



# Global Steel Trade Monitor

## Steel Imports Report: South Korea

September 2019

### Background

South Korea was the world's seventh-largest steel importer 2018. In year-to-date 2019 (through June), South Korea imported 8.8 million metric tons of steel, a 15 percent increase from 7.6 million metric tons in YTD 2018. 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 2.3 percent of the total amount of goods imported into South Korea in 2018.

South Korea imports steel from over 70 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 45 thousand metric tons and cumulatively accounting for 97 percent of South Korea's steel imports in 2018.

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



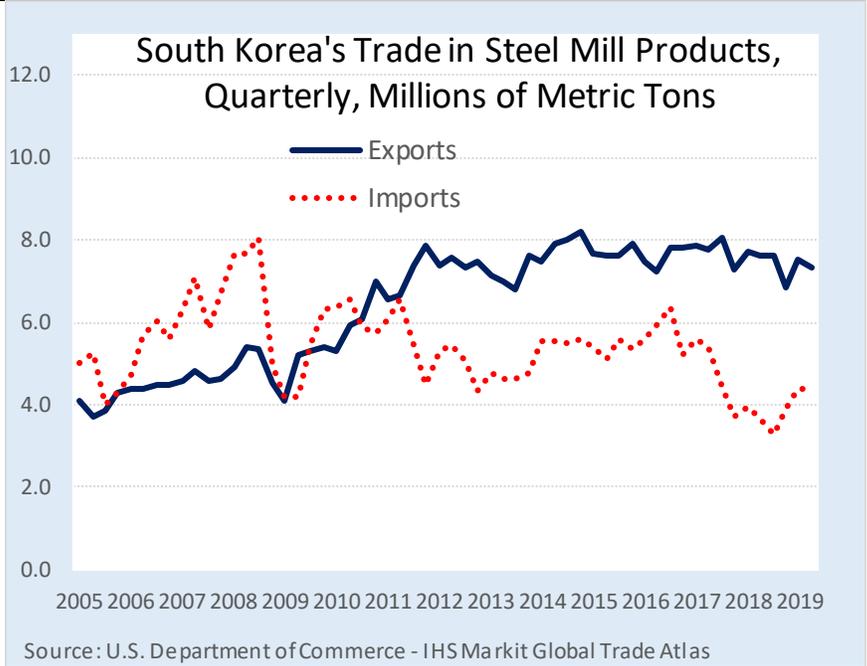
### Quick Facts:

- Imported 8.8 million metric tons (YTD 2019)
- Steel exports have increased 41% since Q2 2009 and imports have increased 4% since Q2 2009
- Import penetration up from 26.8% in YTD 2018 to 28.8% in YTD 2019
- YTD 2019 import volume up 15% and import value up 5% from YTD 2018
- Top three import sources: China, Japan, and Indonesia
- Largest producers: POSCO and Hyundai Steel Co.
- 6 trade remedies in effect against imports of steel mill products

