



Global Steel Trade Monitor

Steel Exports Report: Canada

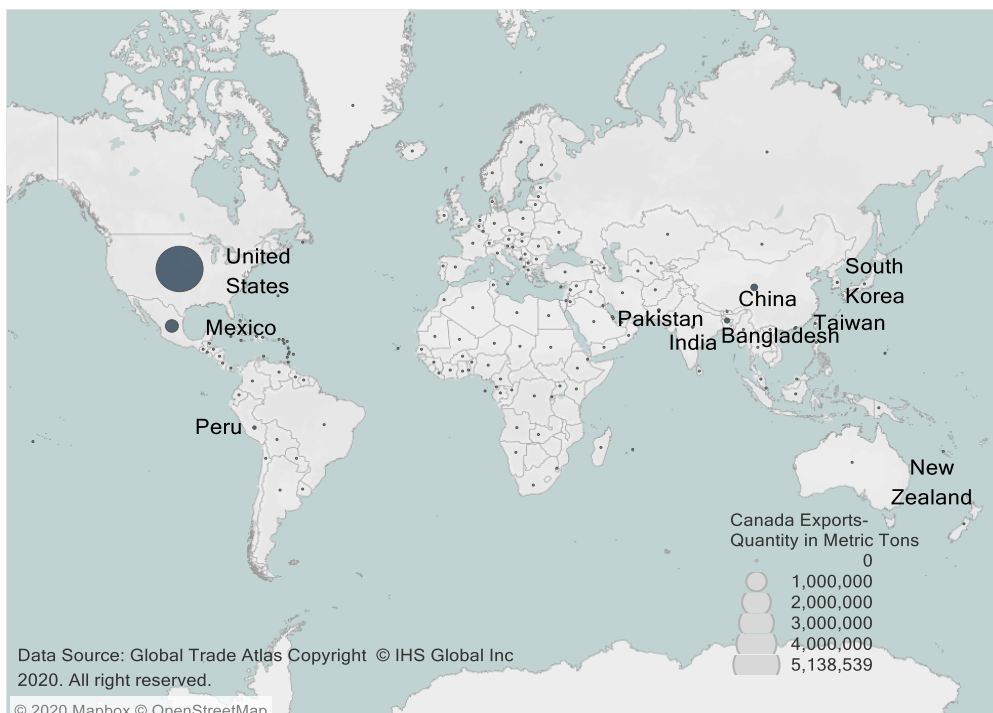
May 2020

Background

Canada was the world's eighteenth-largest steel exporter in 2019. In 2019, Canada exported 5.8 million metric tons of steel, a 12 percent decrease from 6.5 million metric tons in 2018. Canada's exports represented about 1.5 percent of all steel exported globally in 2019, based on available data. By volume, Canada's 2019 steel exports represented over one-tenth the volume of the world's largest exporter, China. In value terms, steel represented 1.1 percent of the total goods Canada exported in 2019.

Canada exports steel to over 130 countries and territories. The United States and Mexico represent the top markets for Canada's exports of steel, receiving more than 350 thousand metric tons each. All of Canada's top ten export destination countries are labeled in the map below, accounting for 99% of Canada's steel exports in 2019.

Canada's Exports of Steel Mill Products-YTD 2019 (Top Ten in Blue)



