



Global Steel Trade Monitor

Steel Imports Report: South Korea

November 2018

Background

South Korea is the world's fourth-largest steel importer. In year-to-date 2018 (through June), further referred to as YTD 2018, Korea imported 7.6 million metric tons of steel, a 31 percent decrease from 11.0 million metric tons in YTD 2017. South Korea's imports represented 5 percent of all steel imported globally in 2017. South Korea's 2017 steel imports were a bit more than half the size of the largest steel importer, the United States. In value terms, steel represented just 3.1 percent of the total amount of goods imported into South Korea in 2017.

South Korea imports steel from over 85 countries and territories. The ten countries highlighted in the map below represent the top import sources for South Korea's imports of steel, with each sending more than 50 thousand metric tons and together accounting for 98 percent of South Korea's steel imports in 2017.

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



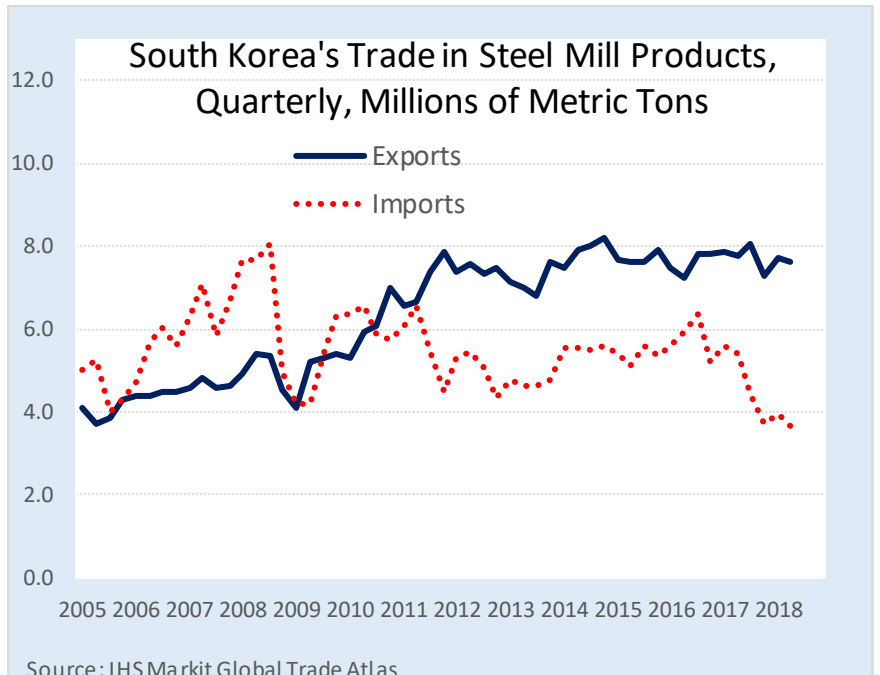
Quick Facts:

- World's fourth-largest steel importer: 19.1 million metric tons (2017)
- 46% steel export increase since 2009
- Import penetration down from 41.3% in 2009 to 32.3% in 2017
- Year-to-Date import volume down 31% while import value down 14%
- Top three import sources: China, Japan, and Taiwan
- Largest producers: POSCO and Hyundai Steel Co.
- 7 trade remedies in effect against imports of steel mill products