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## Steel Trade Balance

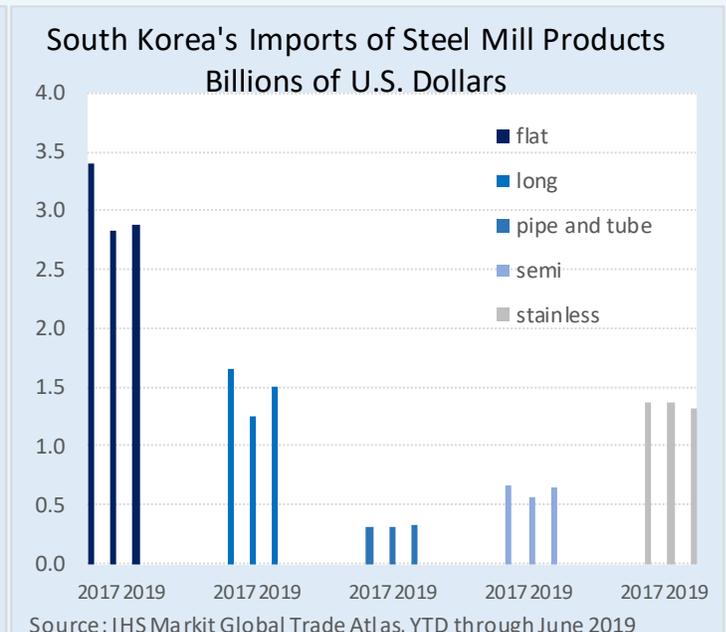
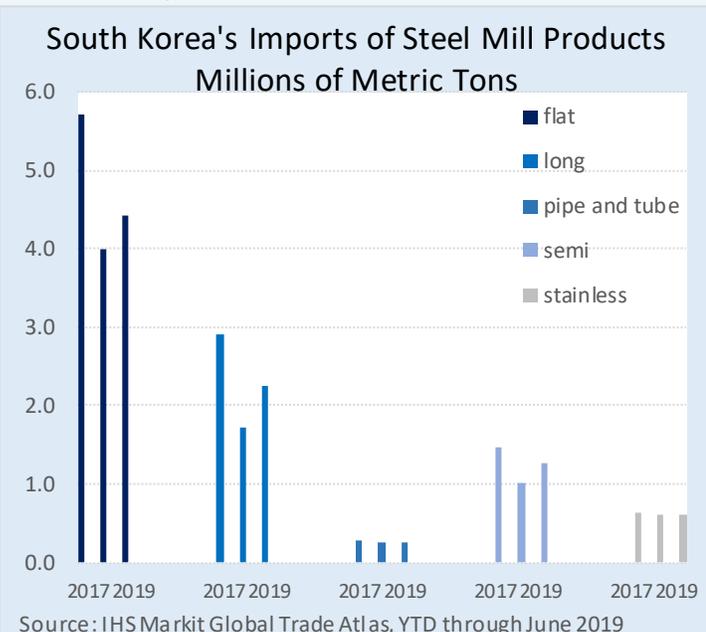
Prior to 2009, South Korea had a trade deficit in steel products. Imports fell in 2009, bringing steel exports and imports into balance. Between Q2 2009 and Q2 2019, South Korea's annual exports increased 41 percent from 5.2 million metric tons to 7.3 million metric tons. Exports significantly outpacing imports during this period, as imports increased by only 4 percent from 4.18 million metric tons in Q2 2009 to 4.4 million metric tons in Q2 2019. South Korea has posted a steel trade surplus since Q3 2010. This surplus amounted to 6.1 million metric tons in YTD 2019, a 21 percent decrease from 7.7 million metric tons in YTD 2018.



## 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. However in YTD 2019, imports increased 15 percent to 8.8 mmt from 7.6 mmt in YTD 2018. The value of South Korea's YTD 2019 imports increased by 5 percent to \$6.7 billion from \$6.3 billion in YTD 2018, due to a significant increase in global steel prices.

