



# Global Steel Trade Monitor

## Steel Imports Report: China

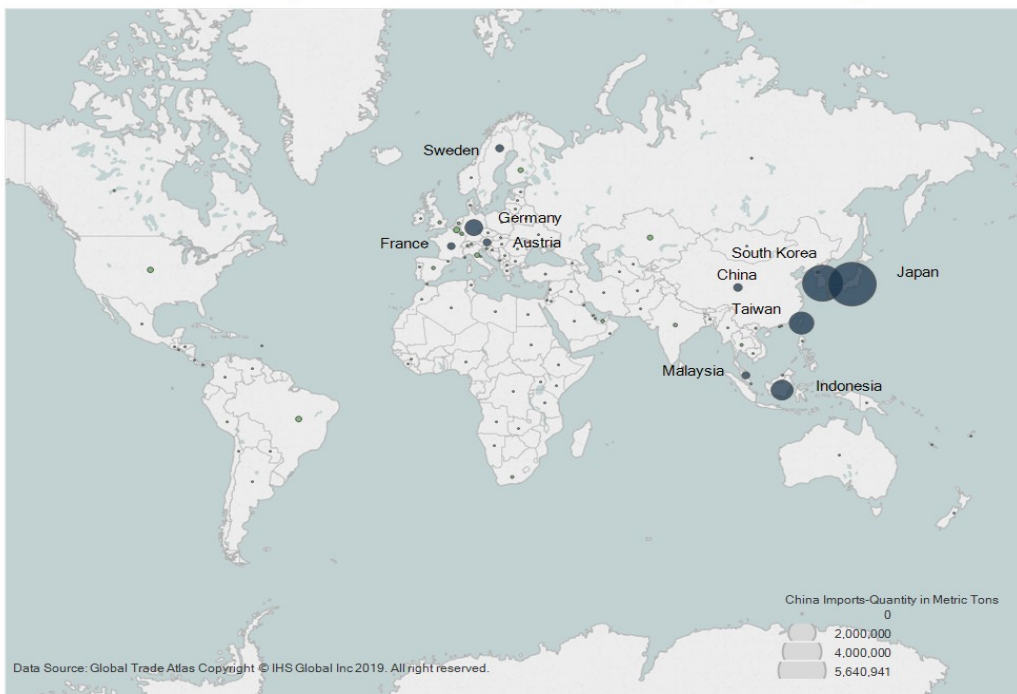
September 2019

### Background

China was the world's eighth largest steel importer in 2018. In year-to-date 2019 (through June), further referred to as YTD 2019, China imported 6.3 million metric tons of steel, a 14 percent decrease from 7.3 million metric tons in YTD 2018. China's imports represented about 4 percent of all steel imported globally in 2017. The volume of China's 2018 steel imports was less than half that of the world's largest importer, the United States. In value terms, steel represented just 0.8 percent of the total goods imported into China in 2018.

In 2018, China imported steel from over 80 countries and territories. The ten countries highlighted in the map below represent the top import sources for China's imports of steel, with each sending more than 100 thousand metric tons to China and together accounting for 95 percent of China's steel imports in 2018.

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



### Quick Facts:

- Imported 6.3 million metric tons (YTD 2019)
- 52% decline in steel imports since Q2 2009
- YTD 2019 import volume down 14% and import value down 21% since YTD 2018
- Import penetration down from 1.7% in YTD 2018 to 1.4% in YTD 2019
- Top three import sources: Japan, South Korea, Taiwan
- Largest producers: China Baowu Group, HBIS Group and Shagang Group
- 7 trade remedies in effect against imports of steel mill products

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## Steel Trade Balance

In 2005, China's steel exports and imports were virtually in balance. Since then, with the exception of 2009, China's exports have increased dramatically, growing 344 percent between Q2 2009 and Q2 2019. During the same period, China's imports have trended downwards, and decreased by 52 percent.

