



Global Steel Trade Monitor

Steel Exports Report: Canada

Background

August 2019

Canada was the world's nineteenth-largest steel exporter in 2018. In year-to-date 2019 (through March), further referred to as YTD 2019, Canada exported 1.39 million metric tons of steel, a 22 percent decrease from 1.79 million metric tons in YTD 2018. Canada's exports represented about 1.5 percent of all steel exported globally in 2017, based on available data. By volume, Canada's 2018 steel exports represented just over one-tenth the volume of the world's largest exporter, China. In value terms, steel represented 1.4 percent of the total goods Canada exported in 2018.

Canada exports steel to over 140 countries and territories. The United States and Mexico represent the top markets for Canada's exports of steel, receiving more than 450 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 YTD 2019.

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



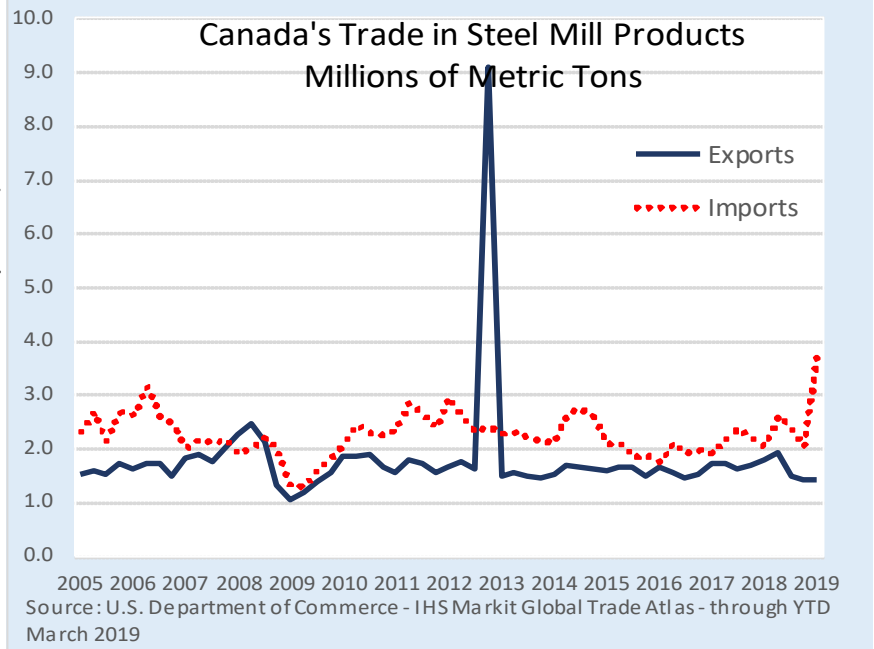
Quick Facts:

- Exported 1.39 million metric tons in YTD 2019
- 29% growth in annual steel exports since Q1 2009
- YTD 2019 export volume down 22% and export value down 26% since YTD 2018
- Top markets: United States and Mexico
- Exports as a share of production down from 53% in YTD 2018 to 41.6% in YTD 2019
- Largest producers: ArcelorMittal, Essar Steel Algoma
- No trade remedies in effect involving steel mill imports from Canada

