

# Global Steel Trade Monitor

## Steel Exports Report: China

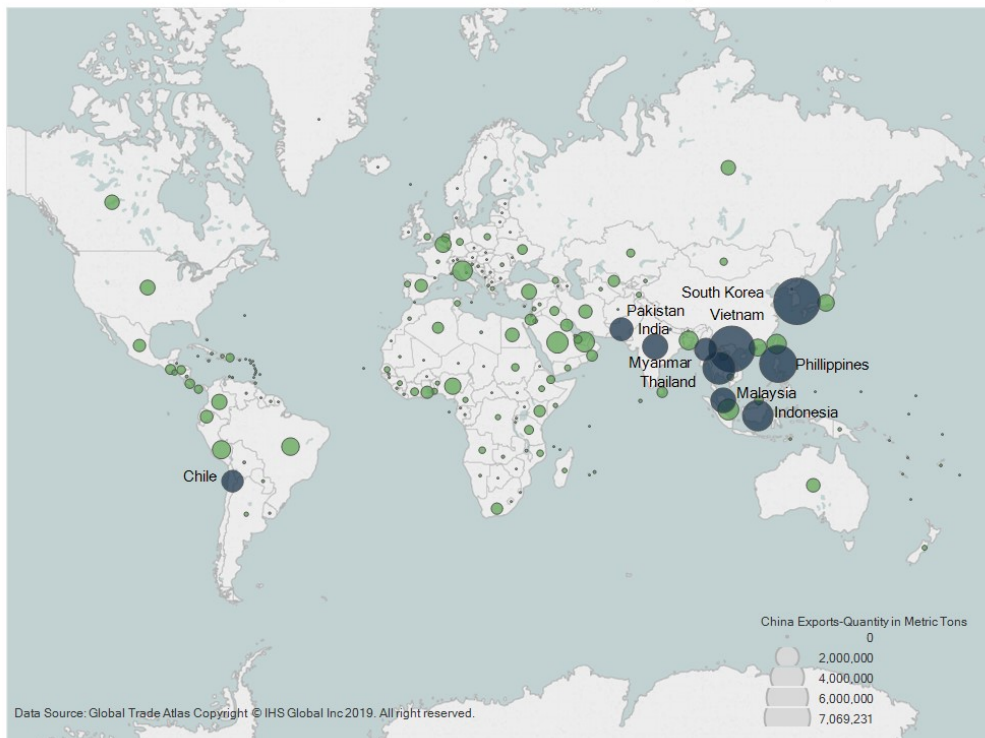
September 2019

### Background

China was the world's largest steel exporter in 2018. In year-to-date 2019 (through June), further referred to as YTD 2019, China exported 33.2 million metric tons of steel, a 3 percent decrease from 34.1 million metric tons in YTD 2018. China's exports represented about 16 percent of all steel exported globally in 2017. The volume of China's 2017 steel exports was almost double that of the world's second-largest exporter, Japan. In value terms, steel represented just 2.2 percent of the total amount of goods China exported in 2018.

China exports steel to more than 200 countries and territories. The 10 countries highlighted in the map below represent the top markets for China's exports of steel, receiving more than 1.5 million metric tons each and accounting for 50 percent of China's steel exports in 2018.

China's Exports of Steel Mill Products-2018 (Top Ten in Blue)



### Quick Facts:

- 33.2 million metric tons (YTD 2019)
- 344% steel export growth since Q2 2009
- YTD 2019 export volume down 3% and export value down 9% since YTD 2018
- Exports as a share of production down from 7.6% in YTD 2018 to 6.8% in YTD 2019
- Top three markets: South Korea, Vietnam, Thailand
- Largest producers: China Baowu Group and HBIS Group (Hesteel)
- 161 trade remedies in effect in 21 countries involving steel mill imports from China