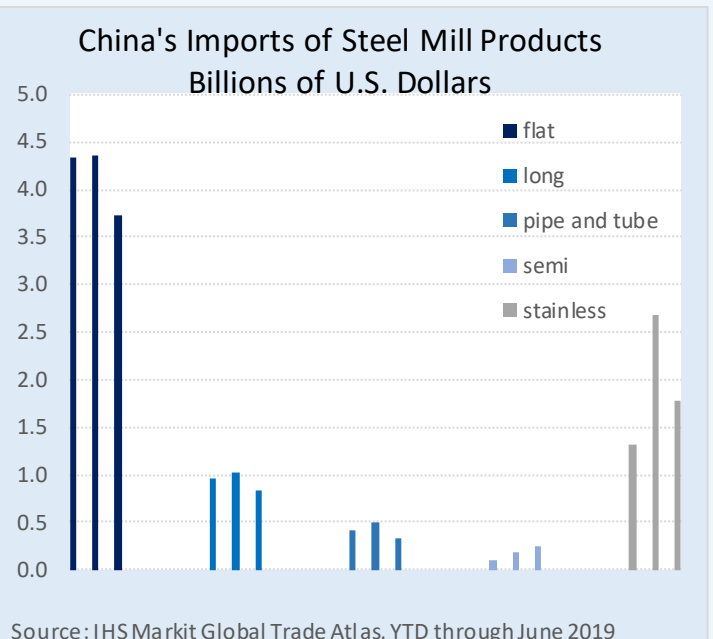
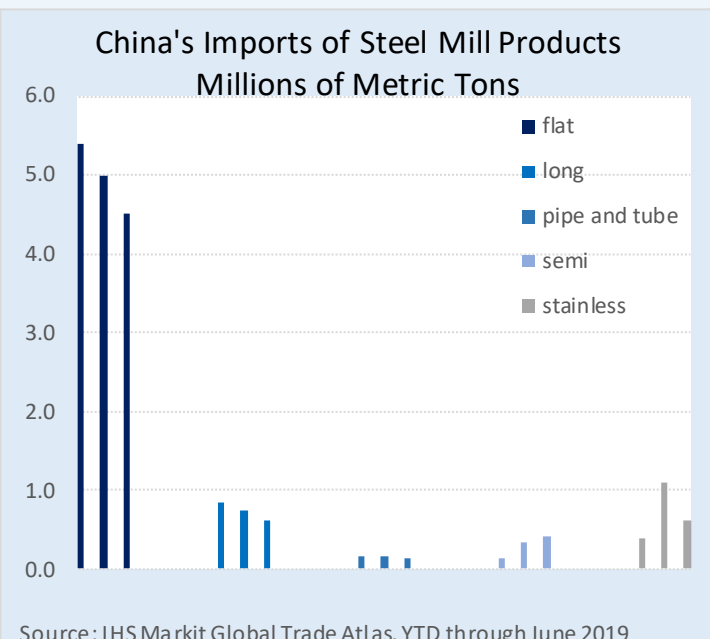
After a steel trade deficit in 2005, China has posted a steel surplus every year since 2006. China's steel trade surplus peaked at 97.0 million metric tons in 2015. In YTD 2019, this surplus amounted to 26.9 million metric tons, a 0.4 percent increase from a 26.8 million metric ton surplus in YTD 2018.



## Import Volume, Value, and Product

China's level of steel imports has been trending downwards in recent years. In YTD 2019, the volume of China's steel imports have decreased 14 percent to 6.3 million metric tons from 7.3 million metric tons in YTD 2018. The value of China's YTD 2019 steel imports decreased 21 percent to \$6.9 billion from \$8.7 billion in YTD 2018.

Flat products accounted for over half of China's steel imports amounting to 4.5 million metric tons (mmt) in YTD 2019— 72 percent of all China's steel imports. Long products and stainless steel each accounted for 10 percent, or 626 thousand metric tons and 609 thousand metric tons of China's YTD 2019 steel imports respectively. Semi-finished steel accounted for 7% or 426 thousand metric tons, followed by pipe and tube products at 2% or 134 thousand metric tons.