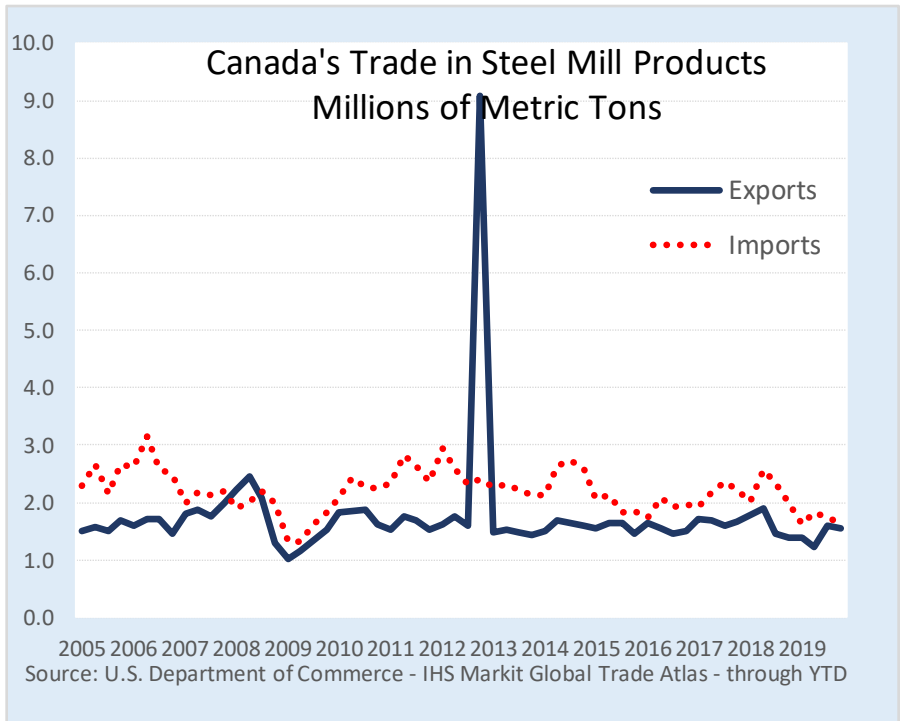
Quick Facts:

- Exported 5.8 million metric tons in 2019
- 14% growth in annual steel exports since 2019
- 2019 export volume down 12% and export value down 20% since 2018
- Top markets: United States and Mexico
- Exports as a share of production down from 48.7% in 2018 to 45.3% in 2019
- Largest producers: ArcelorMittal, Essar Steel Algoma

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Steel Trade Balance

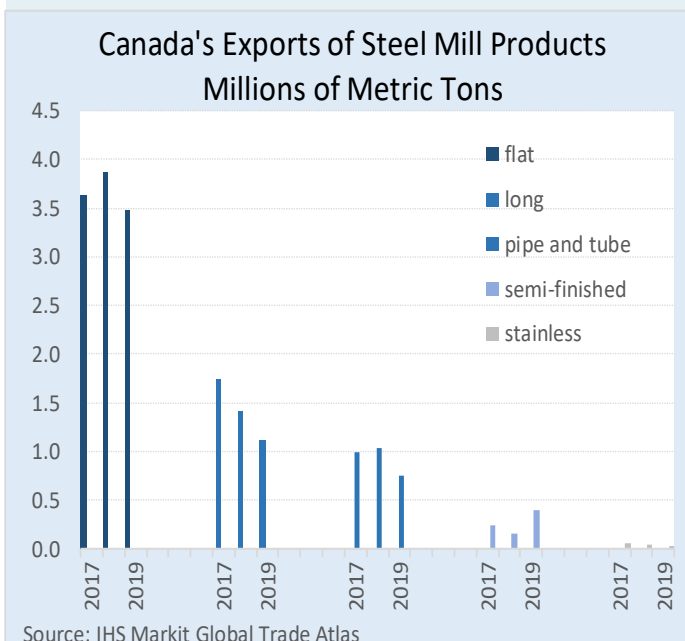
With the exception of three quarters, Canada has maintained a moderate trade deficit in steel products since 2005. Rising exports in the first half of 2008 and a spike in exports in Q4 2012 (resulting from a bulk shipment of semi-finished steel to Egypt) caused the deficit to briefly become a surplus. Between 2009 and 2019, annual exports have grown 14 percent, while imports have grown 12 percent. In 2019, Canada's steel trade deficit amounted to -1.1 million metric tons, a 56 percent decrease from -2.4 million metric tons in 2018.



Export Volume, Value, and Product

The volume of Canada's steel exports has remained relatively flat since 2013 at an average of 5.6 million metric tons per year. Exports in 2019 decreased by 12 percent to 5.8 million metric tons from 6.5 million metric tons in 2018. In value terms, Canada's steel exports decreased by 20 percent to \$5.1 billion from \$6.4 billion in 2018.