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## Steel Trade Balance

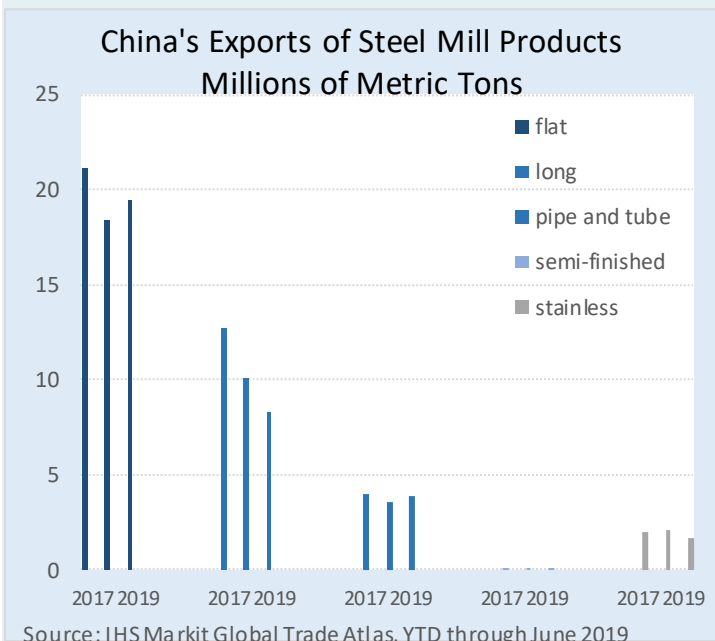
Throughout the last decade, China has maintained a trade surplus in steel products. After a brief decline in exports in 2009, due to the global recession, China's exports have increased significantly, growing 344 percent between Q2 2009 and Q2 2019. Imports decreased by 52 percent over the same period. The trade surplus has increased less than one percent from 26.8 million metric tons in YTD 2018 to 26.9 million metric tons in YTD 2019.



## Export Volume, Value, and Product

In 2015, China's steel exports reached a record high of 110 million metric tons — an increase of 21 percent from 2014 — before declining annually to 88.9 million metric tons in 2018. In YTD 2019, the volume of China's steel exports have decreased 3 percent to 33.2 million metric tons compared to 34.1 million metric tons in YTD 2018. The value of China's steel exports have decreased by 9 percent from \$27.8 billion in YTD 2018 to \$25.4 billion in YTD 2019.

Flat products accounted for just over half of China's steel exports in YTD 2019 at 58 percent (19.4 million metric tons). Long products accounted for 25 percent (8.3 million metric tons), followed by pipe and tube products at 12 percent (3.9 million metric tons), stainless steel at 5 percent (1.6 million metric tons), and semi-finished steel at 0.04 percent (13 thousand metric tons).



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## Exports by Top Market

Exports to China's top 10 steel markets represented 52 percent of China's steel export volume in YTD 2019 at 17.4 million metric tons (mmt). South Korea was the largest market for China's exports at 14 percent (4.5 mmt), followed by Vietnam at 10 percent (3.4 mmt), Thailand at 6 percent (1.9 mmt), the Philippines at 6 percent (1.9 mmt) and Indonesia at 4 percent (1.5 mmt).