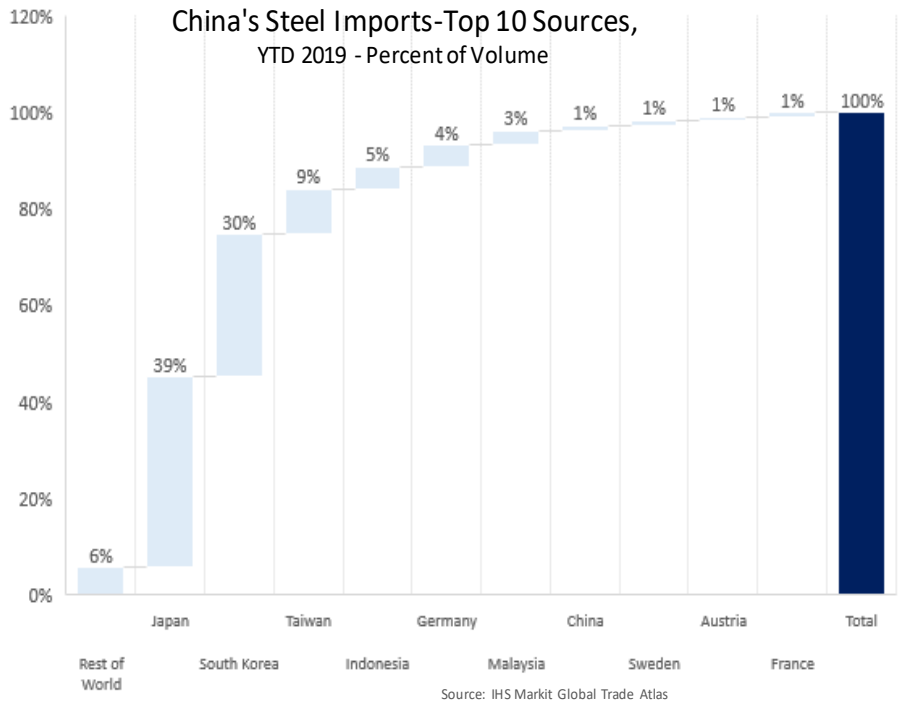


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## Imports by Top Source

The top 10 source countries for China's steel imports represented 94 percent of the total steel import volume in YTD 2019 at 6.0 million metric tons (mmt). Japan accounted for the largest share of China's imports by source country at 39 percent (2.5 mmt), followed by South Korea at 30 percent (1.9 mmt), and Taiwan at 9 percent (596 thousand metric tons).

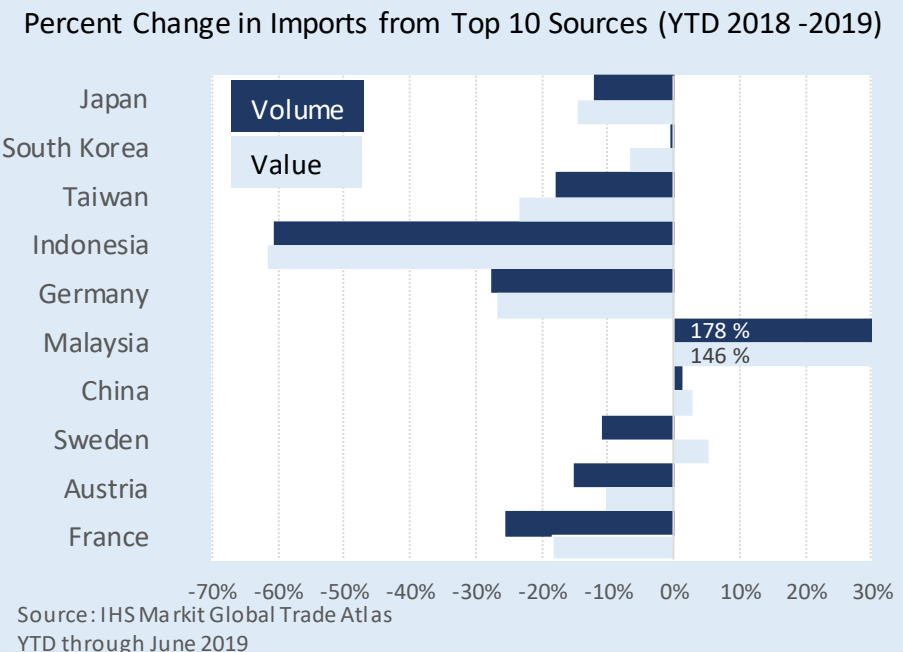
The United States ranked 14th as a source for China's imports in YTD 2019, sending 32.1 thousand metric tons to China—a 26 percent decrease from 43.7 thousand metric tons in YTD 2018.



