



# Global Steel Trade Monitor

## Steel Imports Report: Canada

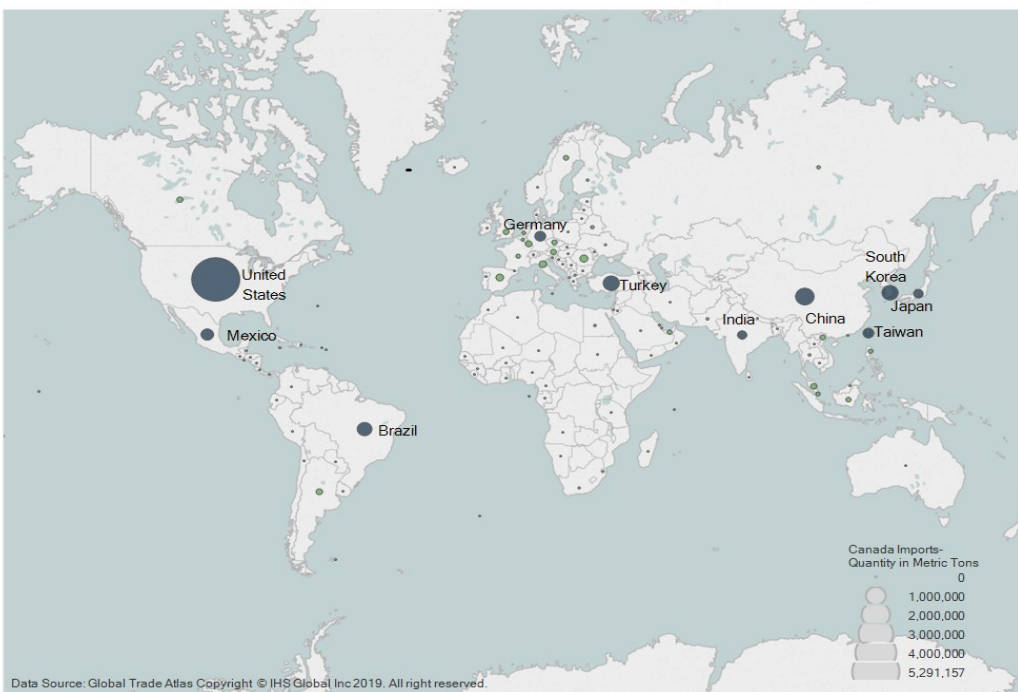
August 2019

### Background

Canada was the world's sixteenth-largest steel importer in 2018. In YTD 2019 (through March), Canada imported 3.79 million metric tons of steel, an 87 percent increase from 2.02 million metric tons in YTD 2018. Canada's imports represented about 2 percent of all steel imported globally in 2017. The volume of Canada's 2018 steel imports was roughly one-third that of the United States, the world's largest steel importer. In value terms, steel represented just 2.2 percent of the total goods imported into Canada in 2018.

Canada imports steel from 100 countries and territories. The ten countries labeled in the map below represent Canada's top sources of steel in 2018, each sending more than 100 thousand metric tons and together accounting for 8.9 million metric tons of steel or 86 percent of Canada's total steel imports.

Canada's Imports of Steel Mill Products-2018 (Top Ten in Blue)