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Steel Trade Balance

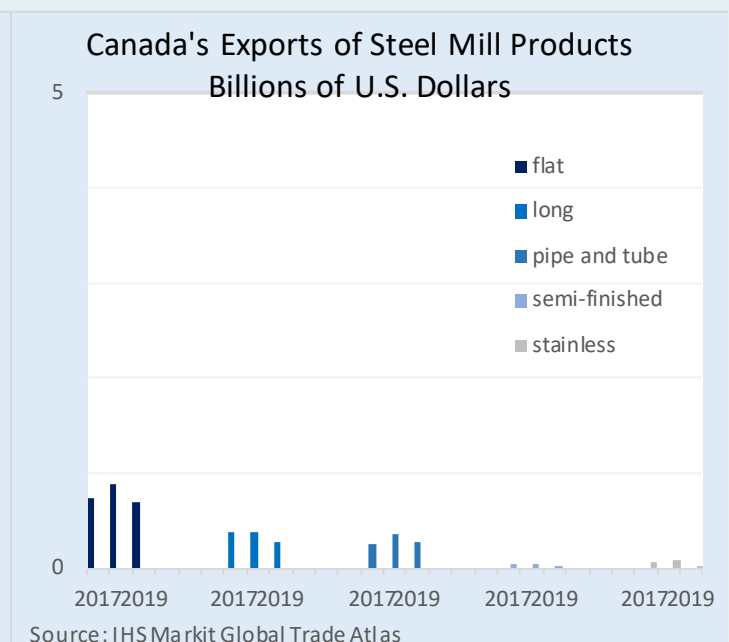
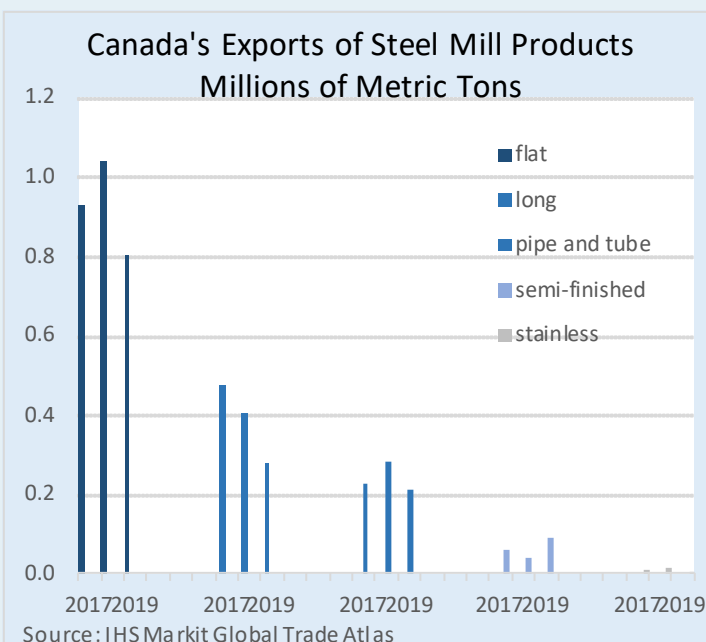
With the exception of three quarters, Canada has maintained a moderate trade deficit in steel products since 2005. Rising exports in the first half of 2008 and a spike in exports in Q4 2012 (resulting from a bulk shipment of semi-finished steel to Egypt) caused the deficit to briefly become a surplus. From their low point in Q1 2009 annual exports have grown 37 percent through Q1 2019, while imports have grown 188 percent between Q1 2009 and Q1 2019. 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.



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 YTD 2019 decreased by 22 percent to 1.39 million metric tons from 1.79 million metric tons in YTD 2018. In value terms, Canada's steel exports decreased by 26 percent to \$1.29 billion from \$1.74 billion in YTD 2018.

Flat products accounted for 58 percent of Canada's steel exports by volume in YTD 2019 at 801 thousand metric tons. Long products represented the second-largest category at 20 percent (277 thousand metric tons), followed by pipe and tube at 15 percent (214 thousand metric tons), semi-finished steel at 7 percent (91 thousand metric tons), and stainless steel at 1 percent (7 thousand metric tons).