## Trends in Imports from Top Sources

In YTD 2019, the volume of China's steel imports decreased from 8 of the top 10 sources, while the value of imports decreased from 7 of the top 10 sources.

The volume of China's imports increased the most in YTD 2019 from Malaysia (178%), and China (1%), which represents reimportation of products finished elsewhere. During this period, China's imports by volume declined the most from Indonesia (-61%), Germany (-28%), France (-25%), Taiwan (-18%), Austria (-15%), Japan (-12%), Sweden (-11%) and South Korea (-1%).



Imports increased by value from Malaysia (146%), Sweden (5%), and China (3%). Chinese imports by value decreased most from Indonesia (-62%), Germany (-27%), Taiwan (-24%), France (-18%), Japan (-15%), Austria (-10%), and South Korea (-7%).

Outside the top 10 sources, other notable volume changes in China's YTD 2019 imports came from 11th-ranked Vietnam (807%), 18th-ranked South Africa (167%), 23rd-ranked Turkey (106%), and 33rd-ranked Myanmar (41,369%)

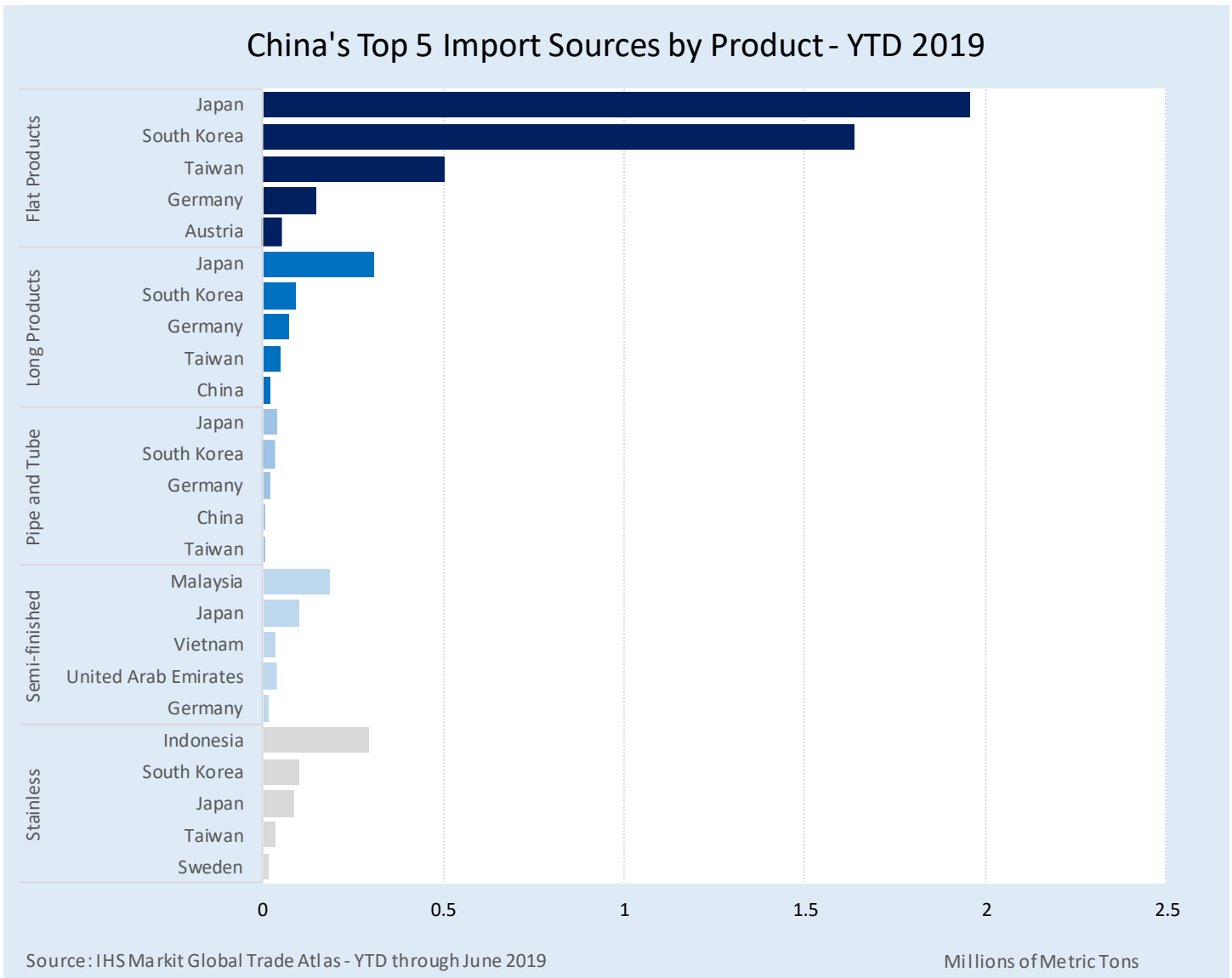
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## Top Sources by Steel Product Category