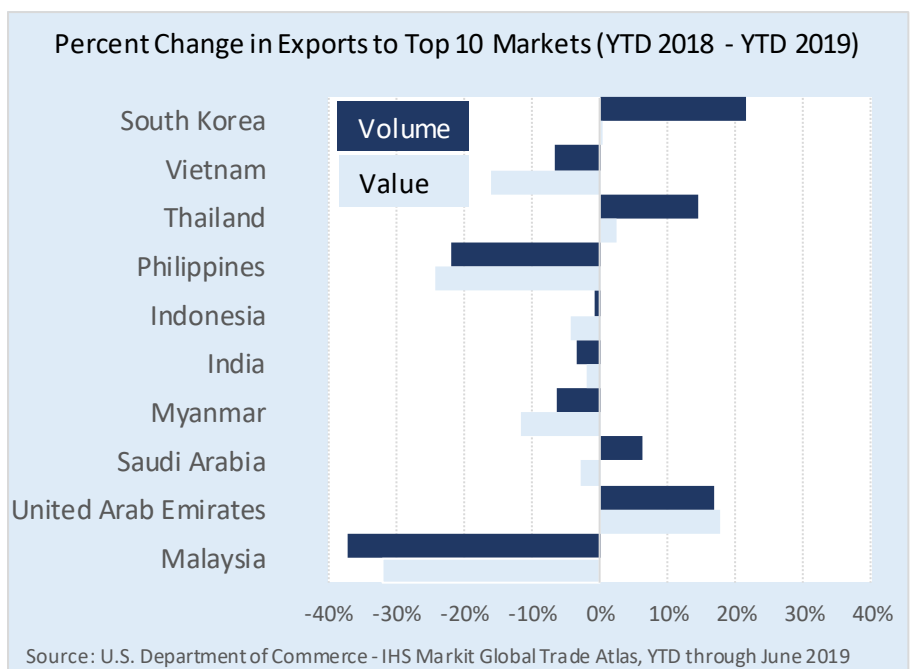
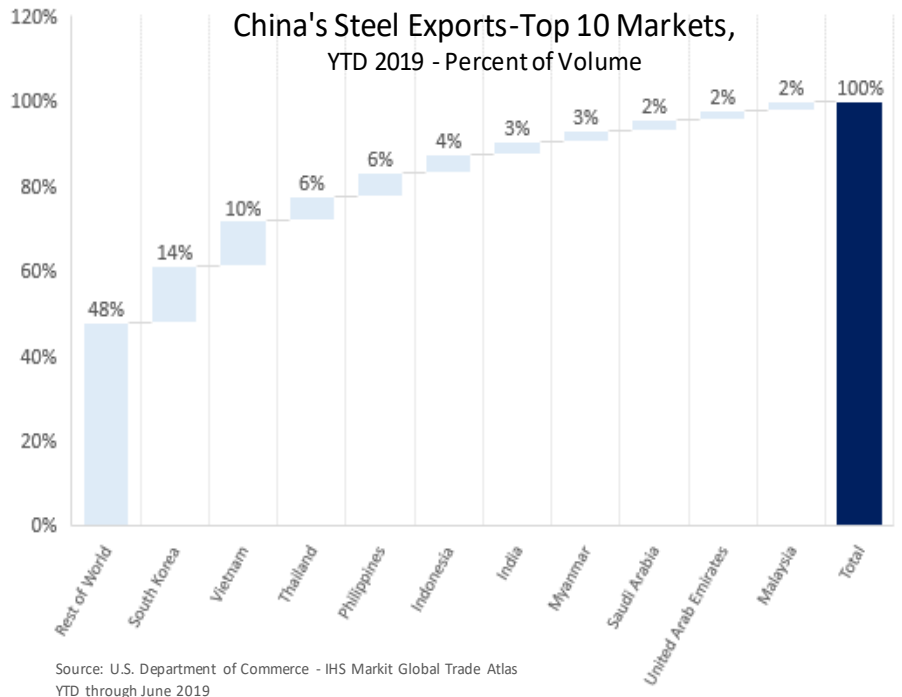
The United States ranked 25th as a destination for China's steel exports, receiving 331 thousand metric tons in YTD 2019, an 8 percent decrease from YTD 2018.

## Trends in Exports to Top Markets

Between YTD 2018 and YTD 2019, China's exports decreased in volume to 6 of its top 10 export markets. Export volumes to Malaysia showed the largest decrease, down 37 percent from YTD 2018, followed by exports to the Philippines (-22%), Vietnam (-7%), Myanmar (-6%), India (-4%), and Indonesia (-1%). Over the same period, Chinese exports to South Korea increased 21 percent, the United Arab Emirates (17%), Thailand (15%), and Saudi Arabia (6%).

The value of China's exports decreased to the majority of its top 10 export markets in YTD 2019. Malaysia had the largest decrease, falling 32 percent. This is followed by the Philippines (-24%), Vietnam (-16%), India (-16%), Myanmar (-12%), Indonesia (-4%), Saudi Arabia (-3%), and India (-2%). China's exports to three of its top export markets increased in value with the United Arab Emirates showing the largest increase (18%), followed by Thailand (2%), and South Korea (1%).