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Steel Trade Balance

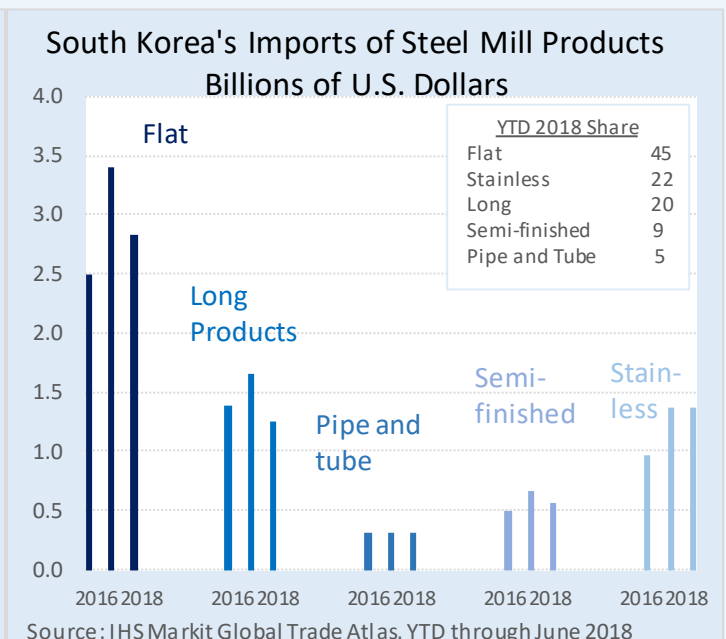
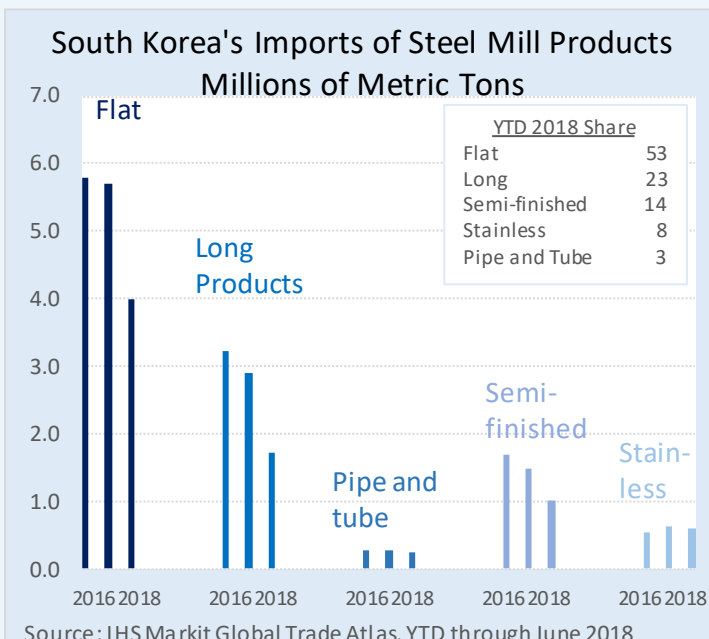
Prior to 2009, South Korea had a trade deficit in steel products. Imports fell in 2009, bringing steel exports and imports into balance. Between 2009 and 2017, South Korea's exports increased 52 percent, significantly outpacing imports which, over the same period, increased by 15 percent. As such, South Korea has posted a steel trade surplus since Q3 2010, amounting to 7.7 million metric tons in YTD 2018. Korea's steel imports were down 6 percent, while exports were up 46 percent in Q2 2018 compared with Q2 2009.



Import Volume, Value, and Product

The volume of South Korea's steel imports trended downwards from 2010 to 2015. In 2016, however, imports increased to 23.1 million metric tons (mmt), before decreasing by 17 percent in 2017 to 19.1 (mmt). By contrast, the value of South Korea's 2017 imports increased by 10 percent to \$13.3 billion from \$12.1 billion in 2016, due to a significant increase in global steel prices. In YTD 2018 Korean steel imports continued their downward trend, falling 31 percent to 7.6 mmt.

Flat products account for just over half of South Korea's steel imports. In YTD 2018, South Korea imported 4 mmt of flat products — 53 percent of imports. Long products accounted for 23 percent, or 1.7 mmt of South Korea's 2017 steel imports, followed by semi-finished steel (14% or 1.0 mmt), stainless steel (8% or 0.6 mmt), and pipe and tube products (3% or 0.25 mmt).