The top source countries for China’s imports by volume vary across types of steel products, though Japan held the top spot for imports in three of the five product categories. Japan accounted for 43 percent (2.0 million metric tons) of China’s imports of flat products in YTD 2019, followed by South Korea at 36 percent (1.6 million metric tons).

In YTD 2019, China imported 49 percent of its long products from Japan (308 thousand metric tons), followed by South Korea at 15 percent (91 thousand metric tons). China also imported 28 percent of its pipe and tube imports from Japan (38 thousand metric tons), followed by South Korea at 23 percent (30.4 thousand metric tons). Malaysia was China’s largest source for semi-finished imports, accounting for 43 percent (184 thousand metric tons). Japan was the second largest source for semi-finished imports at 24 percent (100 thousand metric tons). In YTD 2019, China imported 48 percent (291 thousand metric tons) of its stainless steel imports from Indonesia.

The United States was not a top source of China’s imports in any category of steel.



# Steel Imports Report: China

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

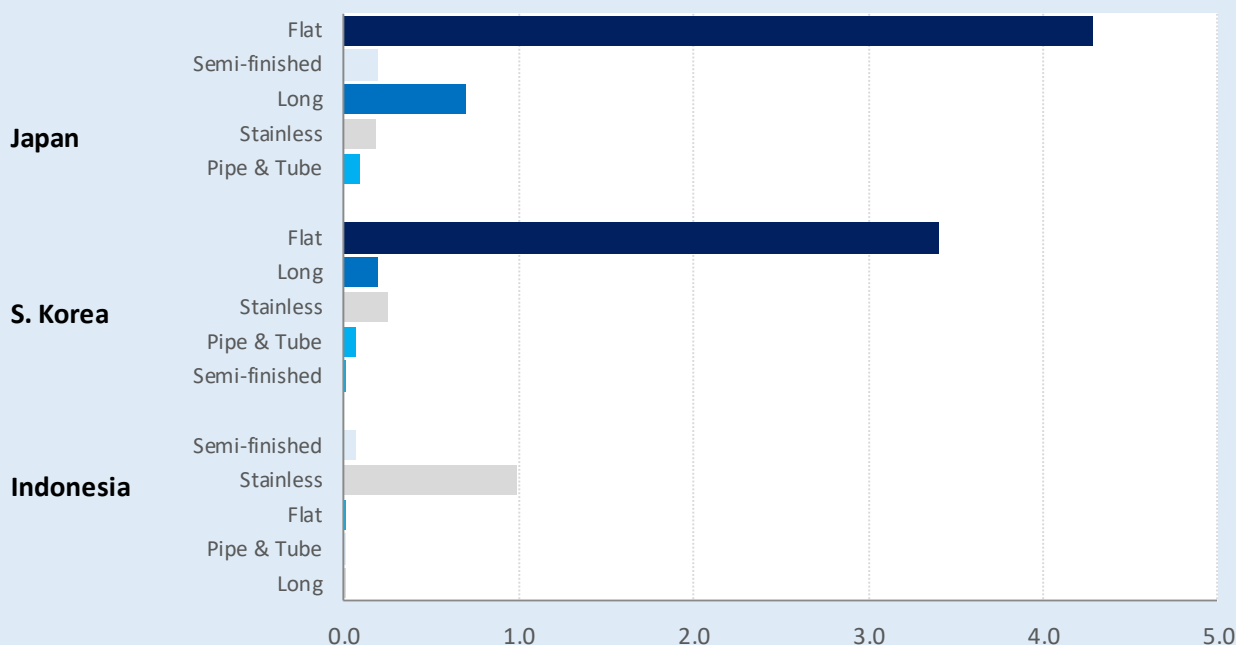