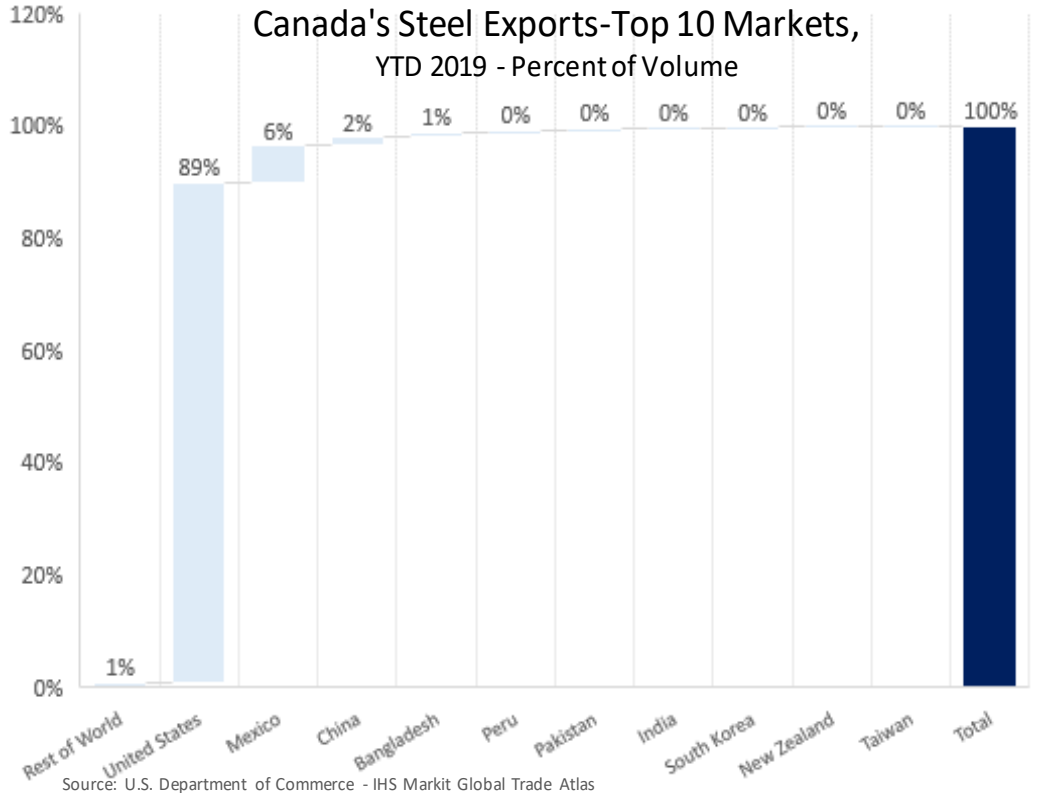
Flat products accounted for 60 percent of Canada's steel exports by volume in 2019 at 3.5 million metric tons. Long products represented the second-largest category at 20 percent (1.1 million metric tons), followed by pipe and tube at 13 percent (744 thousand metric tons), semi-finished steel at 7 percent (392 thousand metric tons), and stainless steel at 1 percent (30 thousand metric tons).



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Exports by Top Market

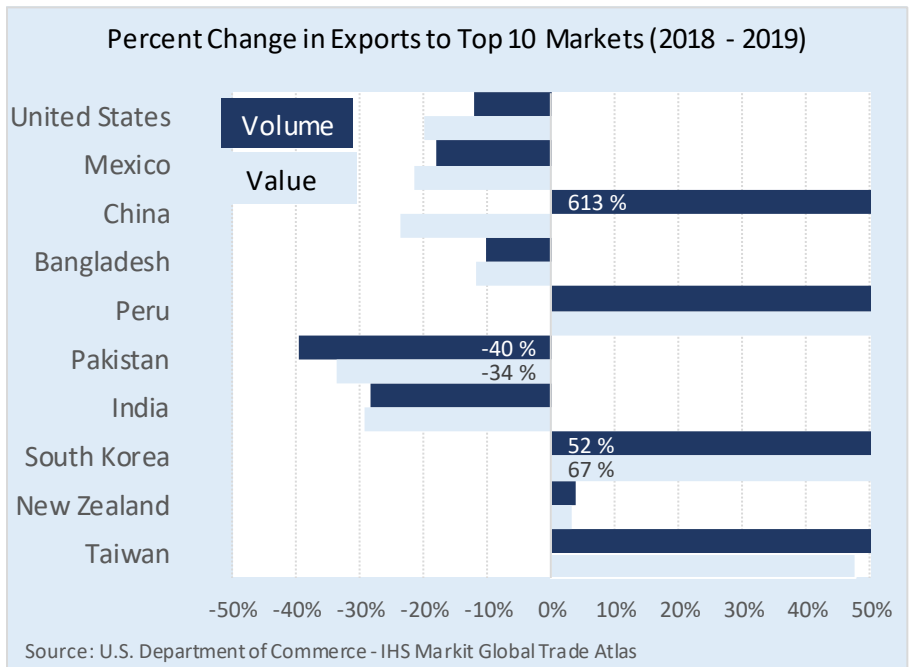
Exports to Canada's top 10 steel markets represented 99 percent of Canada's steel export volume in 2019 at 5.7 million metric tons (mmt). Furthermore, the top two markets for Canada's exports, the United States and Mexico, by themselves accounted for 95 percent of exports by volume. Canada sent 89 percent of its steel exports to the United States in 2019 (5.1 mmt) and 6 percent to Mexico (369 thousand metric tons).