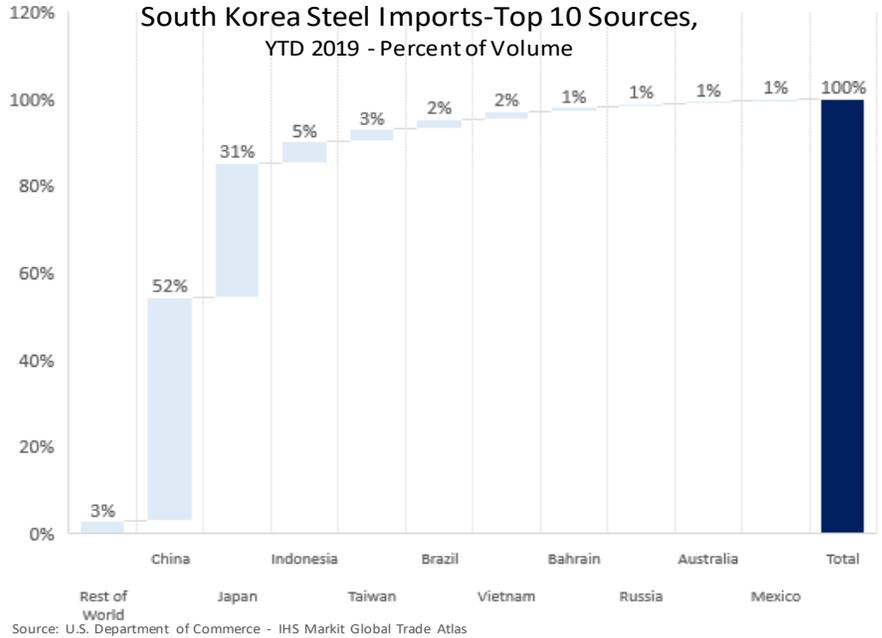
Flat products account for half of South Korea's steel imports. In YTD 2019, South Korea imported 4.4 mmt of flat products — 50 percent of imports. Long products accounted for 26 percent, or 2.2 mmt of South Korea's YTD 2019 steel imports, followed by semi-finished steel (14% or 1.3 mmt), stainless steel (7% or 597 thousand metric tons), and pipe and tube products (3% or 248 thousand metric tons).



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## Imports by Top Source

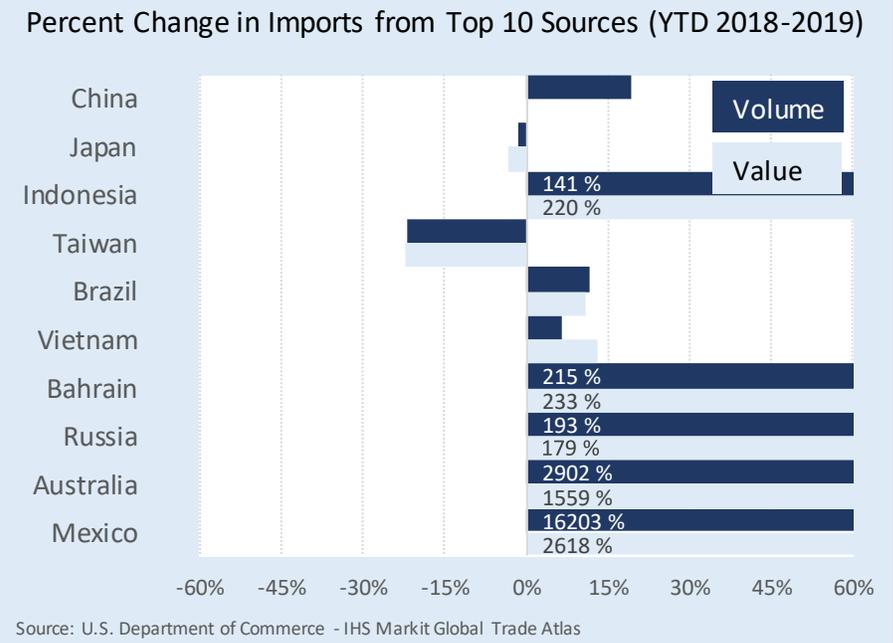
The top 10 source countries for South Korea's steel imports represented 97 percent of the total steel import volume in YTD 2019 at 8.5 million metric tons (mmt). China accounted for the largest share of South Korea's imports by source country at 52 percent (4.5 mmt), followed by Japan at 31 percent (2.7 mmt), Indonesia at 5 percent (434 thousand metric tons), and Taiwan at 3 percent (246 thousand metric tons).



The United States ranked 20th as a source for South Korea's imports in YTD 2019, sending 11.4 thousand metric tons to South Korea. This was a 17 percent decrease from 13.7 thousand metric tons in YTD 2018.

## Trends in Imports from Top Sources

In YTD 2019, the volume of South Korea's steel imports increased from 8 of the top 10 sources. From YTD 2018 to YTD 2019, the volume of South Korea's imports increased most from Mexico (16,203%), Australia (2,902%), Bahrain (215%), Russia (193%), Indonesia (141%), China (19%), Brazil (12%), and Vietnam (7%). During this period, South Korean imports declined by volume from Taiwan (-22%), and Japan (-2%).