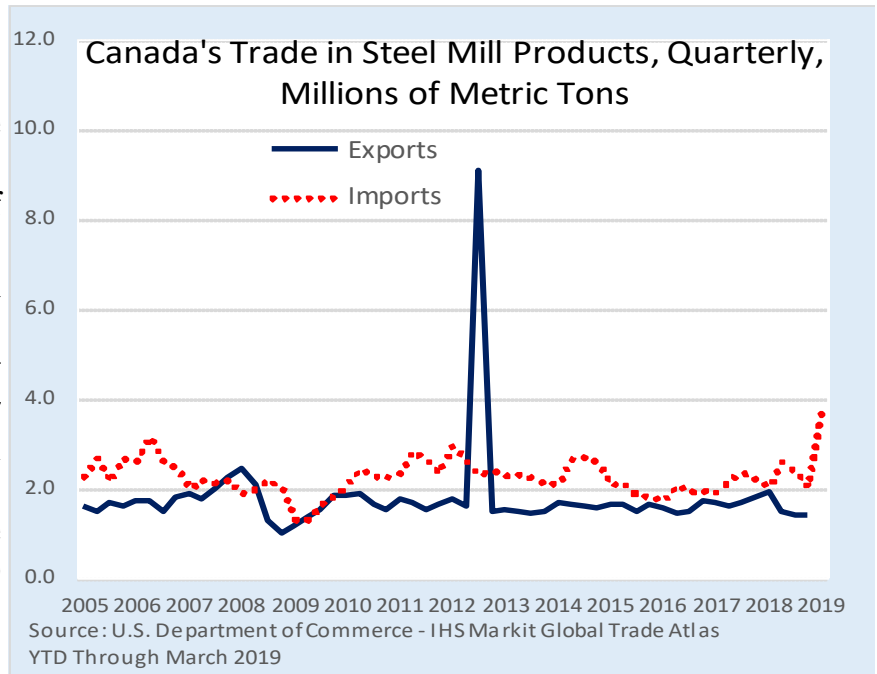
### Quick Facts:

- In YTD 2019, Canada imported 3.79 million metric tons of steel
- 71% steel import growth since Q1 2009
- YTD 2019 import volume up 87%, while import value down 10% from YTD 2018
- Import penetration at 66.5% in YTD 2019, up from 56.1% in YTD 2018
- Top three import sources: United States, China, South Korea
- Largest producers: ArcelorMittal, Essar Steel, Algoma
- 70 trade remedies in effect against imports of steel mill products

# Steel Imports Report: Canada

## Steel Trade Balance

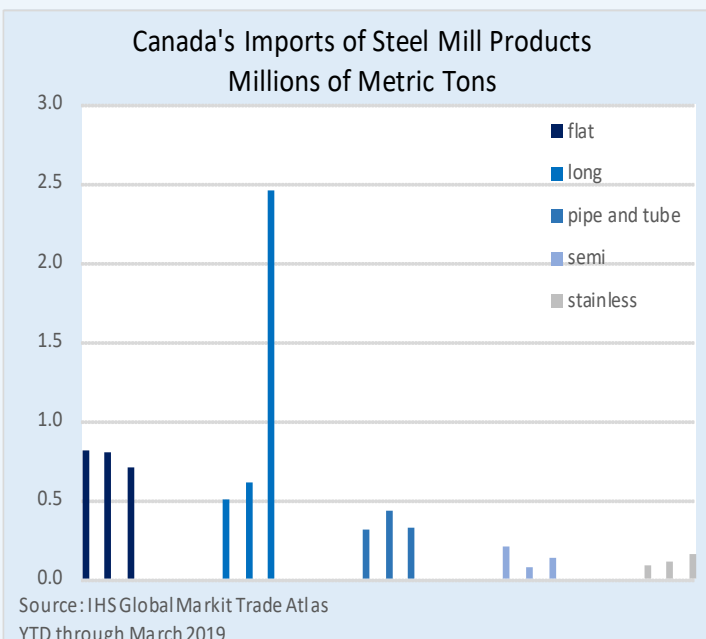
With the exception of three quarters, Canada has maintained a moderate trade deficit in steel products since 2005. Rising exports in the first half of 2008 and a spike in exports in Q4 2012 caused the deficit to briefly become a surplus. Since their recent low point in Q1 2009, imports grew 188 percent by Q1 2019, while exports grew 37 percent. In YTD 2019, Canada's steel trade deficit amounted to 2.4 million metric tons, a 906 percent increase from 238 thousand metric tons in YTD 2018.



## Import Volume, Value, and Product

Since 2016, the volume of Canada's imports of steel mill products have trended modestly upwards. In YTD 2019, Canada imported 3.79 million metric tons, a 87% increase from 2.02 million metric tons in YTD 2018. The value of Canada's imports decreased between 2018 and 2019, while import value in YTD 2019 decreased by 10 percent to \$2.06 billion from \$2.28 billion in YTD 2018.