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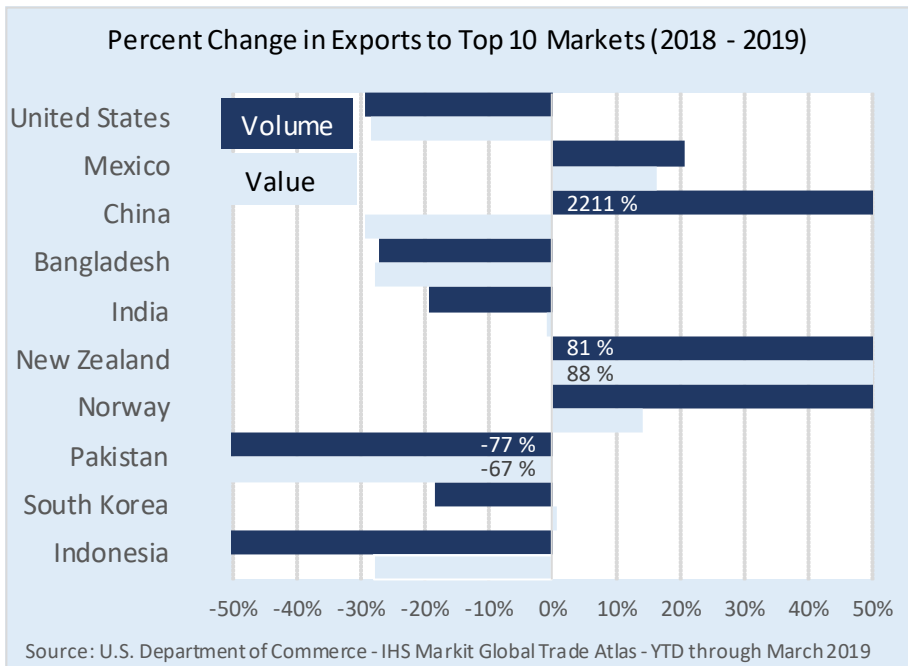
Exports by Top Market

Exports to Canada's top 10 steel markets represented 99 percent of Canada's steel export volume in YTD 2019 at 1.378 million metric tons (mmt). Furthermore, the top two markets for Canada's exports, the United States and Mexico, by themselves accounted for 92 percent of exports by volume. Canada sent 83 percent of its steel exports to the United States in YTD 2019 (1.15 mmt) and 9 percent to Mexico (120 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 YTD 2018 and YTD 2019, the volume of Canada's steel exports increased to 4 of its top 10 steel export markets. Exports to China showed the largest increase from YTD 2018, up 2,211 percent, followed by exports to New Zealand (81%). Exports also increased to Norway (60%), and Mexico (21%). During YTD 2019, export volumes decreased to Pakistan (-77%), Indonesia (-53%), the United States (-29%), Bangladesh (-27%), India (-19%) and South Korea (-18%).



In YTD 2019, export values increased to 4 of Canada's top 10 steel export markets relative to YTD 2019. Export values increased for exports to New Zealand (88%), Mexico (16%), Norway (14%), and South Korea (1%). Export values decreased for exports to Pakistan (-67%), China (-29%), the United States, Bangladesh and Indonesia all at -28%, and India (-1%).

Outside of the top markets, other notable volume changes included Canada's exports to 20th ranked Ecuador (2,561%), 24th ranked Israel (17,921%), and 36th ranked Tunisia (49,514%).