Korean imports increased the most by value from Mexico (2,618%), Australia (1,559%), Bahrain (233%), Indonesia (220%), Russia (179%), Vietnam (13%), Brazil (11%), and China (0.22%). Korean imports decreased by value from Taiwan (-22%), and Japan (-3%),

Outside the top 10 sources, other significant changes in South Korea's import volume included 12th-ranked Malaysia (761%), 13th-ranked Oman (23,722%), 14th-ranked Qatar (13,752,961%), 24th-ranked Singapore (277%), and 25th-ranked Thailand (-60%).

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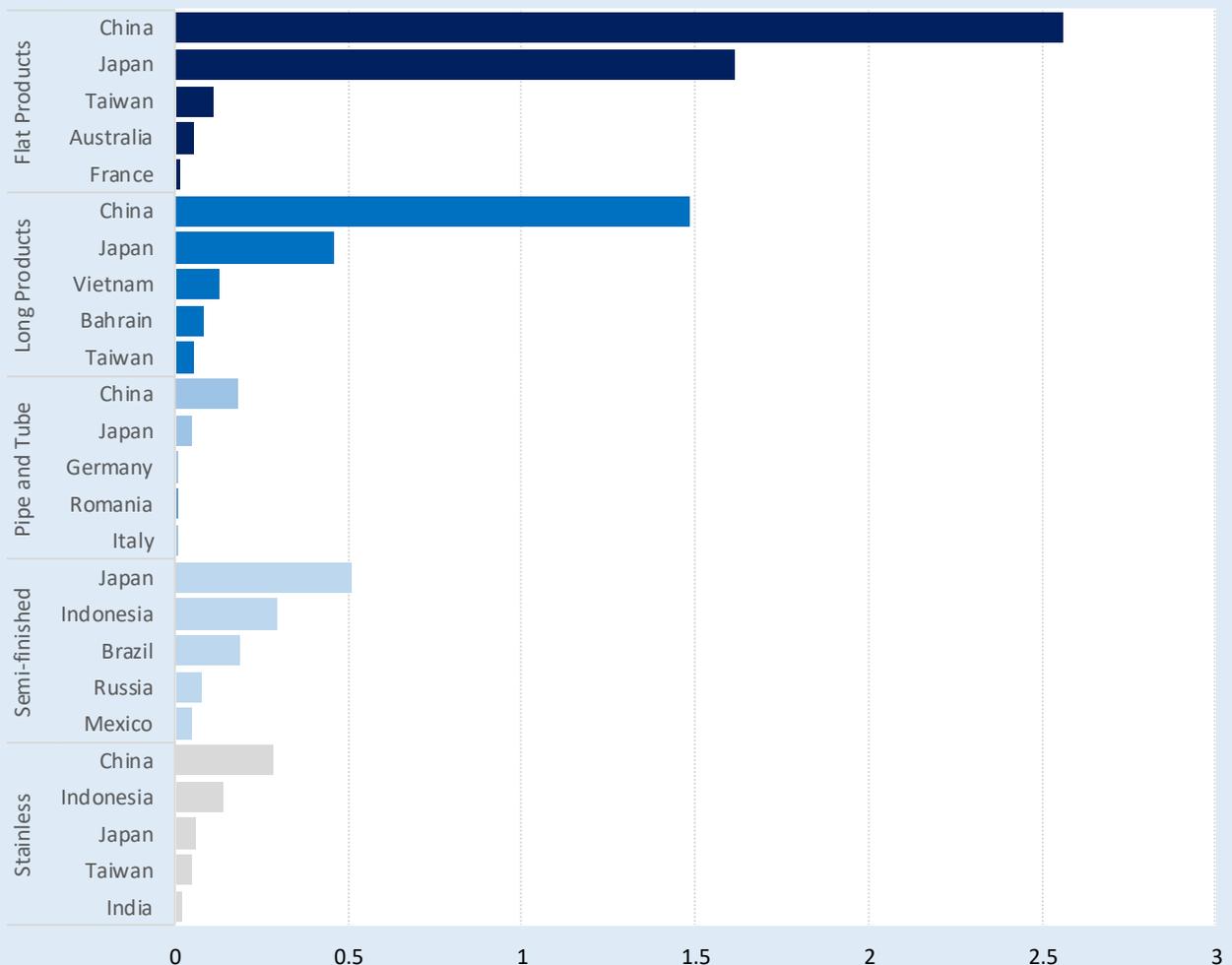
## Top Sources by Steel Product Category