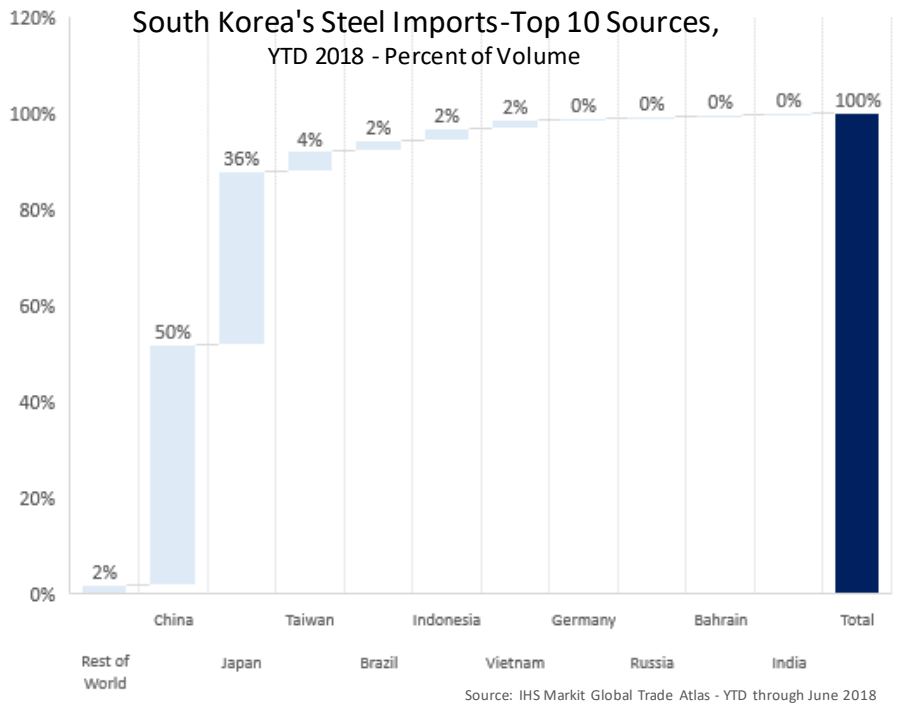


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Imports by Top Source

The top 10 source countries for South Korea's steel imports represented 98 percent of the total steel import volume in YTD 2018 at 7.4 million metric tons (mmt). China accounted for the largest share of South Korea's imports by source country at 50 percent (3.8 mmt), followed by Japan at 36 percent (2.7 mmt), and Taiwan at 4 percent (0.3 mmt).

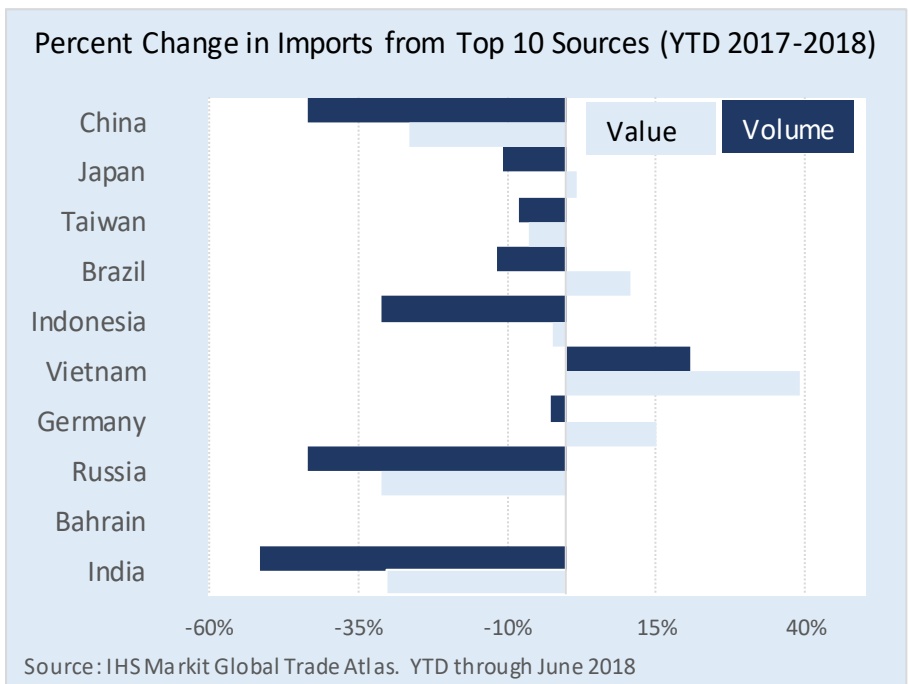
The United States ranked 15th as a source for South Korea's imports in YTD 2018, sending 13.7 thousand metric tons to South Korea. In 2017, the U.S. was the 12th largest source of Korea's steel imports, sending 37.9 thousand metric tons to South Korea — an 81 percent increase from 20.9 thousand metric tons in 2016.