In 2018, the share of steel exports sent to China from its top import sources increased or were unchanged for 6 of the top ten source countries, and declined for 4 source countries. In 2018, the share of Indonesia's exports to China increased the most (up 5.4 percentage points), followed by Japan (up 0.6 percentage points), Sweden (up 0.4 percentage points), and Malaysia (up 0.3 percentage points). Export shares to China from Austria and South Korea were essentially unchanged (up 0.2 percentage points or less). China's share of exports declined the most from France and Taiwan (down 0.3 percentage points each), followed by Germany and Belgium (each down by 0.1 percentage point or less).

China's Steel Export Market Share					
Top 10 Import Sources	Share of Exports to China - 2017	China's Rank in 2017	Share of Exports to China - 2018	China's Rank in 2018	Change in Share
Japan	14.6%	2	15.2%	2	↑
South Korea	13.0%	1	13.1%	1	↑
Taiwan	11.9%	1	11.2%	1	↓
Indonesia	22.1%	1	27.5%	1	↑
Germany	2.7%	13	2.6%	13	↓
Sweden	2.6%	12	3.0%	12	↑
Malaysia	0.9%	15	1.2%	18	↑
Austria	1.2%	18	1.4%	16	↑
France	1.0%	14	0.7%	18	↓
Belgium	0.8%	15	0.8%	14	↓

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

Among China's top import sources, Japan, South Korea, and Indonesia sent the largest shares of their steel exports to China. Flat products accounted for the largest share of steel exports to China from South Korea at 87 percent (3.4 million metric tons) and Japan at 79 percent (4.3 million metric tons). Stainless steel accounted for 93 percent of Indonesia's 2018 steel exports to China (982 thousand metric tons).