Since China and Japan cumulatively accounted for about 82 percent of South Korea’s steel imports by volume in YTD 2019, it is not surprising that they were among the top sources for all product categories. In YTD 2019, China accounted for the largest share of South Korea’s imports of flat products at 58 percent (2.6 million metric tons), long products at 66 percent (1.5 million metric tons), and pipe and tube products at 73 percent (181 thousand metric tons). China was also the top importer of stainless products at 48 percent (286 thousand metric tons), followed by Indonesia at 23 percent (140 thousand metric tons).

Japan accounted for the largest share of South Korea’s semi-finished imports in YTD 2019 at 41 percent (511 thousand metric tons), followed by Indonesia at 23 percent (294 thousand metric tons), and Brazil at 15 percent (186 thousand metric tons). Japan was also second-largest source of South Korea’s imports of flat products at 37 percent (1.6 million metric tons), long products at 20 percent (458 thousand metric tons), and pipe and tube at 20 percent (48.7 thousand metric tons).

In YTD 2019, the U.S. was not a top source for any category of Korean steel imports.

South Korea's Top 5 Import Sources by Product - YTD 2019



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

Millions of Metric Tons

# Steel Imports Report: South Korea

## South Korea's Export Market Share from Top Source Countries

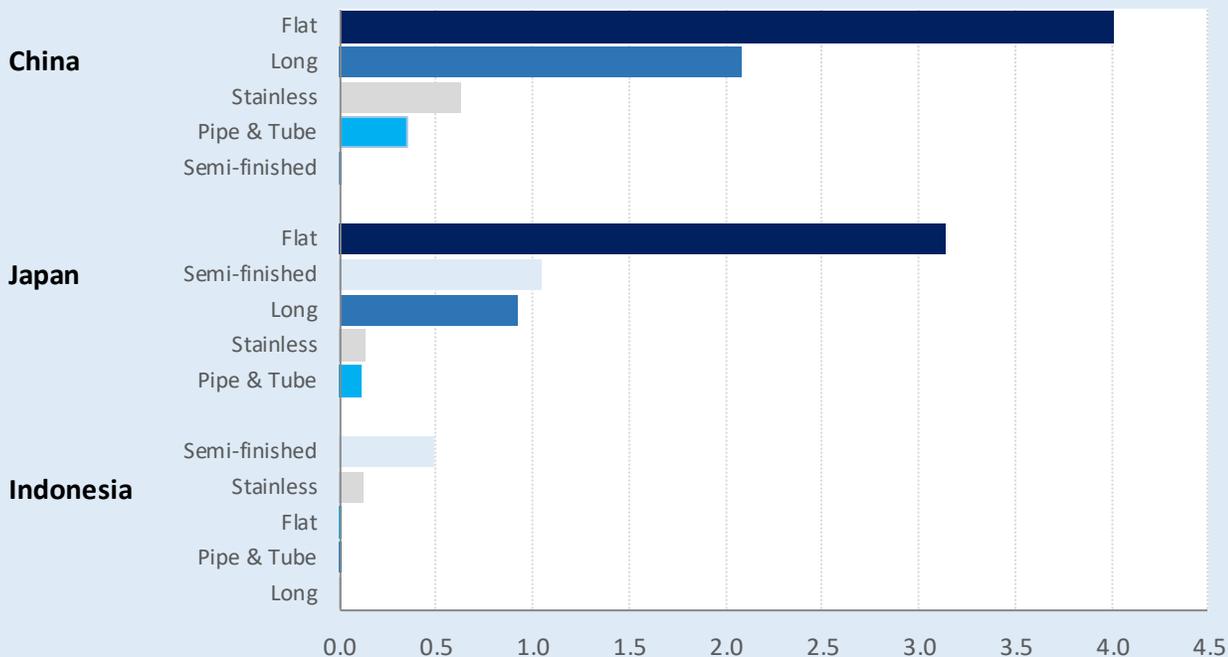
In 2018, the share of steel exports sent to South Korea from its top import sources increased for 5 of the top ten source countries, while declining for 3 source countries. In 2018, the share of Indonesia's steel exports to South Korea increased 6.1 percentage points, while Mexico's increased 2.3 percentage points. Export share for Brazil, India, and Russia increase by less than one percentage point. China had the most notable decrease in the share of its steel exports going to South Korea (down 4.8 percentage points from 2017), while export shares for Taiwan and Japan were down 2.0 percentage points and 0.9 percentage points respectively.