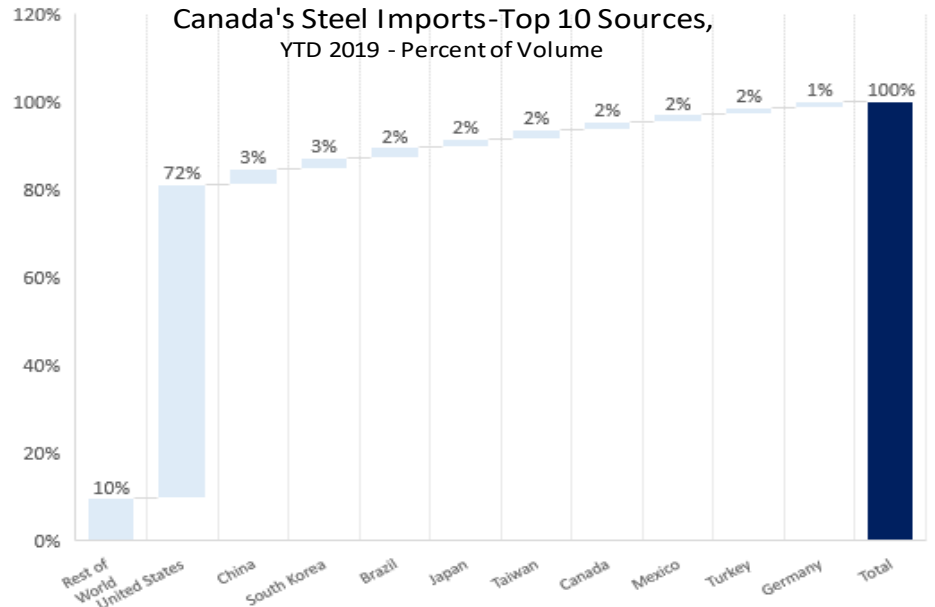
Long products accounted for 65 percent of Canada's steel imports in YTD 2019 – a total of 2.46 million metric tons. Flat products accounted for 19 percent of imports (705 thousand metric tons), followed by pipe and tube products at 9 percent (328 thousand metric tons), semi-finished products at 4 percent (140 thousand metric tons), and stainless products at 4% (159 thousand metric tons).



# Steel Imports Report: Canada

## Imports by Top Source

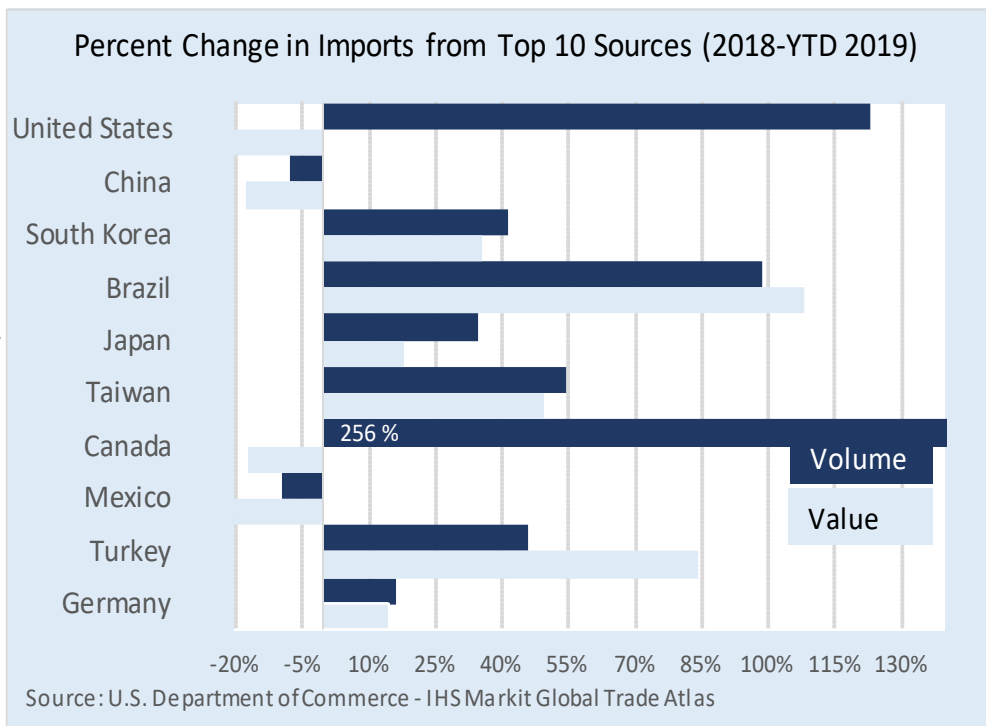
The top 10 source countries for Canada's steel imports represent 90 percent of the total steel import volume in YTD 2019 at 3.4 million metric tons (mmt). The United States accounted for the largest share of Canada's imports by source country with 72 percent (2.7 mmt), followed by China at 3 percent (129 thousand metric tons), South Korea at 3 percent (102 thousand metric tons), Brazil at 2 percent (86 thousand metric tons) and Japan at 2 percent (78 thousand metric tons).