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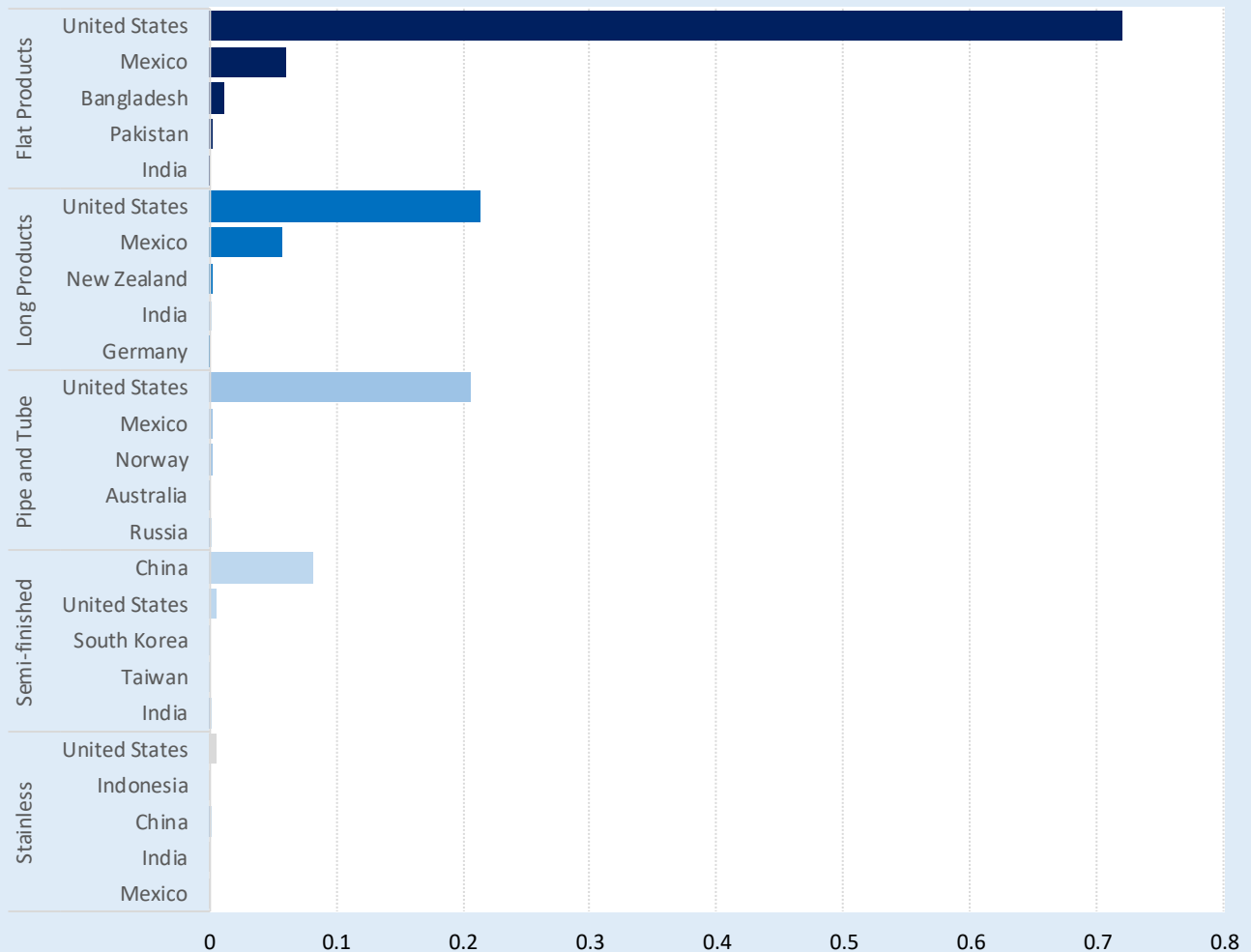
Top Markets by Steel Product Category

The United States is Canada’s top export by volume for all types of steel products except semi-finished, while the rest of the top 5 export destinations vary by product. The United States was the destination for 90 percent (721 thousand metric tons) of Canada’s flat product exports, followed by Mexico at 8 percent (61 thousand metric tons).

The United States received 77 percent of long product exports (213 thousand metric tons), followed by Mexico at 21% (57 thousand metric tons). The United states received 96 percent of pipe and tube product exports (205 thousand metric tons), while Mexico was the second largest export market at 1 percent (2.7 thousand metric tons).

China was the top market for semi-finished steel products at 90 percent (81.7 thousand metric tons), followed by the United States at 7 percent (6.5 thousand metric tons). The United States was the export destination for 73 percent of all stainless steel exports (5 thousand metric tons) followed by Indonesia at 9 percent (606 metric tons).

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



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

Millions of Metric Tons

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Canada's Import Market Share in Top Destinations

In 2018, the import market share for Canada's steel products remained mostly unchanged in the majority of Canada's top 10 export destinations for which data are available. The share of imports from Canada in the United States, and Mexico increased by 1.8 percentage points and 1.6 percentage points respectively. Import shares in Brazil increased by 0.2 percentage points. While import shares in India, China, Germany and Indonesia remained constant relative to 2017. Only Pakistan had a notable decrease in the share of steel imports from Canada (down .1 percentage points from 2017).