Trends in Imports from Top Sources

In YTD 2018, the volume of South Korea's steel imports declined from 8 of the top 10 sources, while the value of imports increased from 4 of the top 10.

Notable YTD 2017 to YTD 2018 increases in the value of South Korea's imports include those from Vietnam (+39%) and Germany (+15%). During this period, South Korean imports by value notably declined from Russia (+31%), India (+30%), and China (+26%). Imports decreased the most by volume from China (-43%), Russia (-43%), and Indonesia (-31%). Korean imports from Bahrain increased from 0 mt in YTD 2017 to over 25 thousand metric tons, making Bahrain the 9th-ranked source of steel imports for South Korea in YTD 2018.



Outside the top 10 sources, other significant changes in South Korea's import volume included 17th-ranked South Africa (+134%), and 25th-ranked Australia (-98%).

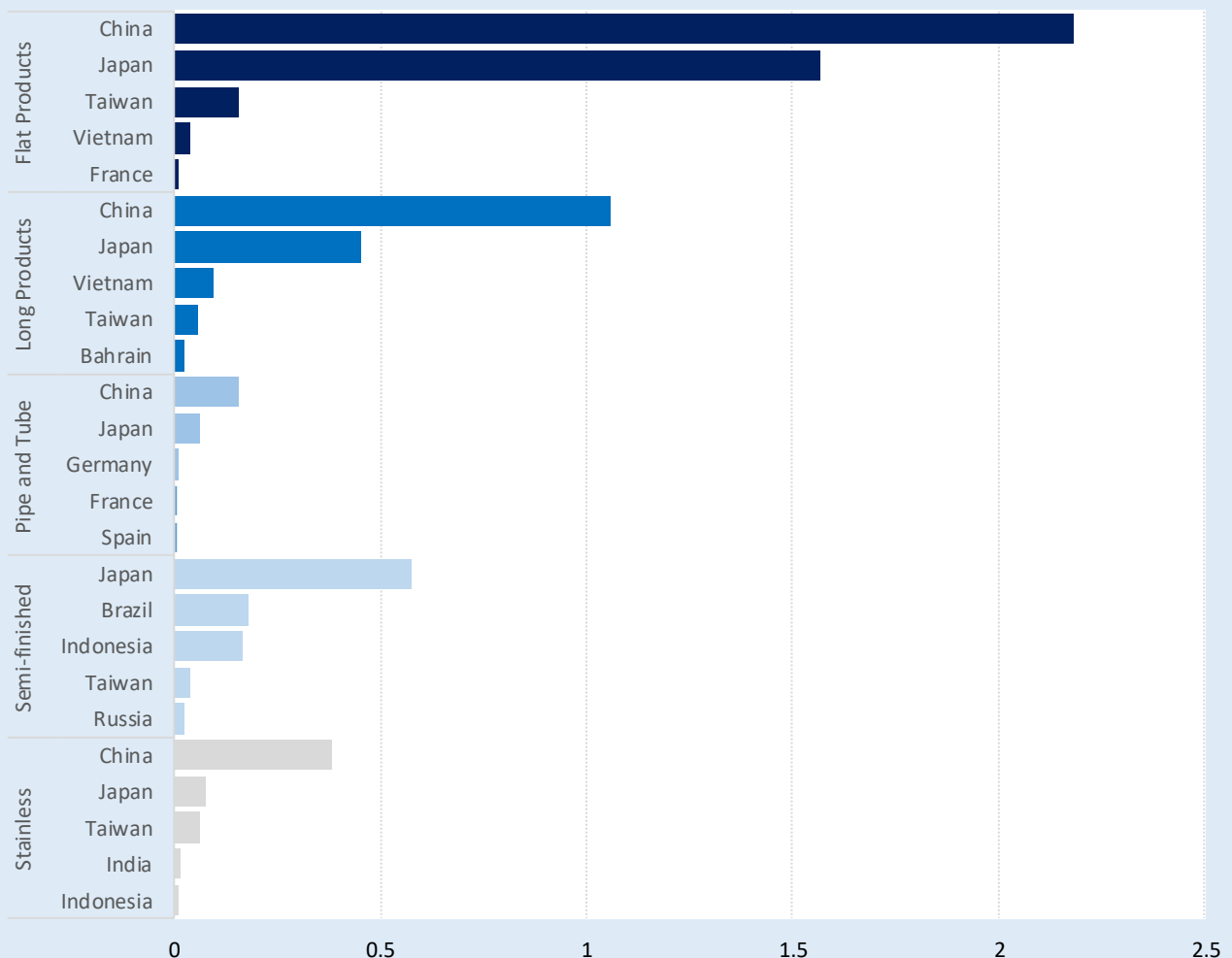
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Top Sources by Steel Product Category

