



Global Steel Trade Monitor

Steel Imports Report: Italy

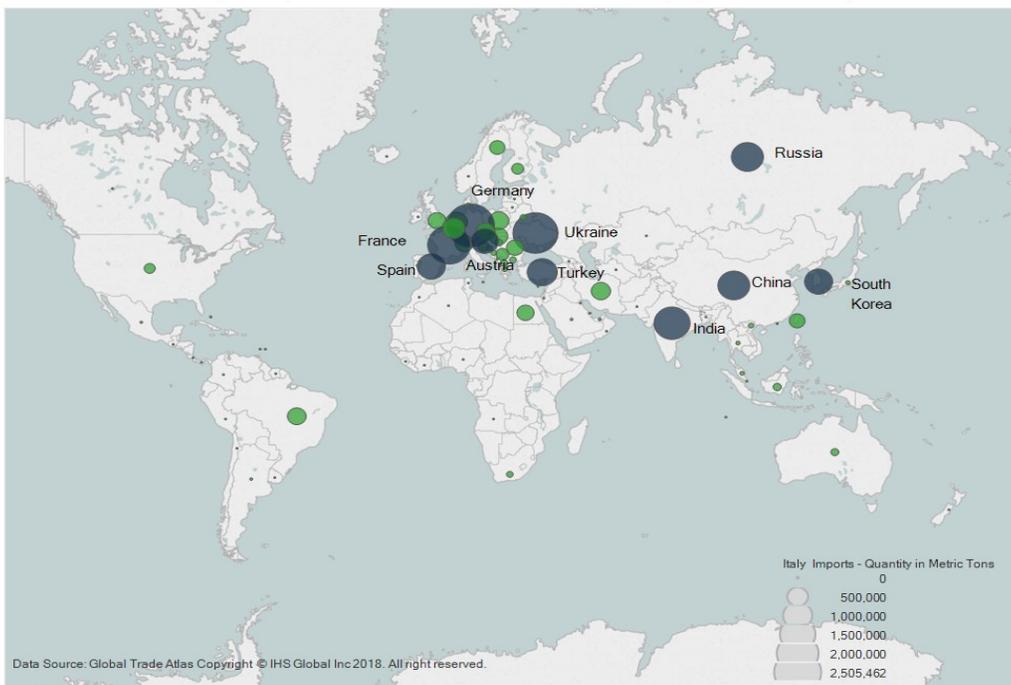
October 2018

Background

Italy is the world's third-largest steel importer. In year to date 2018 (through June), hereafter referred to as YTD 2018, Italy imported 11.7 million metric tons of steel, a 12 percent increase from 10.4 million metric tons in YTD 2017. Italy's imports represented about 5 percent of all steel imported globally in 2017. The volume of Italy's 2017 steel imports was less than half the size of the world's largest importer, the United States. In value terms, steel represented just 3.5 percent of the total goods imported into Italy in 2017.

Italy imports steel from over 150 countries and territories. The thirteen countries highlighted in the map below represent the top sources for Italy's imports of steel, with each sending more than 400 thousand metric tons to Italy and together accounting for 77 percent of Italy's steel imports in 2017.

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



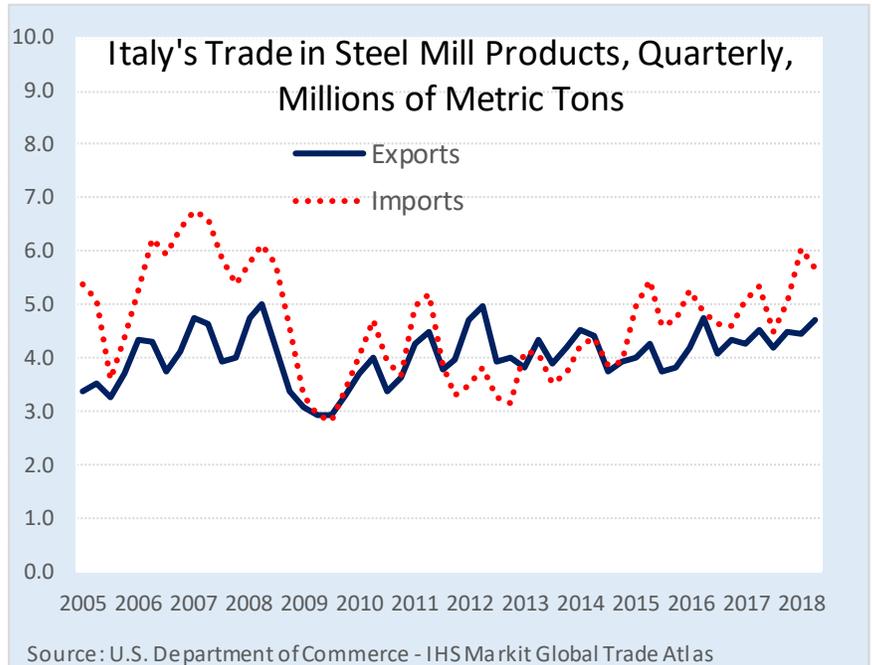
Quick Facts:

- World's third-largest steel importer: 11.7 million metric tons (YTD 2018)
- 101% steel import growth since Q3 2009
- YTD 2018 import volume up 12% while import value up 28%
- Import penetration at 76.2% in YTD 2018, up from 74.5 in YTD 2017
- Top three import sources: Ukraine, Germany, France
- Largest producers: Marcegaglia, ILVA SpA, and Arvedi Group
- 36 European Union trade remedies in effect against imports of steel mill products

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Steel Trade Balance

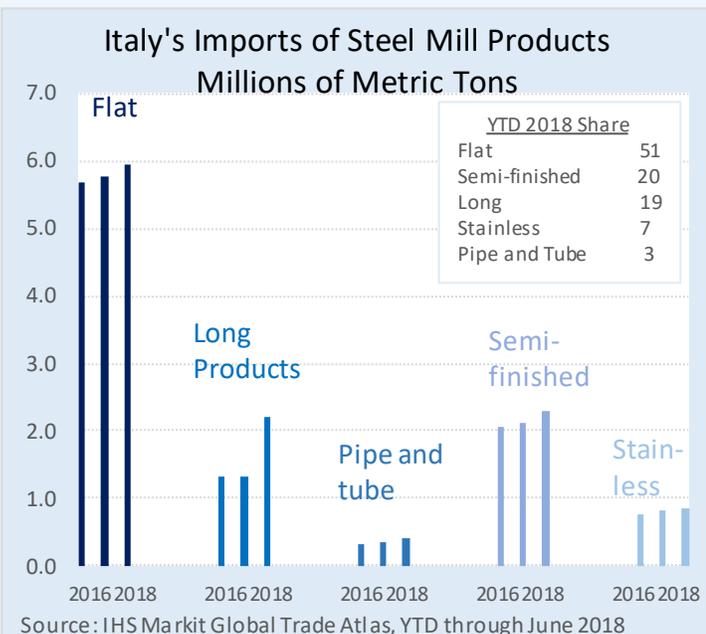
For the majority of quarters since 2005, Italy has maintained a steel trade deficit. Since their most recent low points, Italy's imports have grown 101 percent between Q3 2009 and Q2 2018, while exports increased 61 percent. Italy posted a brief trade surplus between 2012 and 2014, which returned to a trade deficit in 2015. In YTD 2018, the steel trade deficit stood at -2.5 million metric tons, compared with -1.6 million metric tons in YTD 2017.



Import Volume, Value, and Product

Between 2012 and 2015, Italy's imports of steel mill products were on the rise. In 2016, the volume of Italy's steel imports decreased by 1 percent, before increasing by 3 percent in 2017. In YTD 2018, imports have grown 12 percent to 11.7 million metric tons from 10.4 million metric tons in YTD 2017. The value of Italy's YTD 2018 steel imports have increased by 28 percent to \$10.3 billion, up from \$8.0 billion in YTD 2017.

Flat products accounted for the largest share of Italy's steel imports. In YTD 2018, Italy imported 5.9 million metric tons of flat products — 51 percent of steel imports. Semi-finished steel accounted for 20 percent, or 2.3 million metric tons, followed by long products at 19 percent (2.2 million metric tons), stainless products at 7 percent (850 thousand metric tons), and pipe and tube at 3 percent (401 thousand metric tons).