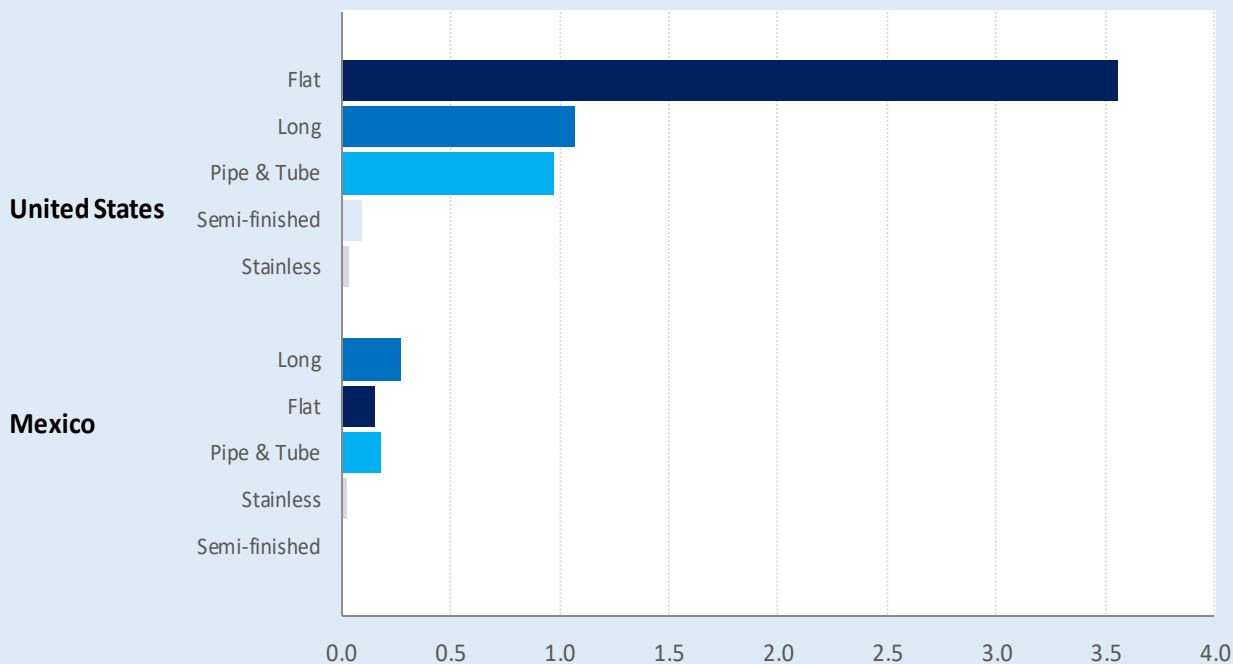
Canada's Steel Import Market Share					
Top 10 Export Markets	Share of Imports from Canada 2017	Canada's Rank in 2017	Share of Imports from Canada 2018	Canada's Rank in 2018	Change in Share
United States	16.8%	1	18.6%	1	↑
Mexico	4.2%	5	5.8%	5	↑
Bangladesh*	N/A	N/A	N/A	N/A	N/A
Dominican Republic*	N/A	N/A	N/A	N/A	N/A
Pakistan	1.8%	6	1.7%	7	↓
India	0.2%	26	0.2%	27	↑
China	0.1%	28	0.1%	29	↓
Brazil	0.1%	38	0.3%	28	↑
Germany	0.0%	54	0.0%	51	↑
Indonesia	0.0%	29	0.1%	29	↑

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

*Data unavailable for Dominican Republic and Bangladesh

Among Canada's top export markets, the United States and Mexico received the highest shares of their total steel imports from Canada, and in the remaining six countries for which data are available, Canada accounted less than 2 percent of imports. In 2018, flat products accounted for the largest share of steel imports from Canada in the United States at 62 percent (3.6 million metric tons), while long products accounts for the largest share of steel imports from Canada to Mexico at 43 percent (271 thousand metric tons).