South Korea's top import sources by volume vary across types of steel products, though China or Japan held the first spot for all products. In YTD 2018, China accounted for the largest share of South Korea's imports of flat products at 55 percent (2.2 million metric tons), long products at 62 percent (1.1 million metric tons), pipe and tube products at 63 percent (159 thousand metric tons), and stainless products at 64 percent (384 thousand metric tons).

Japan accounted for the largest share of South Korea's semi-finished imports in YTD 2018 at 56 percent (0.6 million metric tons) and the second-largest share of South Korea's imports of flat products at 39 percent (1.6 million metric tons), long products at 26 percent (453 thousand metric tons), pipe and tube at 25 percent (63 thousand metric tons), and stainless products at 12 percent (75 thousand metric tons).

South Korea's Top 5 Import Sources by Product - YTD 2018



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

Millions of Metric Tons

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South Korea's Export Market Share from Top Source Countries

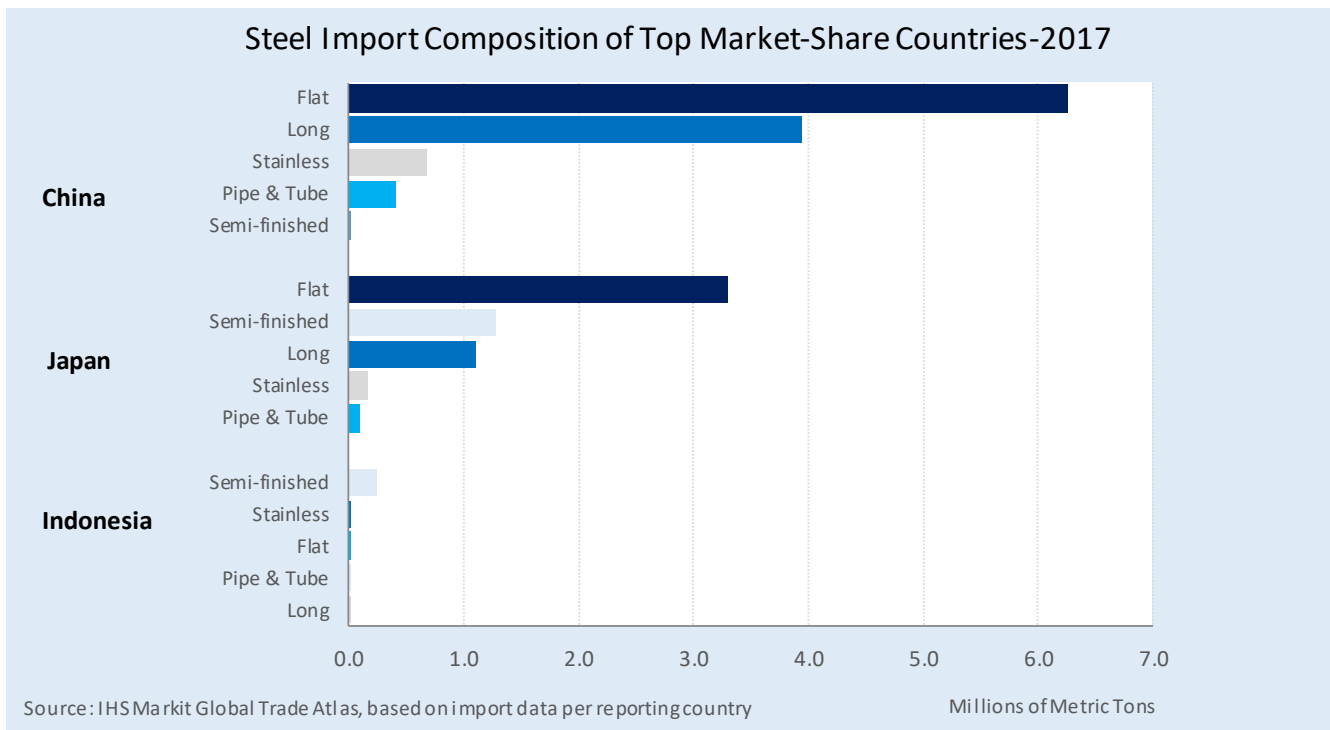