Outside the top 10 sources, other notable volume changes in China's YTD 2019 exports came to 13th-ranked Japan (43%), and 14th-ranked Pakistan (-33%).



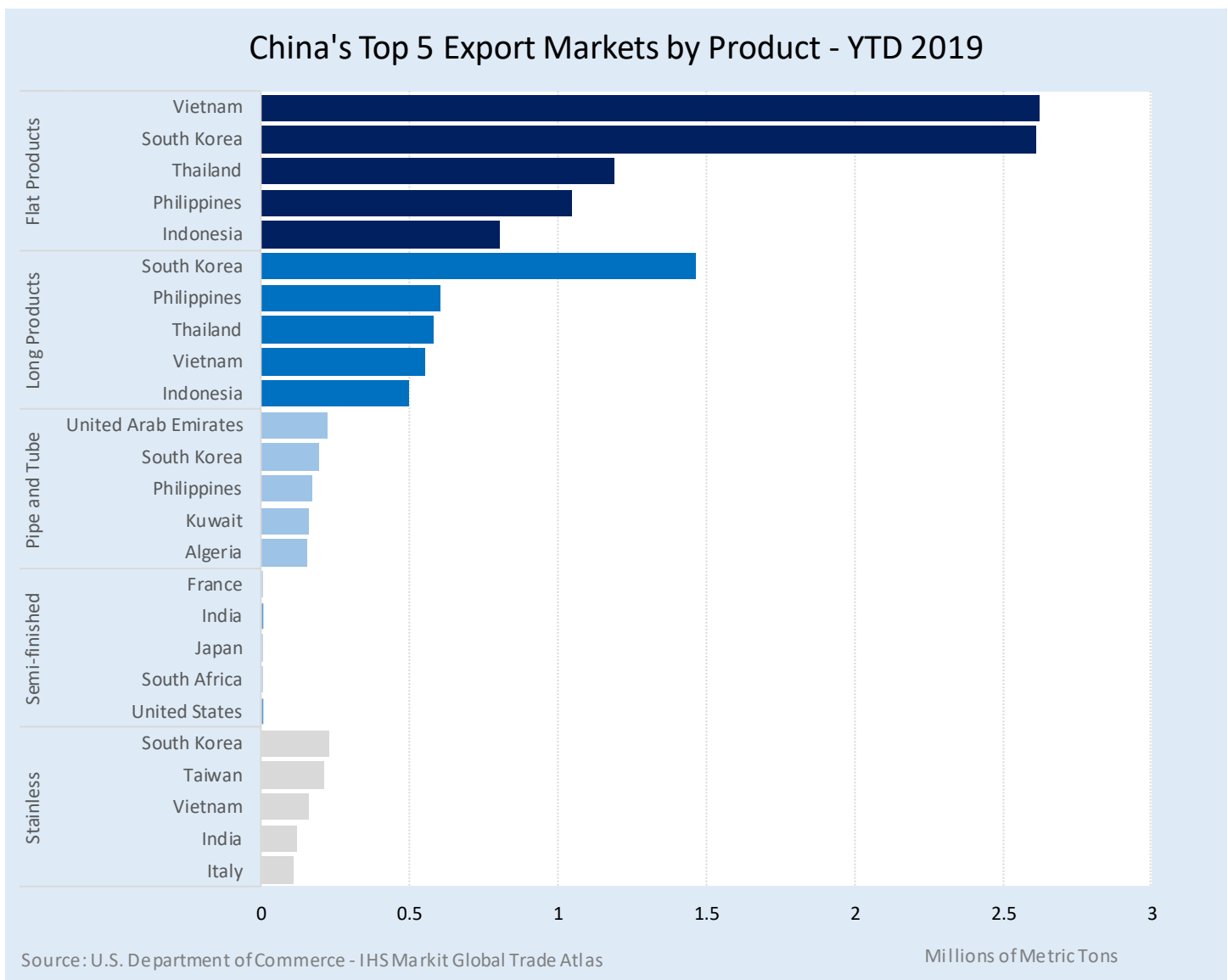
# Steel Exports Report: China

## Top Markets by Steel Product Category

China's top export markets by volume vary across types of steel products, with South Korea capturing the largest share in two product categories. South Korea received the largest share of China's long products in YTD 2019 at 18 percent (1.5 million metric tons), followed by the Philippines at 7 percent (608 thousand metric tons). South Korea received the largest share of stainless products at 14 percent (228 thousand metric tons), followed by Taiwan at 13 percent (211 thousand metric tons).

Vietnam received the largest share of China's flat products at 14 percent (2.63 million metric tons), followed by South Korea at 13 percent (2.6 million metric tons). The United Arab Emirates received the largest share of China's exports of pipe and tube exports at 6 percent (224 thousand metric tons), closely followed by South Korea at 5 percent (193 thousand). France received the largest share of China's semi-finished exports at 60 percent (8.1 thousand metric tons).