Steel Import Composition of Top Market-Share Countries- YTD 2019



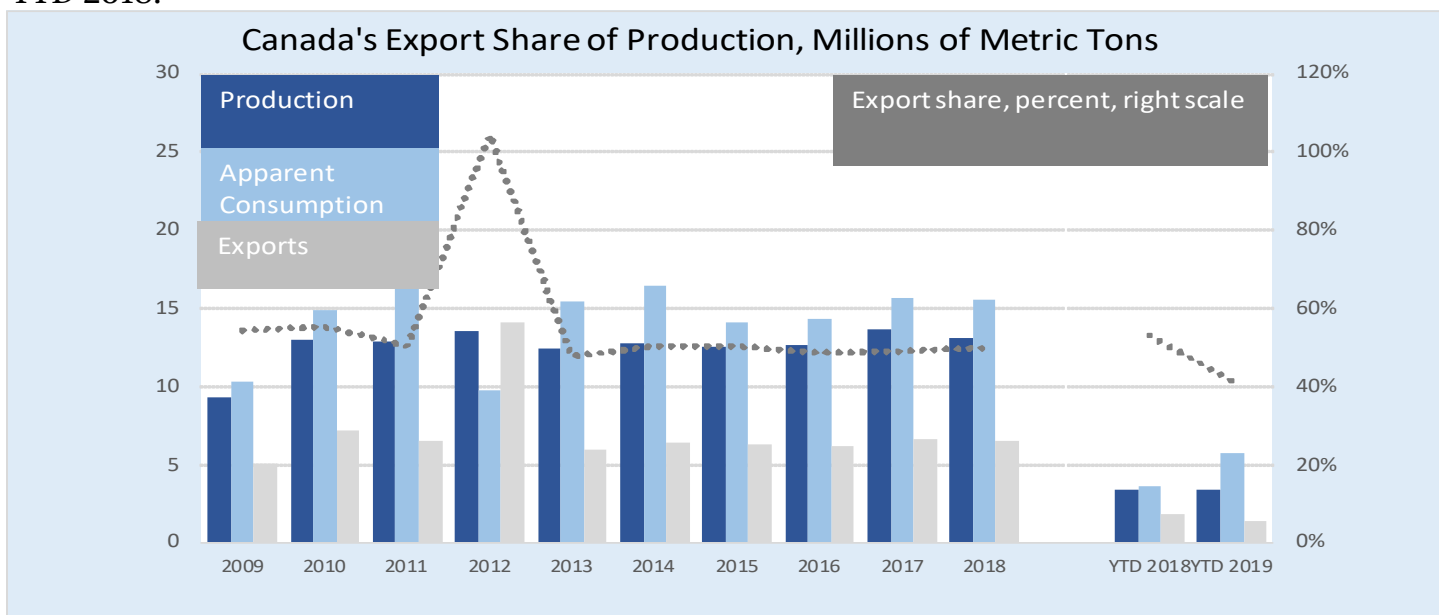
Source: IHS Markit Global Trade Atlas, based on import data per reporting country

Millions of Metric Tons

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Overall Production and Export Share of Production

Canada's crude steel production averaged 12.9 million metric tons between 2014 and 2018. Production in YTD 2019 was down 1 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 to -2.4 million metric tons, up from -0.2 million metric tons in YTD 2018. Since 2010, exports as a share of production maintained an average of around 55.4 percent, excluding 2012 when a spike in semi-finished exports to Egypt caused the share to hit 104 percent. In YTD 2019, exports as a share of production decreased to 41.6 percent from 53 percent in YTD 2018.