In 2017, the share of steel exports sent to South Korea from its top import sources increased for 5 of the top ten source countries, while declining for 4 source countries. In 2017, the share of China's steel exports to South Korea increased 2.1 percentage points, while Taiwan's increased 1.9 percentage points. Indonesia had the most notable decrease in the share of its steel exports going to South Korea (down 9.9 percentage points from 2016), while Japan and India declined a bit, down 1.3 and 0.5 percentage points, respectively. Germany's percentage was essentially unchanged.

Among South Korea's top import sources, China, Japan, and Indonesia sent the largest shares of their steel exports to South Korea. Flat products accounted for the largest share of steel exports to South Korea from

China and Japan in 2017, at 55 and 56 percent (6.3 million metric tons and 3.3 million metric tons, respectively). Nearly all of Indonesia's exports to South Korea consisted of semi-finished steel in 2017, at 99 percent (240 thousand metric tons).

South Korea's Steel Export Market Share					
Top 10 Import Sources	Share of Exports to South Korea - 2016	Canada's Rank in 2016	Share of Exports to South Korea - 2017	Canada's Rank in 2017	Change in Share
China	13.3%	1	15.4%	1	↑
Japan	17.1%	1	15.8%	1	↓
Taiwan	3.9%	7	5.8%	6	↑
Indonesia	19.9%	1	10.0%	3	↓
Vietnam*	N/A	N/A	N/A	N/A	N/A
Brazil	1.5%	19	2.1%	13	↑
Russia	0.1%	63	0.1%	57	↑
Australia	3.1%	8	7.8%	4	↑
India	0.9%	22	0.4%	34	↓
Germany	0.2%	35	0.2%	36	↓