The United States was not a top-five export destination in any product category in YTD 2019.



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## China's Import Market Share in Top Destinations

In 2018, the import market share for China's steel products decreased in all but one of China's top export destinations for which data are available. The share of South Korea's steel imports from China showed the largest decrease in 2018, down 9.6 percentage points from 2017, followed by import shares in India, the Philippines, and Pakistan down 8.5 percentage points, 3.2 percentage points, and 2.6 percentage points, respectively. The share of imports from China in Chile, Indonesia and Thailand also decreased in 2018.

China's Steel Import Market Share						
Top 10 Export Markets	Share of Imports from China 2017	China's Rank in 2017	Share of Imports from China 2018	China's Rank in 2018	Change in Share	
South Korea	58.2%	1	48.6%	1	↓	
Vietnam*	N/A	N/A	N/A	N/A	N/A	
Philippines	50.3%	1	47.1%	1	↓	
Thailand	22.1%	2	21.9%	2	↓	
Indonesia	26.7%	1	25.6%	1	↓	
India	28.0%	2	19.5%	2	↓	
Malaysia	24.1%	1	26.4%	1	↑	
Pakistan	55.7%	1	53.1%	1	↓	
Myanmar*	N/A	N/A	N/A	N/A	N/A	
Chile	62.7%	1	61.2%	1	↓	

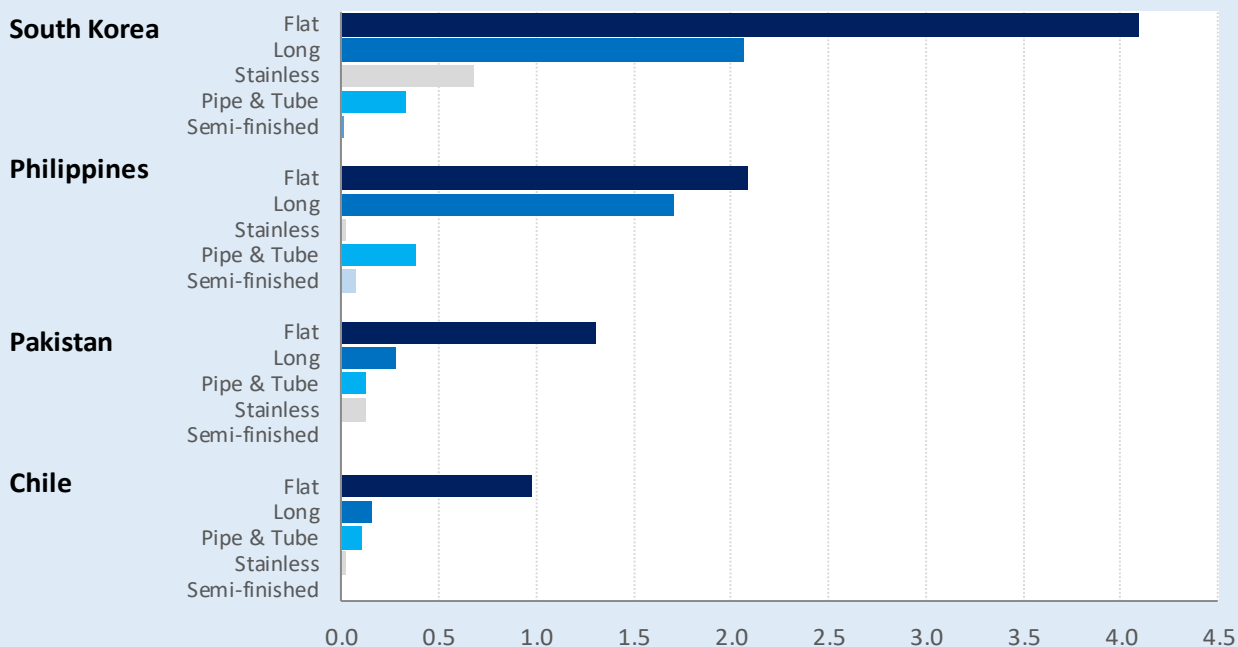
Source: IHS Markit Global Trade Atlas, based on import data per reporting country