South Korea's Steel Export Market Share						
Top 10 Import Sources	Share of Exports to South Korea - 2017	South Korea's Rank in 2017	Share of Exports to South Korea - 2018	South Korea's Rank in 2018	Change in Share	
China	15.4%	1	10.6%	1	-4.8	↓
Japan	15.8%	1	14.9%	3	-0.9	↓
Indonesia	10.0%	3	16.1%	2	6.1	↑
Taiwan	5.8%	6	3.9%	8	-1.9	↓
Vietnam*	N/A	N/A	N/A	N/A	N/A	N/A
Brazil	2.1%	13	2.9%	8	0.8	↑
Mexico	0.0%	53	2.3%	5	2.3	↑
Bahrain*	N/A	N/A	N/A	N/A	N/A	N/A
India	0.4%	34	0.9%	22	0.5	↑
Russia	0.1%	57	0.1%	57	0.0	↑

Source: IHS Markit Global Trade Atlas, based on import data per reporting country  
\*Export data unavailable for Vietnam and Bahrain

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 2018, at 57 (4.0 million metric tons) and 59 percent (3.1 million metric tons) respectively. The majority of Indonesia's exports to South Korea consisted of semi-finished steel in 2018, at 79 percent (485 thousand metric tons).

Steel Export Composition of Top Market-Share Countries-2018

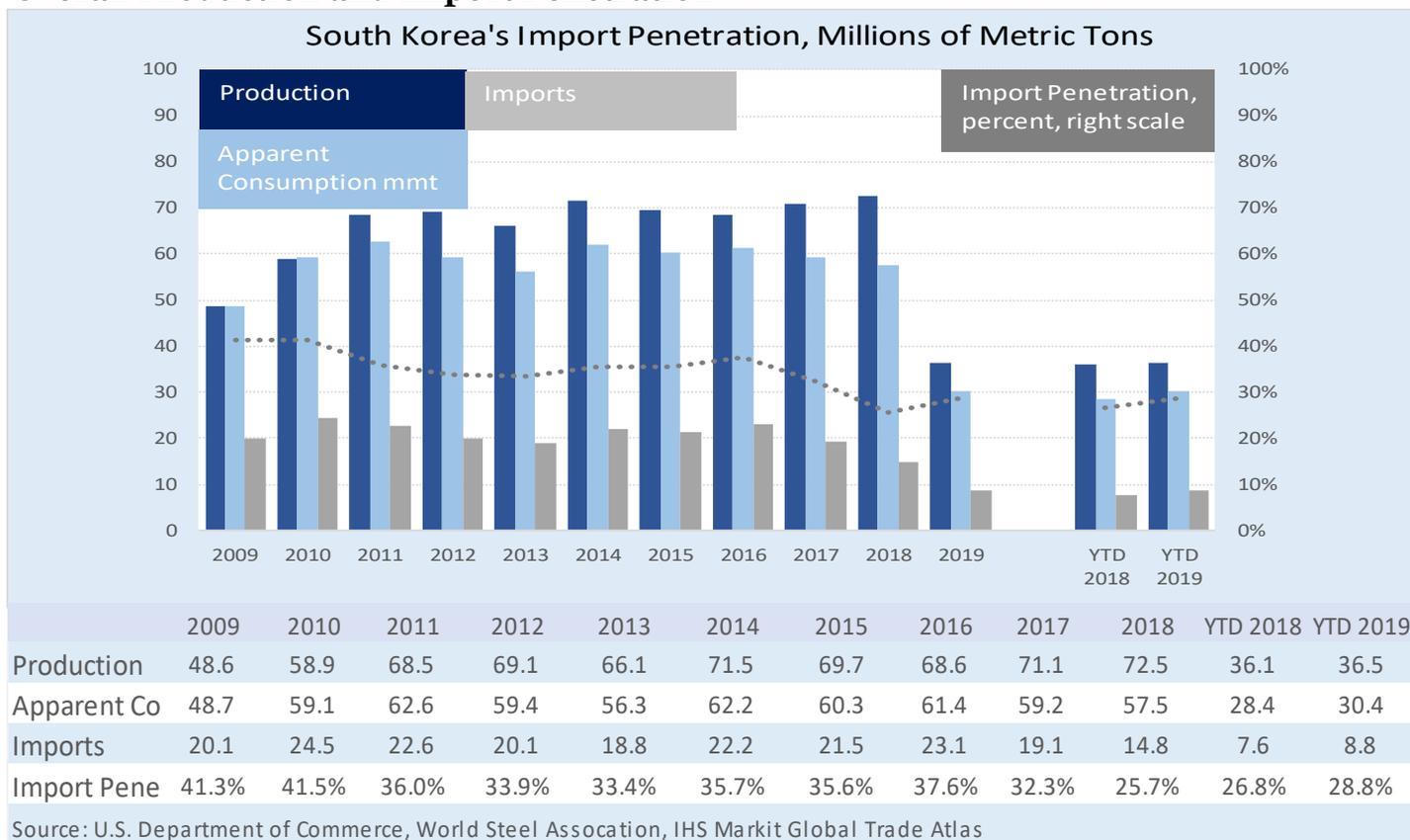


Source: IHS Markit Global Trade Atlas, based on import data per reporting country

Millions of Metric Tons

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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 has consistently increased since 2016. In YTD 2019, production reached to 36.5 million metric tons, a 1.1 percent increase from 36.1 million metric tons in YTD 2018. Apparent consumption (a measure of steel demand) went from being roughly in balance with production in 2009 and 2010 to falling behind production by 6.1 million metric tons in YTD 2019. The gap between production and apparent consumption decreased 21.1 percent from 7.7 million metric tons in YTD 2018 to 6.1 million metric tons in YTD 2019. Between 2009 and 2018, South Korea's import penetration declined from 41.3 percent to 25.7 percent. Import penetration increased from 26.8 percent in YTD 2018 to 28.8 percent in YTD 2019.

### Top Producers

South Korea's steel production is concentrated among a small number of companies, with the country's top 3 producers accounting for 68.51 million metric tons. These companies accounted for over 90 percent of Korea's total 2018 production, based on available data.