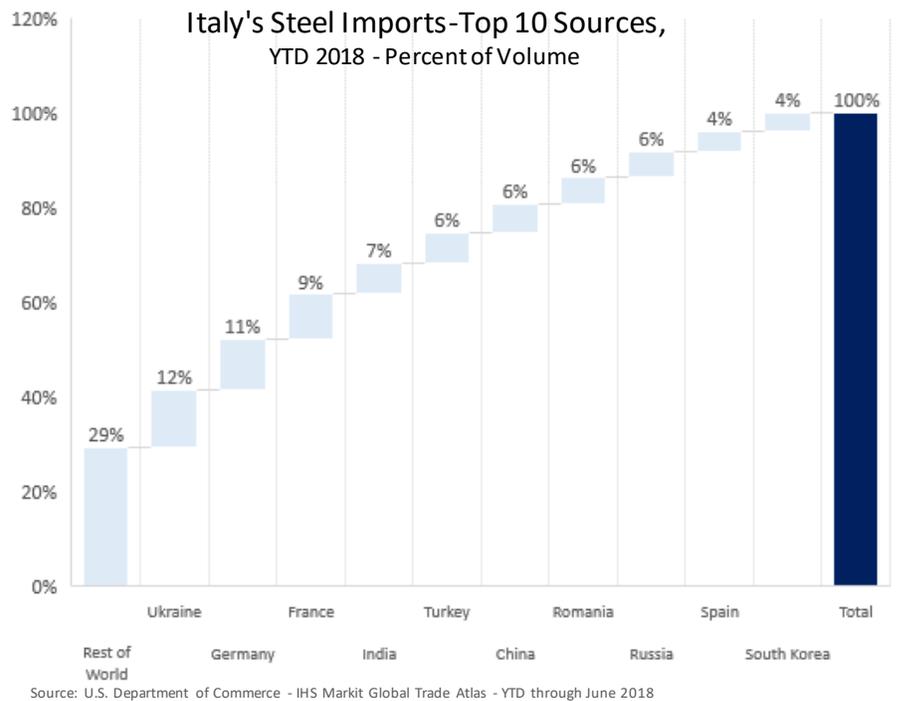


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Imports by Top Source

The top 10 source countries for Italy's steel imports in YTD 2018 represented 71 percent of the total steel import volume at 8.3 million metric tons (mmt). Ukraine accounted for the largest share of Italy's imports by source country at 12 percent (1.4 mmt), followed by Germany at 11 percent (1.3 mmt), France at 9 percent (1.1 mmt), India at 7 percent (0.8 mmt), and Turkey at 6 percent (0.7 mmt).

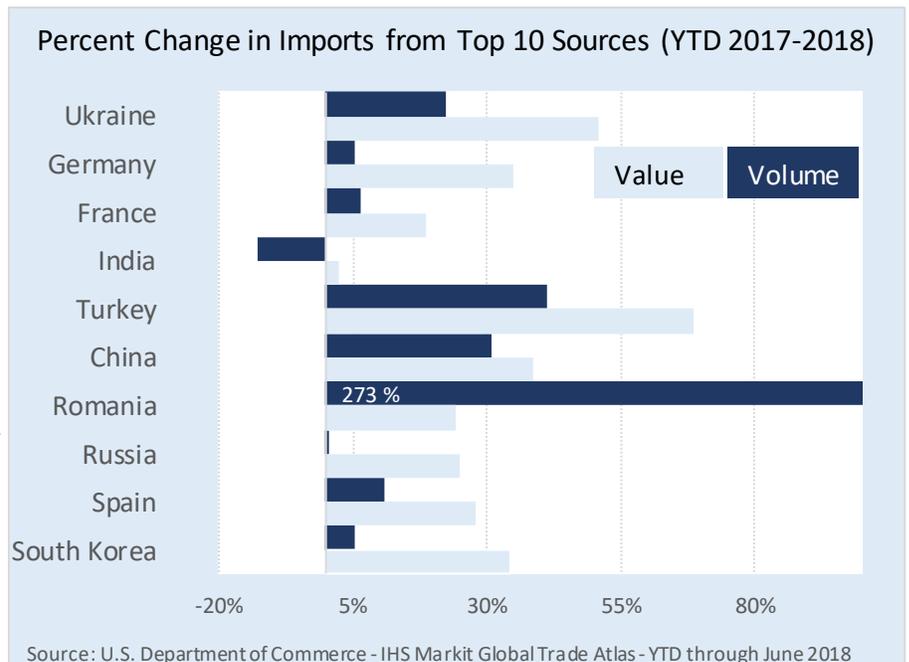
The United States ranked 27th as a source for Italy's steel imports, representing 0.6 percent of imports (75 thousand metric tons) in YTD 2018. This is a 16 percent volume increase from YTD 2017.



