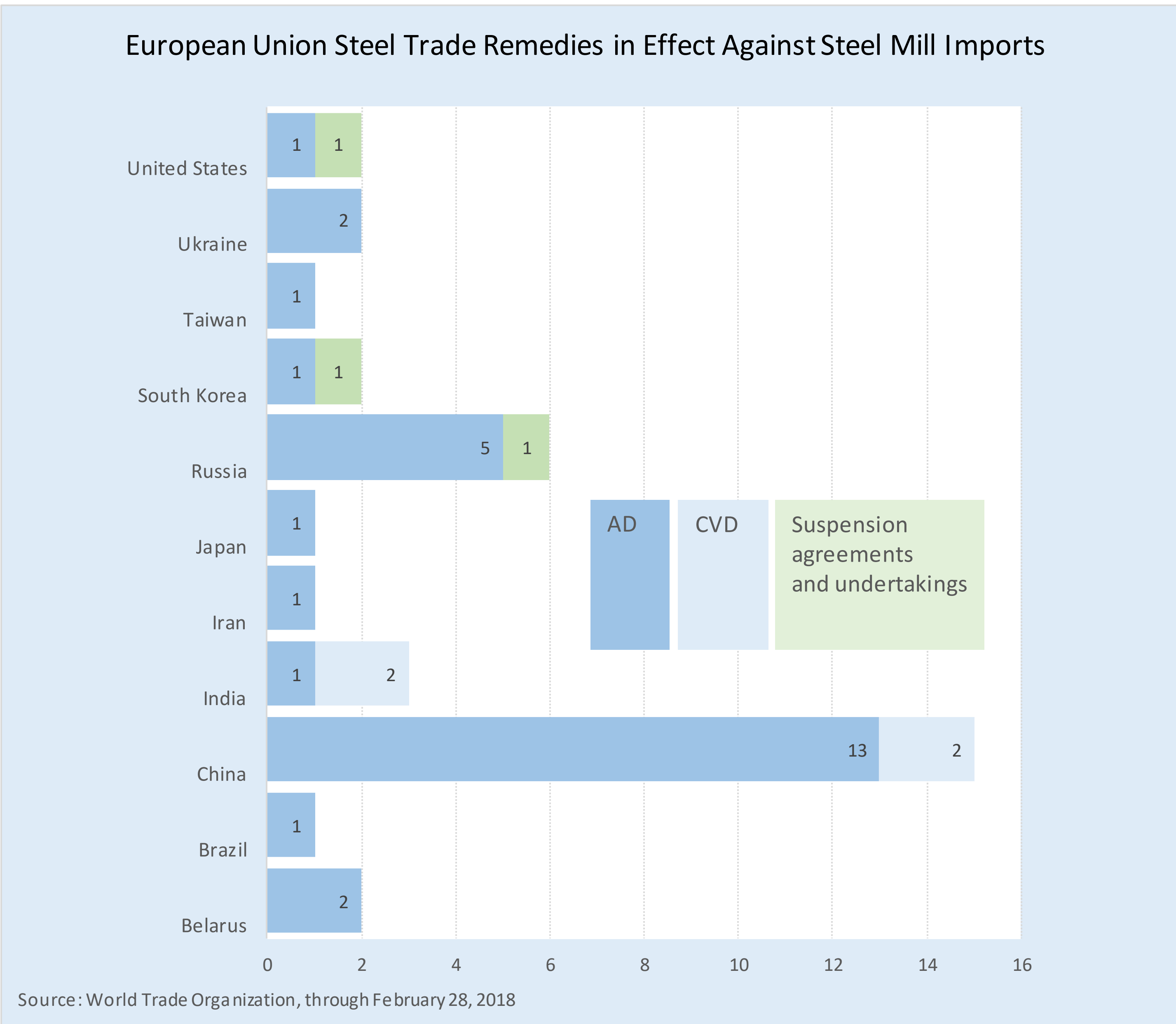
Trade Remedies in the Steel Sector

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 the European Union, which includes Germany, has against imports of steel mill products from various countries. The European Union has no steel mill safeguards in effect.



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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