Notably, with the exception of 2012, the United States and Mexico have ranked first and second as top export markets for Canada's shipments of steel in every year since 2000.

Trends in Exports to Top Markets

Between 2018 and 2019, the volume of Canada's steel exports increased to 5 of its top 10 steel export markets. Exports to Peru showed the largest increase from 2018, up to 1,492 percent, followed by exports to China (613%). Exports also increased to Taiwan (75%), South Korea (52%) and New Zealand (4%). During 2019, export volumes decreased to Pakistan (-40%), India (-28%), Mexico (-18%), the United States (-12%), and Bangladesh (-10%).



In 2019, export values increased to 4 of Canada's top 10 steel export markets relative to 2018. Export values increased for exports to Peru (172%), South Korea (67%), Taiwan (48%), and New Zealand (3%). Export values decreased for exports to Pakistan (-34%), India (-29%), China (-24%), Mexico (-22%), the United States (-20%) and Bangladesh (-12%).

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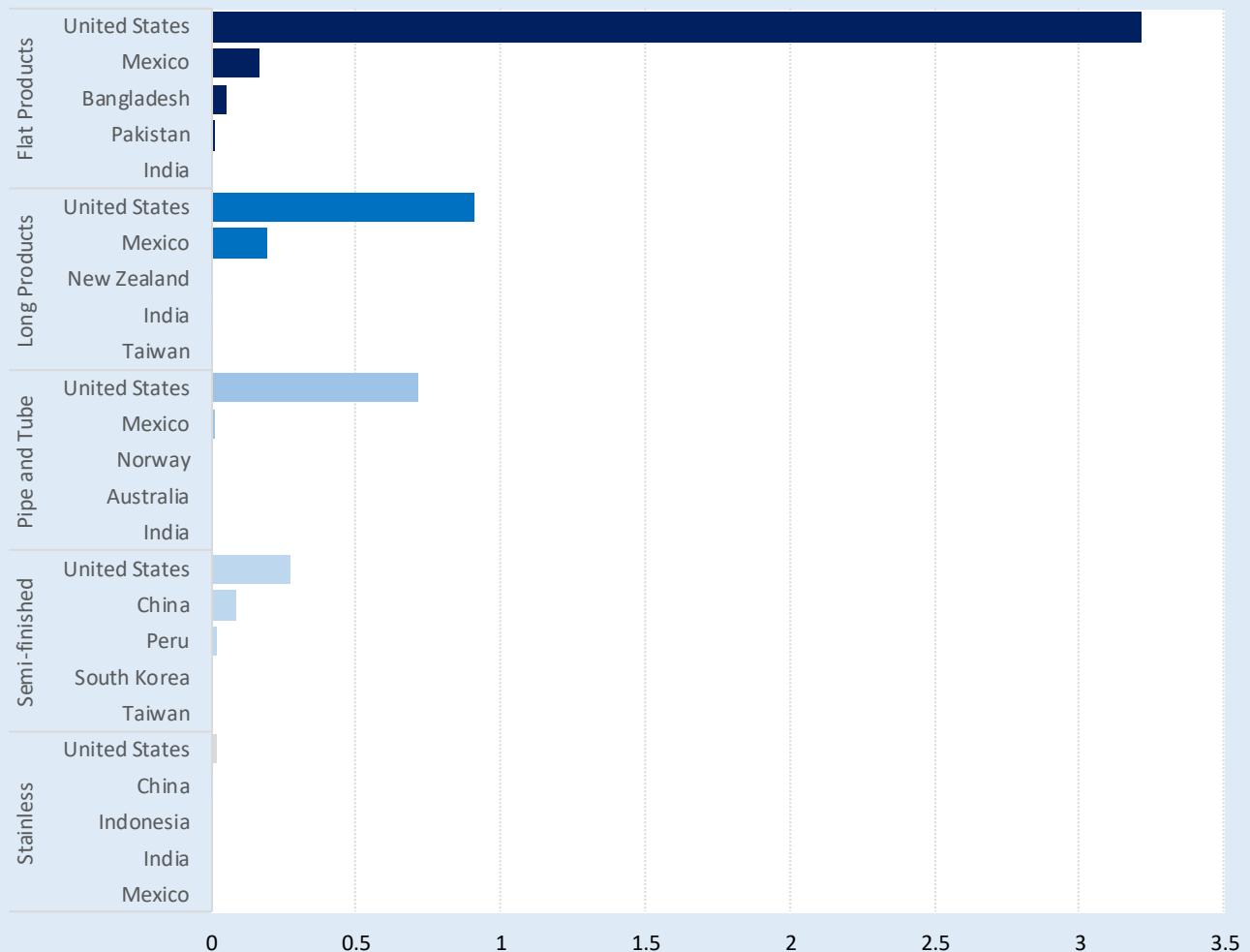
Top Markets by Steel Product Category