Source: U.S. Department of Commerce - IHS Markit Global Trade Atlas YTD through March 2019

## Trends in Imports from Top Sources

The volume of Canada's steel imports increased from 8 of Canada's top 10 steel import sources between YTD 2018 and YTD 2019. Imports from Canada increased the most in YTD 2019, consisting of merchandise that underwent minor processing in Canada's North American trading partners. The United States showed the largest increase in YTD 2019, up 123 percent by volume, followed by Canada's imports from Brazil (99%), Taiwan (55%), Turkey (46%), and South Korea (41%). Imports from Japan increased 35 percent by volume in YTD 2019, while imports from Mexico and China declined 9 percent, and 8 percent respectively by volume.



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

Canada's imports in value terms increased from 6 of its top 10 sources with the largest increases from Brazil (108%), Turkey (84%), Taiwan (50%), South Korea (36%), Japan (18%), and Germany (15%). Imports from the United States decreased in value terms by 30 percent, while imports from Mexico declined 20 percent, and imports from China declined 17 percent.

Outside the top markets, notable volume changes included Canada's imports from 11th-ranked Vietnam (316%), 13th-ranked Portugal (2,452%), and 22nd-ranked United Arab Emirates (364%).

# Steel Imports Report: **Canada**

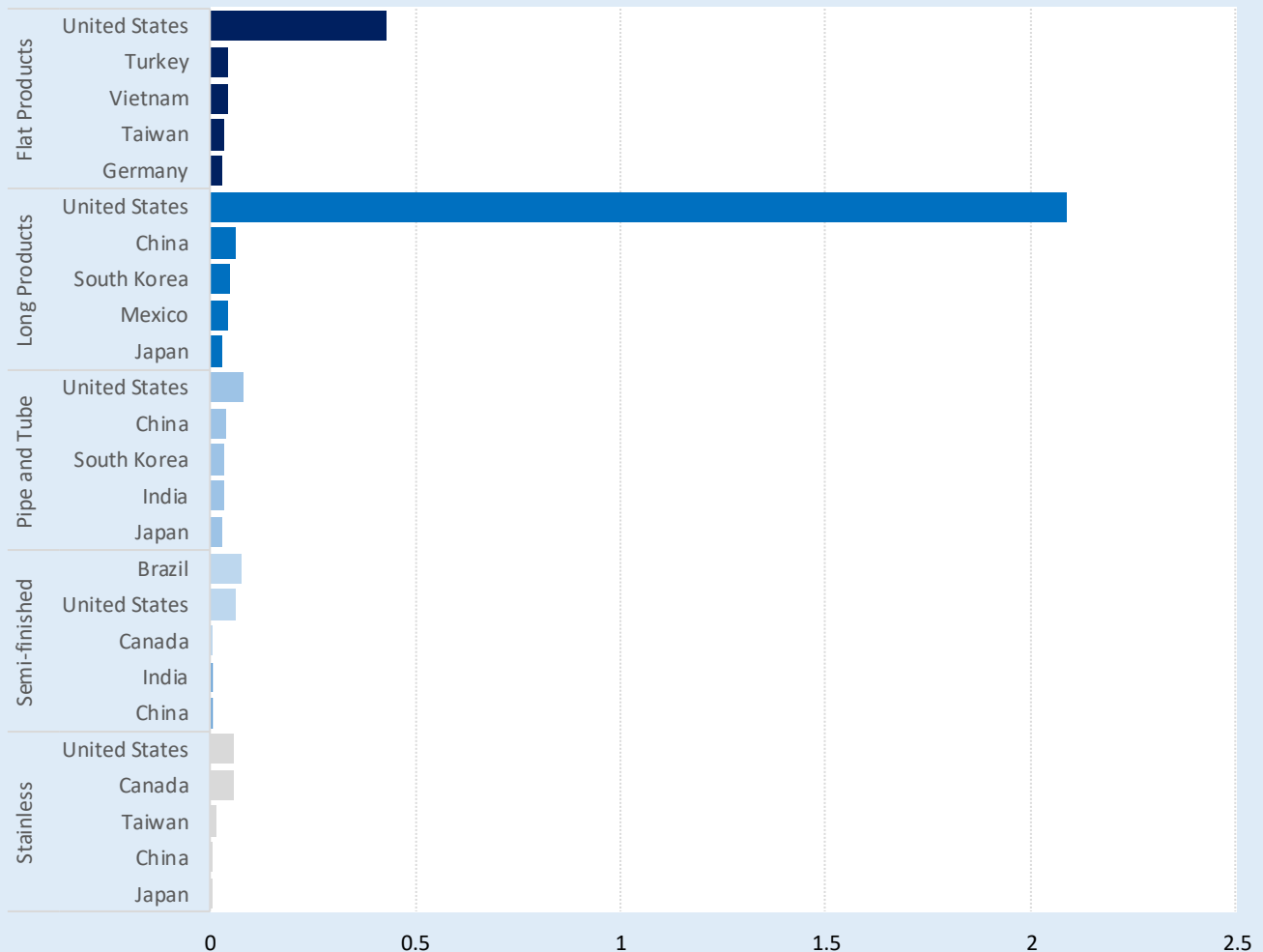
## Top Sources by Steel Product Category

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 30 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 61 percent of Canada’s imports (428 thousand metric tons) in YTD 2019. Imports from the United States accounted for 85 percent of Canada’s long product imports (2.1 million metric tons), 24 percent of pipe and tube imports (80 thousand metric tons), and 38 percent of stainless imports (60 thousand metric tons).

Brazil was the largest source of Canada’s semi-finished imports, accounting for 55 percent of imports (77 thousand metric tons), followed by the United States at 44 percent (61 thousand metric tons).