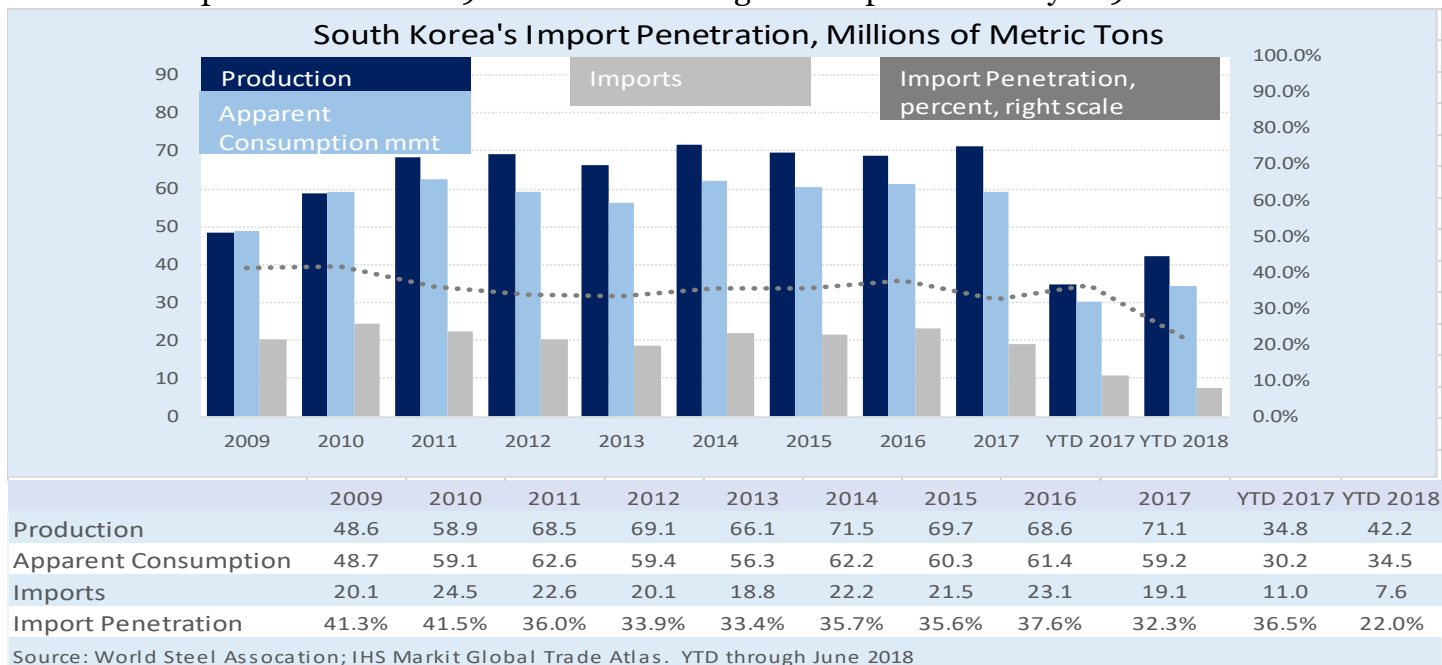
Source: IHS Global Trade Atlas, based on import data per reporting country
*Vietnam 2016 and 2017 data unavailable



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Overall Production and Import Penetration

Between 2009 and 2012, South Korea's crude steel production grew by 42 percent. Since 2012, South Korea's production fluctuated, but increased in 2017 over the 2012 level by 2 percent to 71.1 million metric tons. Apparent consumption (a measure of steel demand) went from being roughly in balance with production in 2009 and 2010 to falling behind production by 11.9 million metric tons in



2017. The gap between production and apparent consumption increased by 4.7 million metric tons between 2016 and 2017. Between 2009 and 2017, South Korea's import penetration declined from 20.1 percent to 19.1 percent. Import penetration declined from 36.5 percent in YTD 2017 to 22 percent in YTD 2018.

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. These companies accounted for over 90 percent of Korea's total 2017 production, based on available data.