The United States is Canada’s top export by volume for all types of steel products, while the rest of the top 5 export destinations vary by product. The United States was the destination for 93 percent (3.2 million metric tons) of Canada’s flat product exports, followed by Mexico at 5 percent (167 thousand metric tons).

The United States received 81 percent of long product exports (910 thousand metric tons), followed by Mexico at 17% (191 thousand metric tons). The United States received 96 percent of pipe and tube product exports (715 thousand metric tons), while Mexico was the second largest export market at 2 percent (11 thousand metric tons).

The United States was the top market for semi-finished steel products at 70 percent (276 thousand metric tons), followed by China at 21 percent (84 thousand metric tons). The United States was the export destination for 74 percent of all stainless steel exports (22 thousand metric tons) followed by China at 10 percent (3 thousand metric tons).

Canada's Top 5 Export Markets by Product - YTD 2019



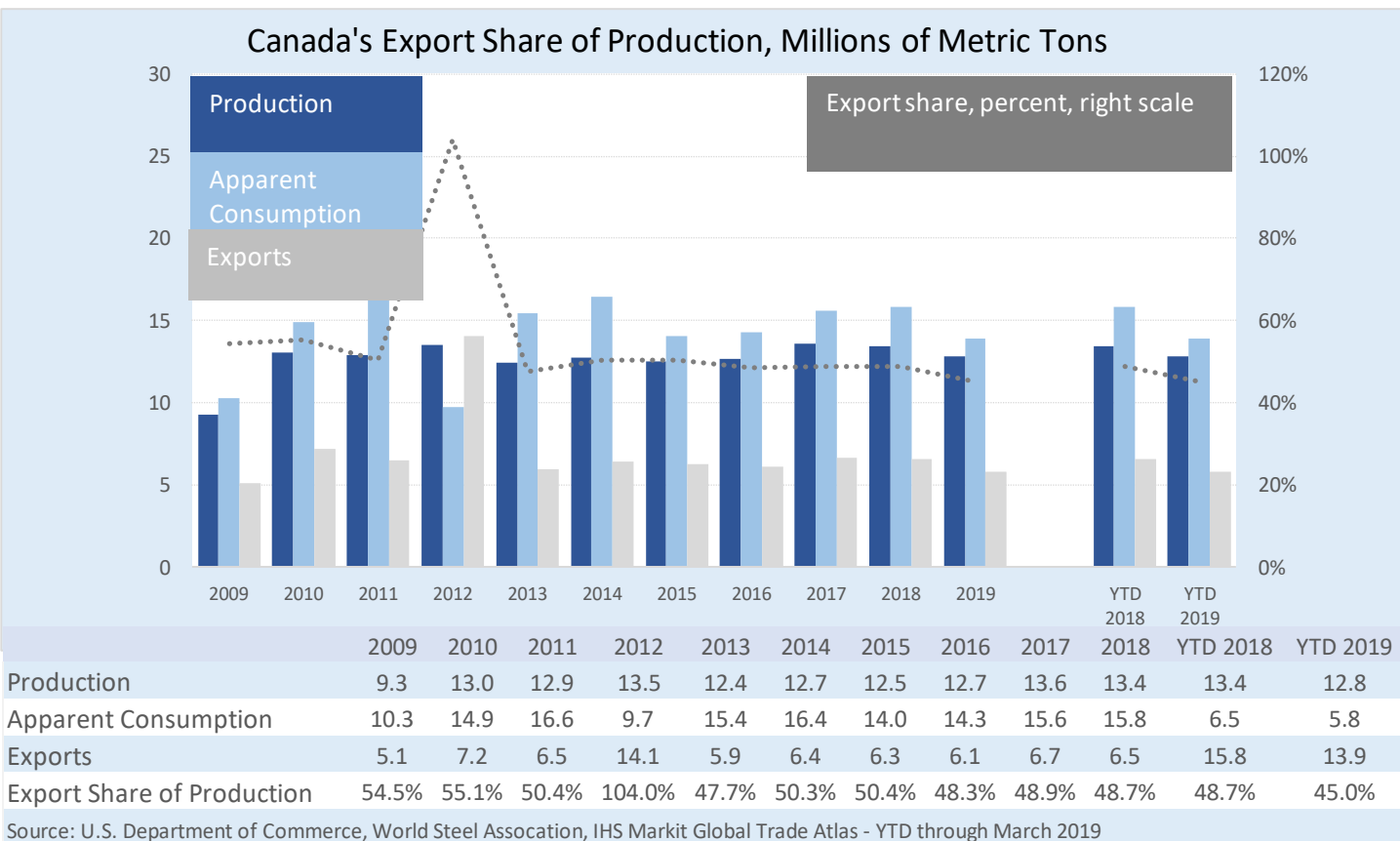
Source: U.S. Department of Commerce - IHS Markit Global Trade Atlas

Millions of Metric Tons

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Overall Production and Export Share of Production

Canada's crude steel production averaged 12.9 million metric tons between 2014 and 2018. Production in 2019 was down 5 percent to 12.8 million metric tons, from 13.4 million metric tons in 2018. Apparent consumption (a measure of steel demand) has