	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	YTD 2018	YTD 2019
Production	9.3	13.0	12.9	13.5	12.4	12.7	12.5	12.7	13.6	13.1	3.4	3.3
Apparent Consumption	10.3	14.9	16.6	9.7	15.4	16.4	14.0	14.3	15.6	15.6	1.8	1.4
Exports	5.1	7.2	6.5	14.1	5.9	6.4	6.3	6.1	6.7	6.5	3.6	5.7
Export Share of Production	54.5%	55.1%	50.4%	104.0%	47.7%	50.3%	50.4%	48.3%	48.9%	49.9%	53.0%	41.6%

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

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 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

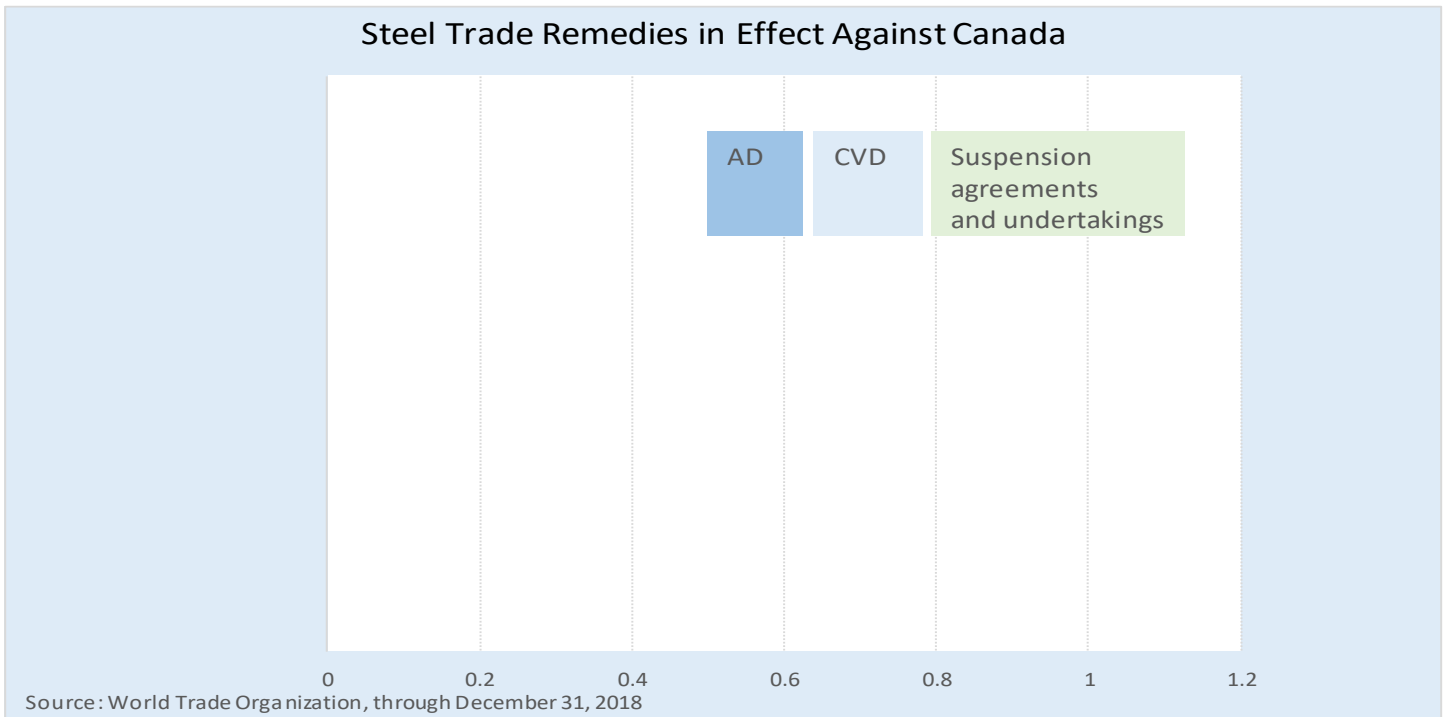
Source: World Steel Association; Hoover's; Bloomberg; Company websites

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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 provide statistics on global steel mill safeguards.

Currently, there are no trade remedies in effect against steel mill products from Canada.



Global Steel Mill Safeguards in Effect	
Country	Product(s)
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; 1) Semi-finished and certain finished products of alloy and non-alloy steel; 2) pre-painted
Vietnam	galvanized steel sheet and strip

Source: World Trade Organization, through March 31, 2019

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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