\*Import data unavailable for Vietnam and Myanmar

Among China's top export markets, South Korea, the Philippines, Pakistan and Chile received more than 50

percent of their total steel imports from China in 2018. Flat products accounted for the largest share of steel imports from China in all four countries. Flat products accounted for 57 percent (4.1 million metric tons) of imports in South Korea, 49 percent (2.1 million metric tons) of imports in the Philippines, 71 percent (1.3 million metric tons) of imports in Pakistan, and 78 percent (978 thousand metric tons) of imports in Chile.

Steel Import Composition of Top Market-Share Countries 2018

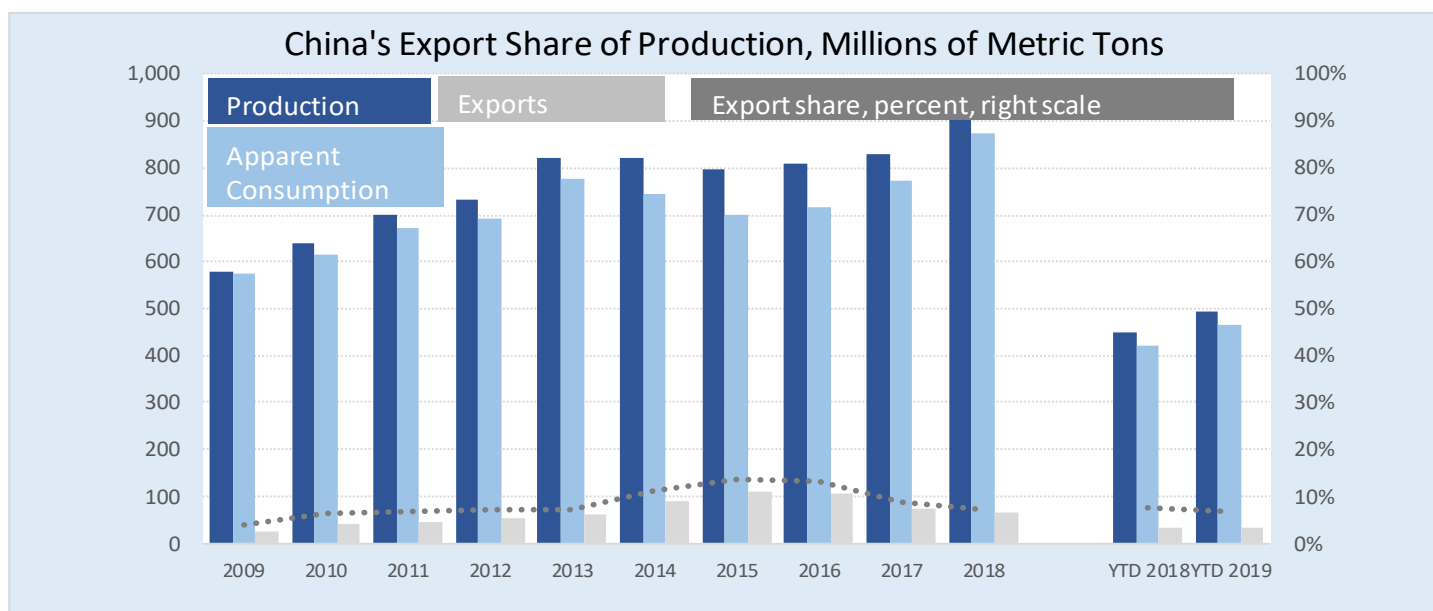


Source: IHS Markit Global Trade Atlas, based on import data per reporting country

Millions of Metric Tons

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## Overall Production and Export Share of Production



	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	YTD 2018	YTD 2019
Production	577.1	638.7	702.0	731.0	822.0	822.8	798.8	808.4	831.7	928.3	447.8	492.2
Apparent Consumption	576.3	615.2	671.6	691.7	776.5	746.2	701.8	715.2	772.2	875.6	421.0	465.3
Exports	23.0	40.5	46.5	53.3	60.1	91.3	110.0	106.6	73.3	66.9	34.1	33.2
Export Share of Production	4.0%	6.3%	6.6%	7.3%	7.3%	11.1%	13.8%	13.2%	8.8%	7.2%	7.6%	6.8%

Source: U.S. Department of Commerce, World Steel Association, IHS Markit Global Trade Atlas, YTD through June 2019

China's crude steel production increased steadily between 2015 and 2018. In YTD 2019, production increased 10 percent to 492.2 million metric tons from 447.8 million metric tons in YTD 2018. The gap between production and apparent consumption (a measure of steel demand) widened to 465.3 million metric tons in YTD 2019 from 421 million metric tons in YTD 2018. Between YTD 2018 and YTD 2019, China's steel exports as a share of production decreased from 7.6 percent to 6.8 percent.

## Top Producers

China Baowu Group (the result of a merger between Baosteel Group and Wuhan Steel Group) is China's largest steel-producing company. China's steel production is spread out across many companies, with the country's top 10 producers accounting for only 329 million metric tons, or 35 percent, of total 2018 production, based on available data. Many of China's largest producers are state-owned.