Canada's Top 5 Import Sources by Product - YTD 2019



Source: U.S. Department of Commerce - IHS Global Markit  
YTD through March 2019

Millions of Metric Tons

# Steel Imports Report: Canada

## Canada's Export Market Share from Top Source Countries

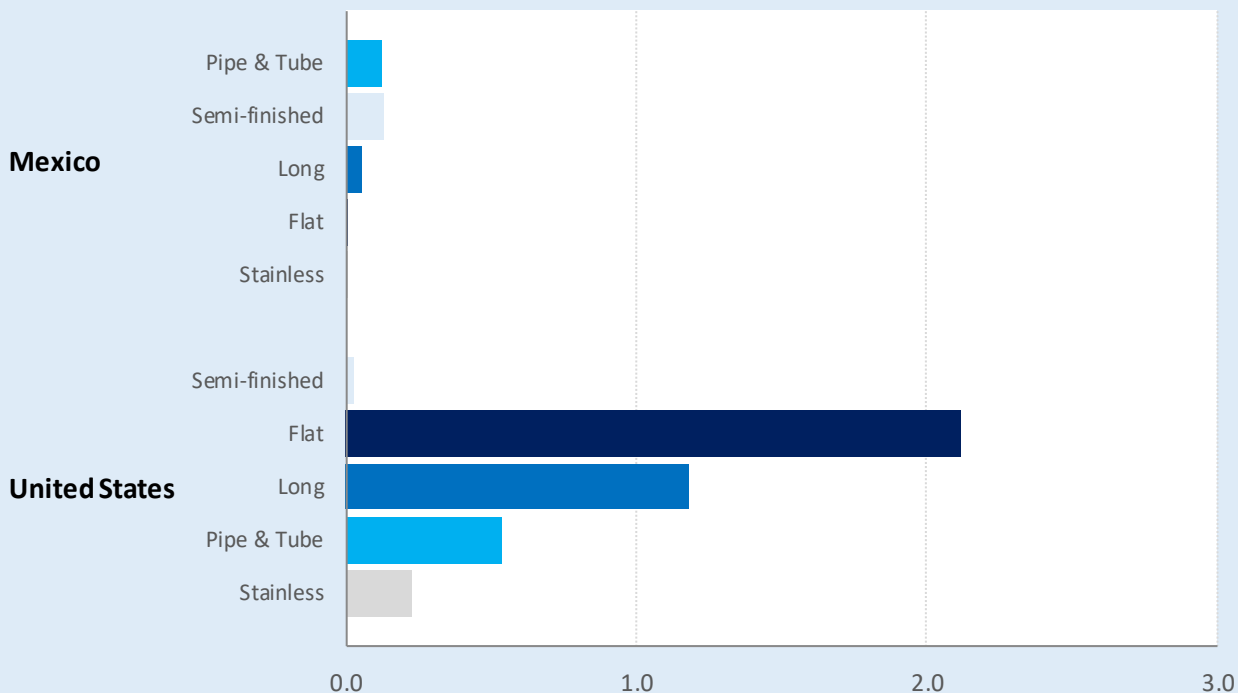
In 2018, the share of steel exports sent to Canada from its top import sources increased slightly in the majority of sources. The share of Brazil's steel exports to Canada showed the largest increase (up 2.1 percentage points), followed by Turkey (up 1.3 percentage points). The export share to Canada from South Korea, Mexico, Germany, Taiwan, Japan, and India all increased by less than one percentage point. The United States saw the largest decrease in the share of steel exports to Canada, down 0.6 percentage points, while export shares for China decreased by 0.2 percentage points.

Among Canada's top import sources, the United States and Mexico sent large shares of their total steel exports to Canada at 48.7 and 5.3 percent, respectively. In 2018, flat products accounted for 52 percent (2.1 million metric tons) of the United States' steel exports to Canada, while semi-finished products accounted for 42 percent (126 thousand metric tons) of Mexico's exports to Canada.

Canada's Steel Export Market Share					
Top 10 Import Sources	Share of Exports to Canada - 2017	Canada's Rank in 2017	Share of Exports to Canada - 2018	Canada's Rank in 2018	Change in Share
United States	49.4%	1	48.7%	1	↓
China	1.3%	20	1.1%	26	↓
Turkey	2.2%	11	3.5%	8	↑
South Korea	1.2%	16	2.1%	13	↑
Brazil	1.9%	15	4.0%	4	↑
Mexico	4.7%	4	5.3%	3	↑
Germany	0.6%	23	1.0%	19	↑
Taiwan	1.3%	19	2.1%	16	↑
Japan	0.4%	21	0.5%	20	↑
India	0.7%	27	1.3%	17	↑