Trends in Imports from Top Sources

Between YTD 2017 and YTD 2018, the volume of imports increased from nine of Italy's top 10 source countries. Imports from Romania showed the largest volume increase, up 273 percent from YTD 2017, followed by Turkey (+41%), China (+31%), Ukraine (+22%), and Spain (+11%). Imports from India were the only top 10 source with a decrease in volume (-13%).

The overall value of Italy's imports increased from all of its top 10 sources in YTD 2018. Imports from Turkey increased the most in value, up 69 percent, followed by Ukraine (+51%), China (+39%), Germany (+35%), South Korea (+34%), Spain (+28%), Russia (25%), and Romania (+24%).



Outside the top 10 sources, other notable volume changes included

Italy's imports from 12th-ranked Iran (+86%), 16th-ranked Taiwan (+42%), 22nd-ranked Serbia (+88%), 23rd-ranked Brazil (-60%), and 24th-ranked Egypt (-53%).

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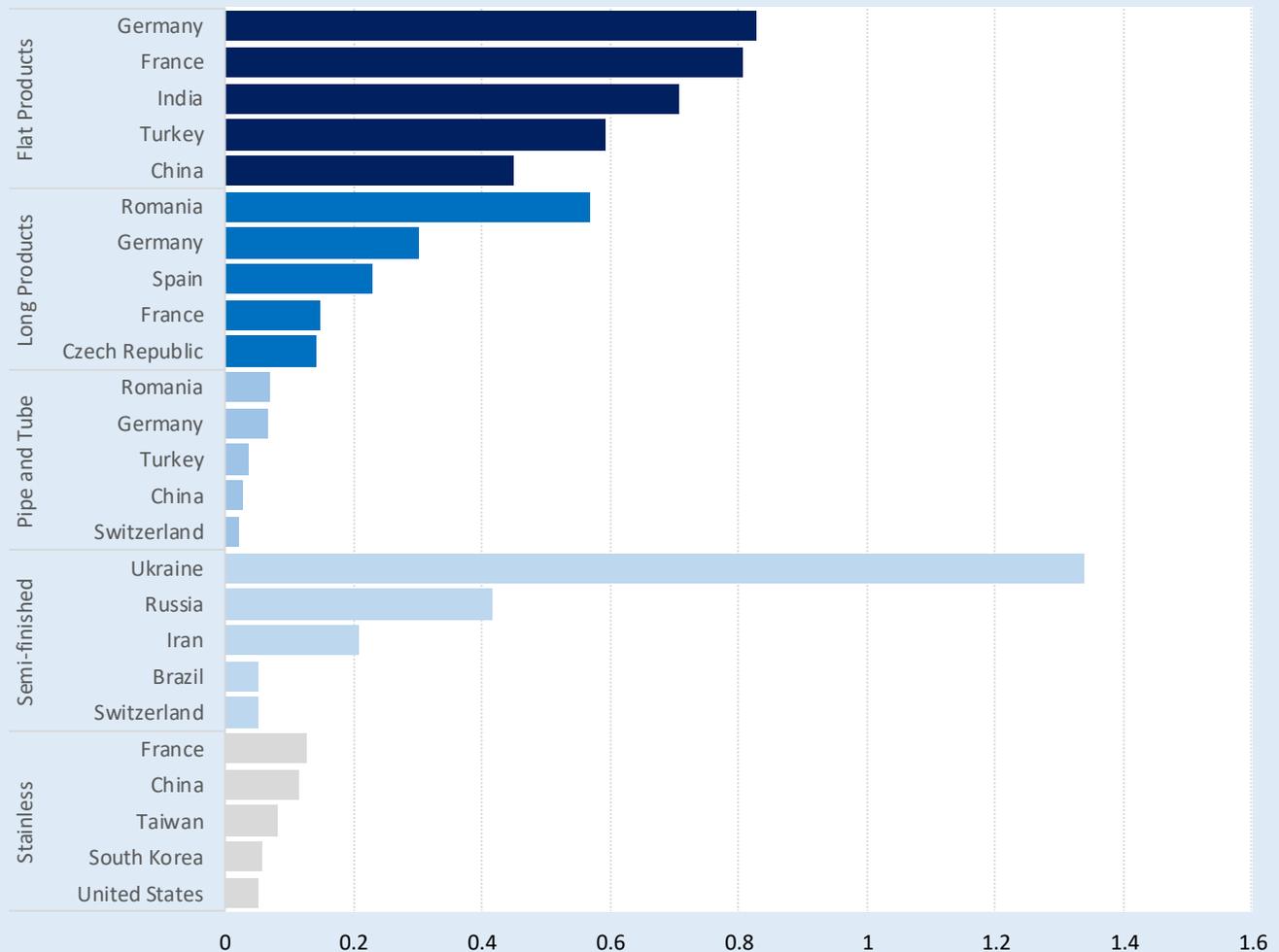
Top Sources by Steel Product Category