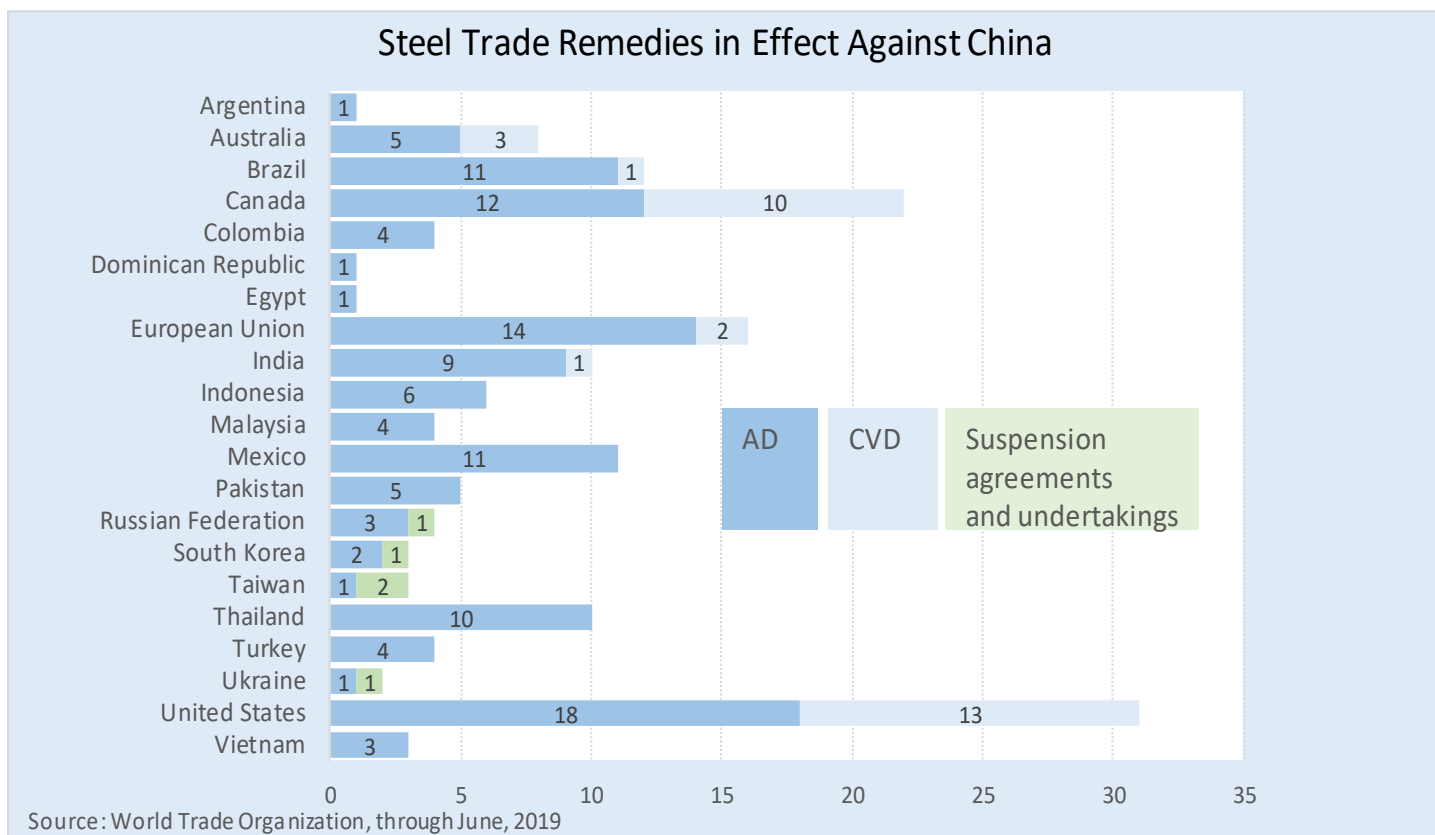
China's Top Steel Producers in 2018			
Rank	Company	Production (mmt)	Main Products
1	China Baowu Group	67.43	Bars, plates, sheets, pipes
2	HBIS Group (Hesteel)	46.8	Coil, sheet, plates, rebar, wire rod, section, strip
3	Shagang Group	40.66	Rebar, wire rod, slabs, coils, pipes, plates, billets
4	Ansteel Group	37.36	Wire rod, pipe, plates, cold-rolled, section, rail
5	Jianlong Group	27.88	Plates, strips, wire, pipes
6	Shougang Group	27.34	Sheets, strips, rebar, billets, pipes
7	Shandong Steel Group	23.21	H-beams, strip, plates, bars
8	Valin Group	23.01	Pipe & tube, wire, wire rod
9	Maanshan Steel	19.64	Sheets, plates, sections, wire, bars
10	Benxi Steel	15.9	Coils, sheets, plates, wire rod

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 various



Country	Product(s)
Canada	Certain steel products
EU	Steel Products
Gulf Cooperation Council	Flat-rolled steel
Indonesia	I and H sections of other alloy steel
Malaysia	1) Steel concrete reinforcing bar; 2) Steel wire rod and deformed bar-in-coil
Morocco	1) Cold-rolled sheets and plated or coated sheets; 2) Reinforcing bars and wire rods
South Africa	Hot-Rolled steel flat products
Thailand	Unalloyed hot-rolled steel flat products in coils and not in coils;
Vietnam	1) Semi-finished and certain finished products of alloy and non-alloy steel; 2) pre-painted galvanized steel sheet and strip

Source: World Trade Organization, through June, 2019

# Steel Exports 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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