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

Steel Export Composition of Top Market-Share Countries 2018



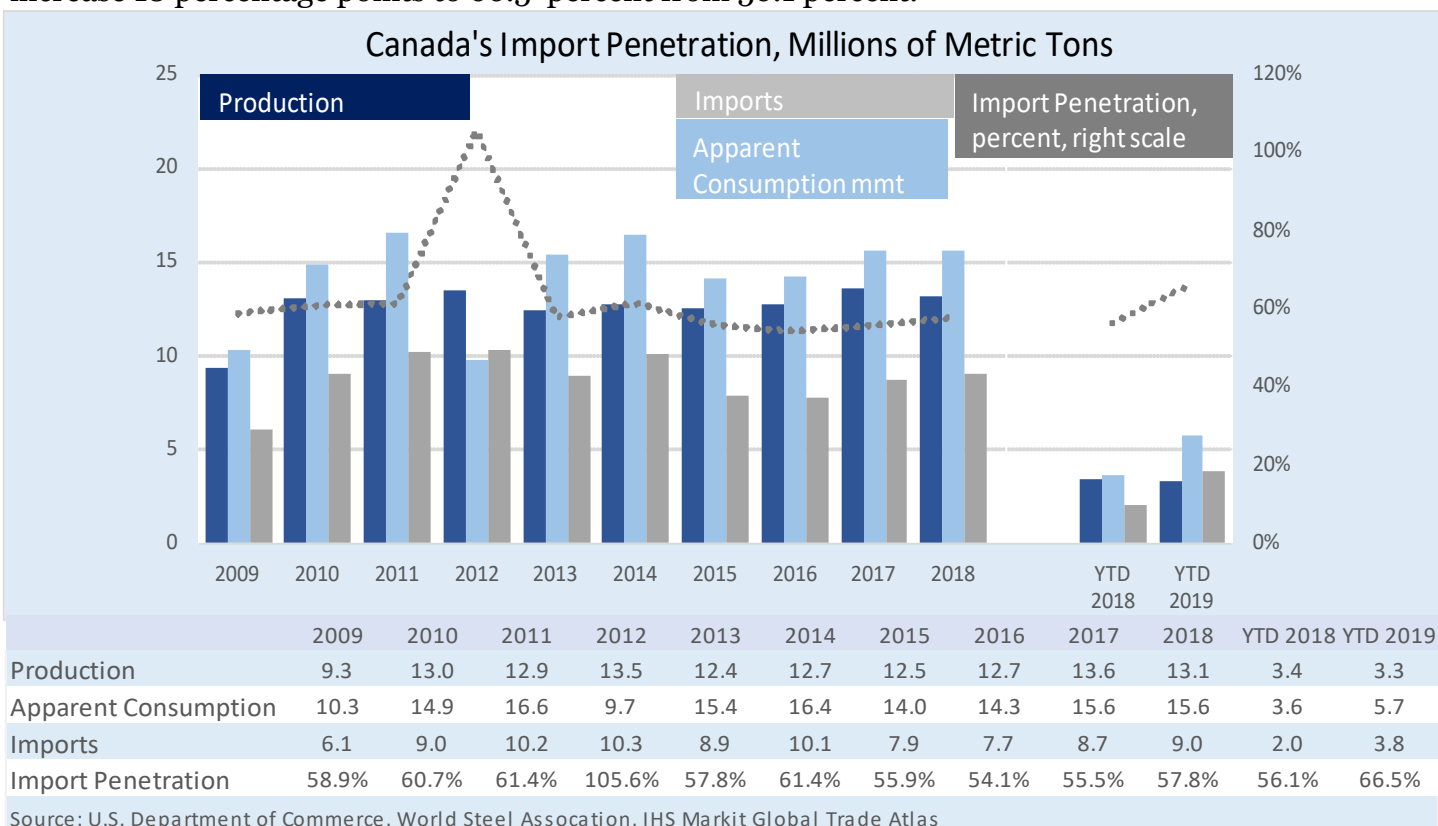
Source: IHS Markit Global Trade Atlas, based on import data per reporting country

Millions of Metric Tons

# Steel Imports Report: Canada

## Overall Production and Import Penetration

Canada's crude steel production averaged around 12.9 million metric tons between 2010 and 2018. Production in YTD 2019 was down 2 percent to 3.3 million metric tons from 3.4 million metric tons in YTD 2018. 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 from -0.2 million metric tons in YTD 2018 to -2.4 million metric tons YTD 2019. Import penetration averaged 66.5 percent between 2009 and 2019, with 2012 being a major aberration at 105.6 percent import penetration, due to a temporary jump in exports. Higher imports and increasing demand between YTD 2018 and YTD 2019 caused import penetration to increase 18 percentage points to 66.5 percent from 56.1 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 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	Evraz	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