The top source countries for Italy’s imports by volume vary across types of steel products. Germany accounted for the largest share of Italy’s imports of flat products in YTD 2018 at 14 percent (827 thousand metric tons), followed closely by France at 14 percent (808 thousand metric tons). For long product imports, Romania held the largest share at 26 percent (568 thousand metric tons). Romania also had the top spot for pipe and tube imports at 17 percent (69 thousand metric tons), followed closely by Germany at 17 percent (68 thousand metric tons).

Ukraine was the top source country for semi-finished products at 58 percent (1.3 million metric tons). Imports from France accounted for the largest share of Italy’s stainless steel products with 15 percent (128 thousand metric tons).

The United States was a top-five import source for stainless products in YTD 2018 at 6 percent (51 thousand metric tons).

Italy'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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Italy's Export Market Share from Top Source Countries

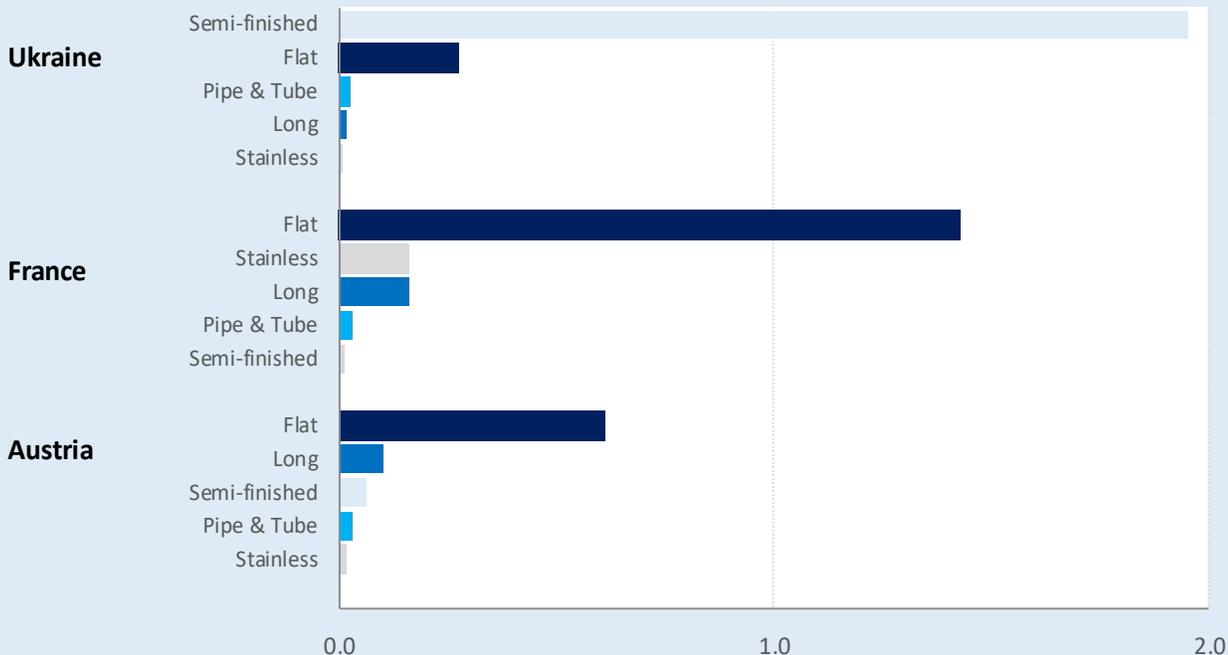
In 2017, the share of steel exports sent to Italy from its top import sources decreased from 6 of the top 10 sources. In 2017, the share of Spain's steel exports to Italy showed the largest decrease (down 2.4 percentage points from 2016), followed by Russia (down 1.9 percentage points), Austria (down 1.5 percentage points), and France and South Korea (both down .6 percentage points). In 2017, only Ukraine, India, Turkey, and Germany's shares of steel exports to Italy increased, up by 3.1, 2.6, 2.6, and 0.8 percentage points, respectively.