Steel Export Composition of Top Market-Share Countries 2018

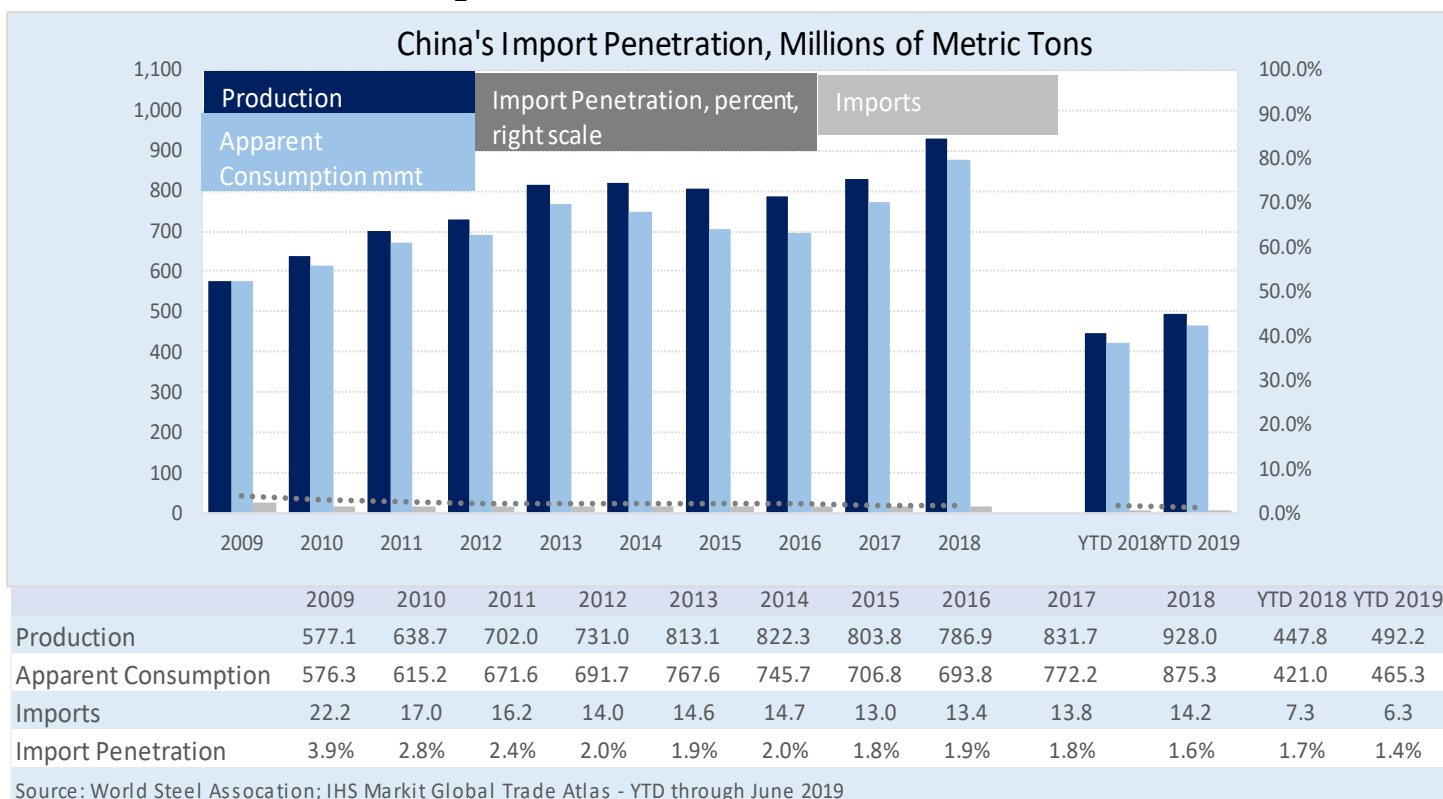


Source: IHS Markit Global Trade Atlas, based on import data per reporting country

Millions of Metric Tons

# Steel Imports Report: China

## Overall Production and Import Penetration



China's crude steel production has steadily increased since 2016. In YTD 2019, production increased 10 percent to 492.2 million metric tons from 447.8 million metric tons in YTD 2018. During this time, apparent consumption (a measure of steel demand), increased 11 percent, growing from 421 million metric tons in YTD 2018 to 465.3 million metric tons in YTD 2019. Since 2017, the gap between production and apparent consumption has decreased from 59.5 million metric tons in 2017 to 52.7 million metric tons in 2018. Since YTD 2018 the gap between production and apparent consumption has increased 0.43 percent from 26.8 million metric tons to 26.9 million metric tons in YTD 2019. China's import penetration level decreased from 1.7 percent in YTD 2018 to 1.4 percent in YTD 2019.