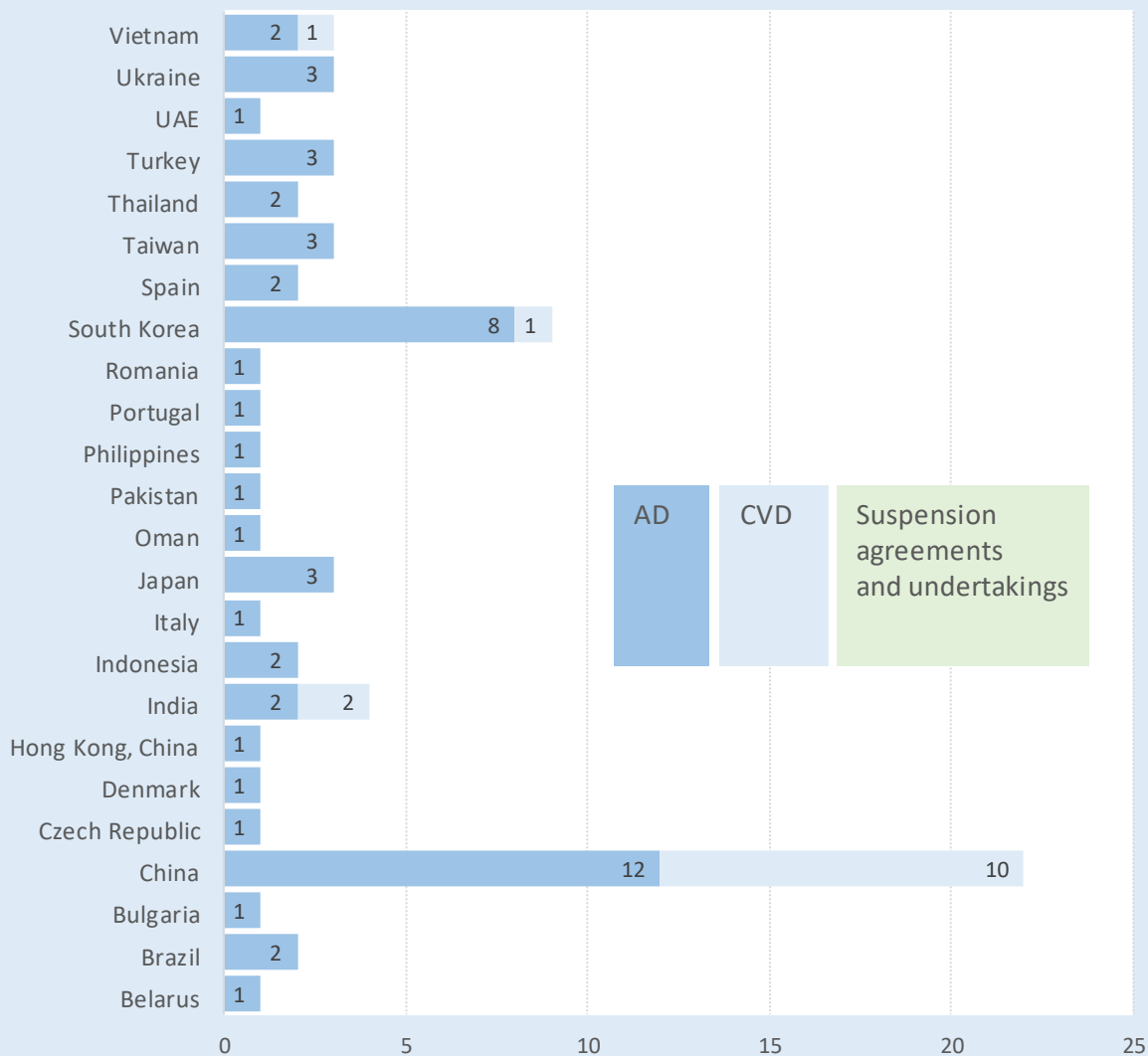
Source: World Steel Association; Hoover's; Bloomberg; Company websites

# Steel Imports Report: **Canada**

## 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.

Canadian Steel Trade Remedies in Effect Against Steel Mill Imports



Source: World Trade Organization, current through December 31, 2018

# Steel Imports Report: Glossary

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**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.

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**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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