Italy's Steel Export Market Share						
Top 10 Import Sources	Share of Exports to Italy - 2016	Italy's Rank in 2016	Share of Exports to Italy - 2017	Italy's Rank in 2017	Change in Share	
Germany	8.5%	4	9.4%	3	↑	
Ukraine	11.8%	3	15.0%	1	↑	
France	12.7%	4	12.2%	4	↓	
India	7.7%	5	10.3%	3	↑	
Russia	4.0%	7	2.1%	12	↓	
China	1.8%	16	1.6%	17	↓	
Turkey	3.4%	7	6.0%	3	↑	
Spain	8.4%	4	6.0%	7	↓	
South Korea	3.2%	10	2.6%	10	↓	
Austria	12.0%	2	10.5%	2	↓	

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

Among Italy's top import sources, Ukraine, France, and Austria sent the largest shares of their total steel exports to Italy in 2017. Flat products accounted for the largest share of steel exports to Italy in France at 80 percent (1.4 million metric tons) and Austria at 75 percent (610 thousand metric tons). Semi-finished products accounted for the largest share of Ukraine's steel exports to Italy at 86 percent (2 million metric tons).

Steel Import Composition of Top Market-Share Countries-2017

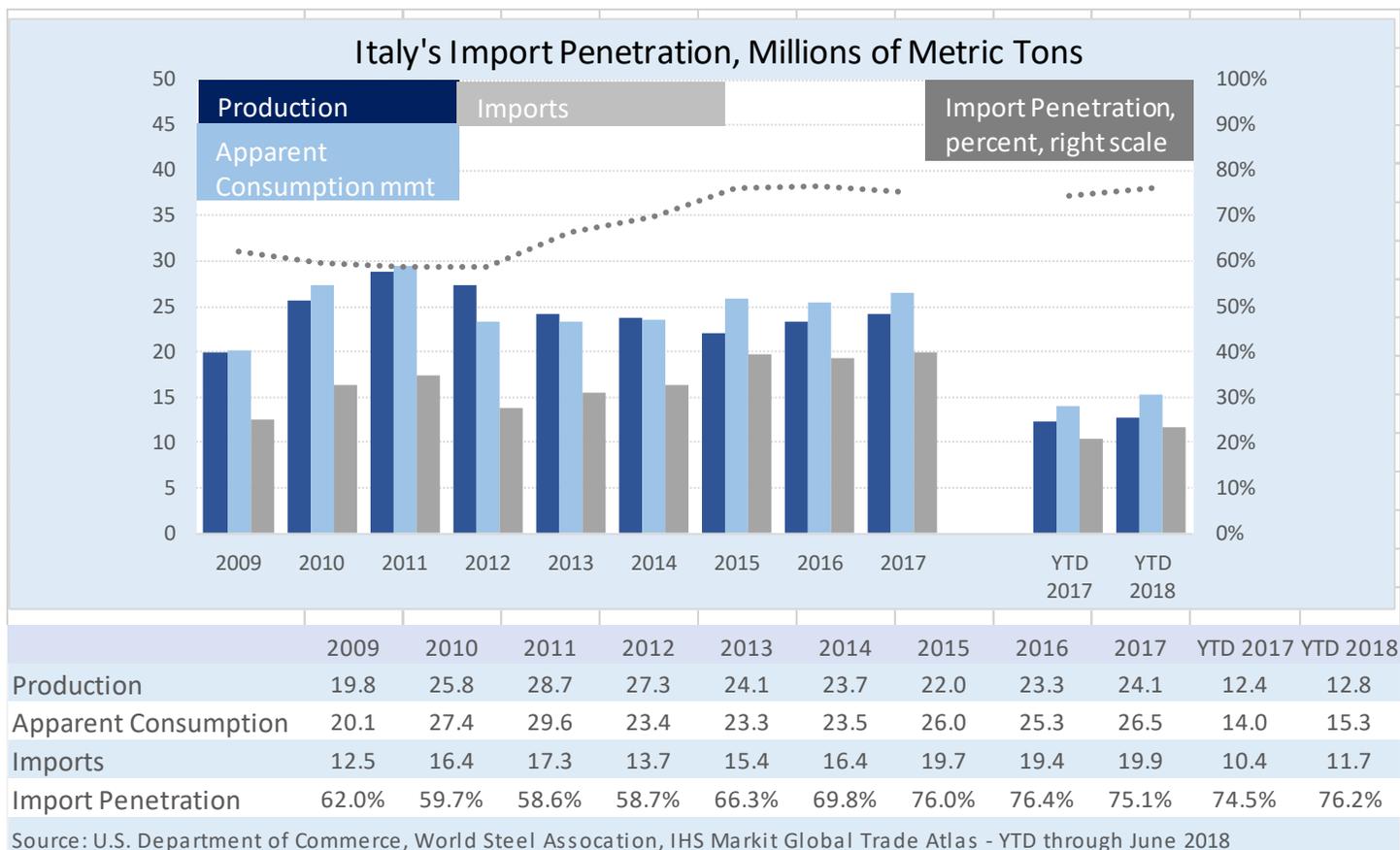


Source: IHS Markit Global Trade Atlas, based on import data per reporting country

Millions of Metric Tons

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Overall Production and Import Penetration



Italy's crude steel production increased by 3 percent between 2016 and 2017. In YTD 2018, production increased 4 percent to 12.8 million metric tons, up from 12.4 million metric tons in YTD 2017. Apparent consumption (a measure of steel