been greater than production for much of the period, excluding 2012 when a spike in exports pushed demand down. The gap between demand and production decreased from 2.4 million metric tons in 2018 to 1.1 million metric tons 2019. Since 2010, exports as a share of production maintained an average of around 50 percent, excluding 2012 when a spike in semi-finished exports to Egypt caused the share to hit 104 percent. In 2019, exports as a share of production decreased to 45.3 percent from 48.7 percent in 2018.



Top Producers

Steel production in Canada is dominated by foreign-owned companies, as many domestically-owned firms were purchased by steel companies from outside Canada. The largest producer, Luxembourg-based ArcelorMittal, alone accounts for roughly half of Canadian steel production through

| Canada's Top Steel Producers in 2018 | | | |
|--------------------------------------|------------------------------------|------------------|---|
| Rank | Company | Production (mmt) | Main Products |
| 1 | ArcelorMittal Dofasco | 4.5 (shipments) | Hot-rolled sheet, cold-rolled sheet, galvanized |
| 2 | ArcelorMittal Long Products Canada | 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 | Evrax | N/A | Plate, coil, OCTG |
| 5 | Gerdau | N/A | Long products |
| 6 | U.S. Steel Canada (Stelco) | N/A | Hot-rolled sheet, cold-rolled sheet, galvanized |

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

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/>.



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