### 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

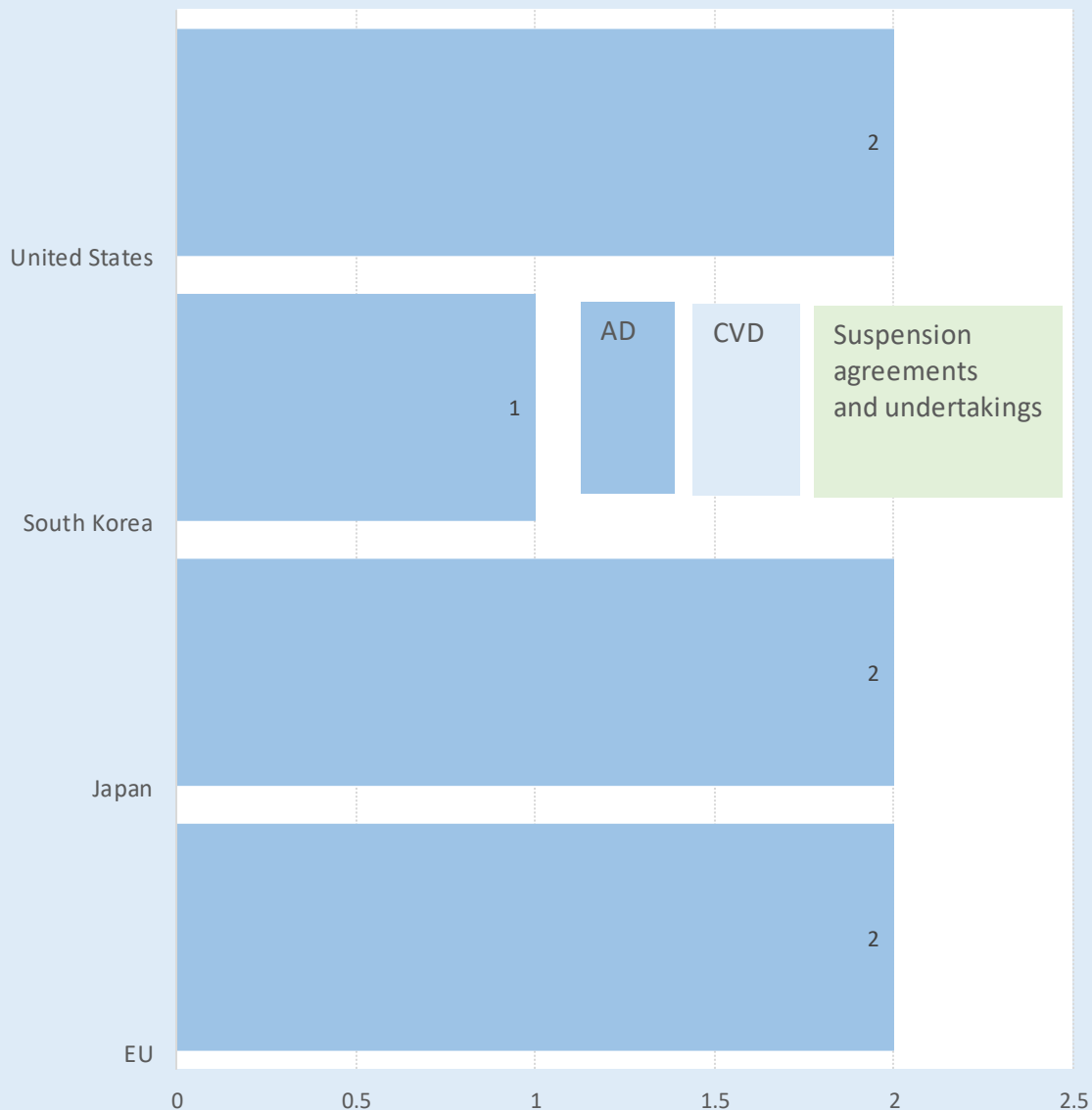
Source: World Steel Association; Hoover's; Bloomberg; Company websites

# Steel Imports Report: **China**

## 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 China has against imports of steel mill products from various countries. China has no steel mill safeguards in effect.

China's Steel Trade Remedies in Effect Against Steel Mill Imports



Source: World Trade Organization, through June, 2019

# 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.

**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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