demand) also increased in YTD 2018 — up 10 percent to 15.3 million metric tons from 14.0 million metric tons in YTD 2017. From 2015 to 2017, demand grew as production decreased, causing demand to exceed production. In YTD 2018, the gap between production and demand has grown, and stood at -2.5 million metric tons, up from -1.6 million metric tons in YTD 2017. Italy's level of import penetration was relatively flat from 2015 to 2017, however in YTD 2018, Italy's level of import penetration grew 1.7 percentage points to 76.2 percent.

Top Producers

Unlike much of Europe, steel production in Italy is diffused across many small- and medium-sized companies. After privatization of the country's steel industry in the late 1980s and 1990s, only a small number of the earlier, larger steelworks remain.

Italy's Top Steel Producers in 2017			
Rank	Company	Production (mmt)	Main Products
1	Marcegaglia	5.6	Coils, strips, sheets, welded pipe, sections, bars, heavy plate
2	ILVA SpA	4.73	Hot- and cold-rolled coils, galvanized, heavy plate, welded plate
3	Arvedi Group	3.19	Hot-rolled, galvanized, welded tubes, cold-drawn tubes, stainless tubes, cold-rolled stainless strip
4	Riva Acciaio	1.25	Billets, hot-rolled and cold-drawn bars, reinforcing bars
5	Lucchini RS SpA	N/A	Railway components, forgings, castings, ingots

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

European Union 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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