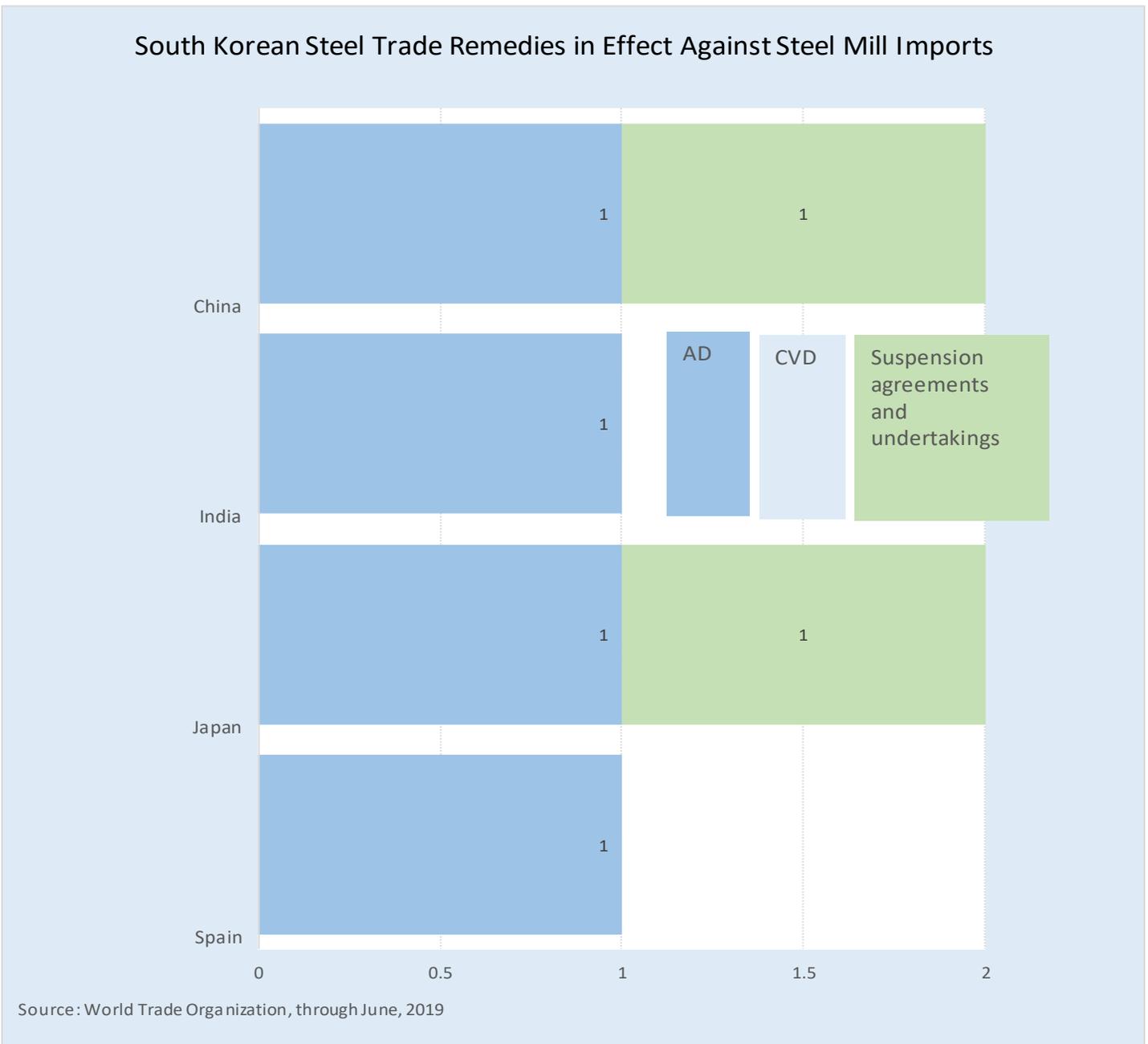
South Korea's Top Steel Producers in 2018			
Rank	Company	Production (mmt)	Main Products
1	Posco	42.86	Billets, tubes, pipes, bars, plates
2	Hyundai Steel Company	21.88	Plates, sheets, wire rod, bars, sections
3	Dongkuk Steel Mill Co, Ltd	3.77	Rebar, wire rod, slabs, coils

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

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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/>.



INTERNATIONAL  
**TRADE**  
ADMINISTRATION

**Steel Import Monitoring and Analysis**  
1401 Constitution Ave., NW, Room 21006  
Washington, D.C. 20230

T 202.482.2105

F 202.501.1377

Email [ECCGlobalSteelStats@trade.gov](mailto:ECCGlobalSteelStats@trade.gov)

[trade.gov/steel](http://trade.gov/steel)