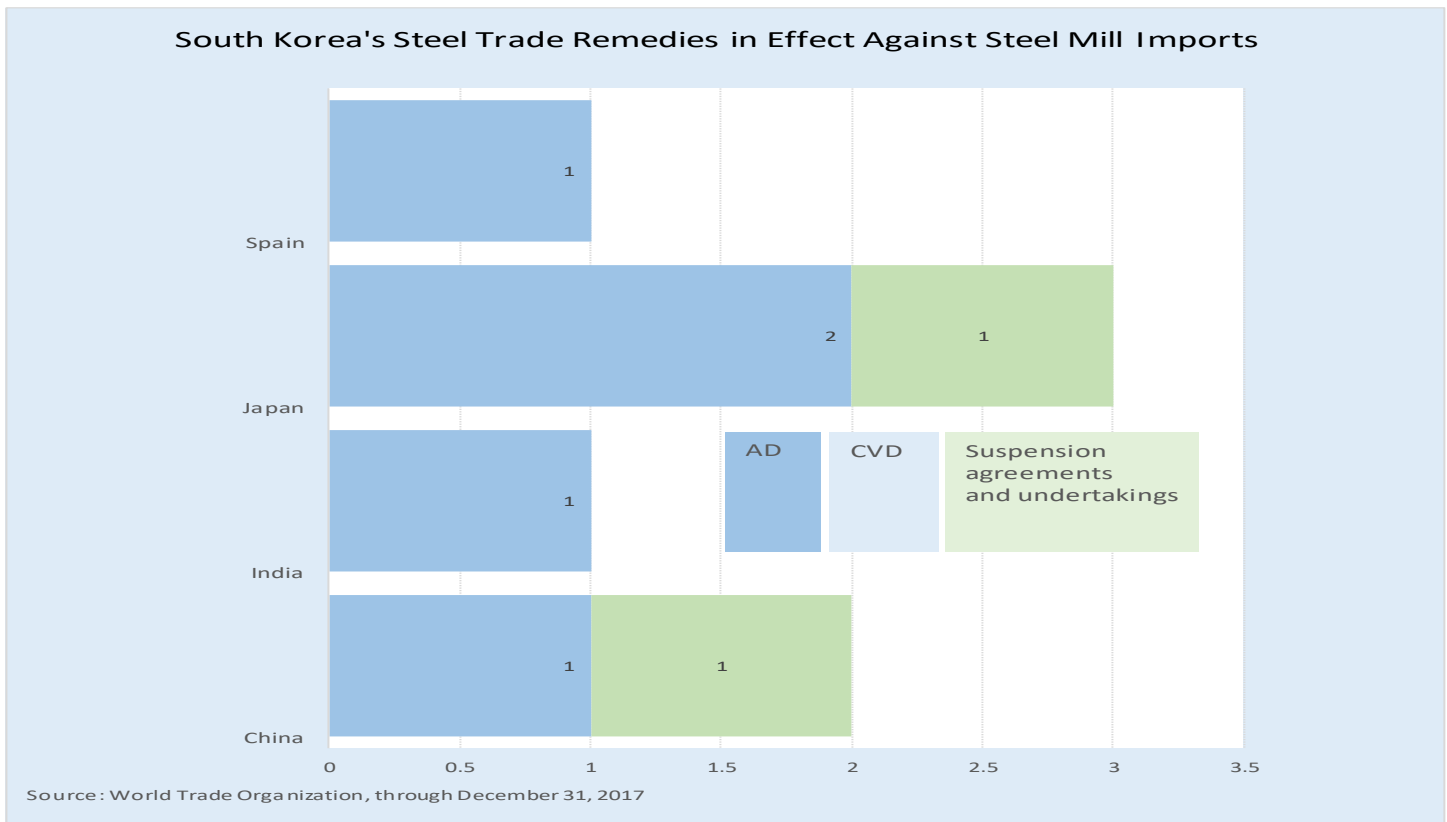
South Korea's Top Steel Producers in 2017			
Rank	Company	Production (mmt)	Main Products
1	POSCO	42.19	Hot-rolled, cold-rolled, plate, stainless, electrical, wire rods
2	Hyundai Steel Co.	21.23	Beams, reinforcing bars, Hot-rolled, plates
3	Dongkuk Steel Mill Co.,	3.73	Plates, sections, bars

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 South Korea has against imports of steel mill products from various countries. South Korea 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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