

# Global Steel Trade Monitor

## Steel Exports Report: Brazil

May 2019

### Background

Brazil was the tenth-largest steel exporter in the world in 2017. In 2018, Brazil exported 13.9 million metric tons of steel, down 9 percent from 15.3 million metric tons in 2017. Brazil's exports represented about 3 percent of all steel exported globally in 2017. The volume of Brazil's 2018 steel exports was about one-fifth the volume of the world's largest exporter, China. In value terms, steel represented just 3.7 percent of the total goods Brazil exported in 2018.

Brazil exports steel to more than 110 countries and territories. The ten countries labeled in the map below represent the top markets for Brazil's exports of steel, receiving more than 320 thousand metric tons each and accounting for about 75 percent of Brazil's total steel exports in 2018.

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



### Quick Facts:

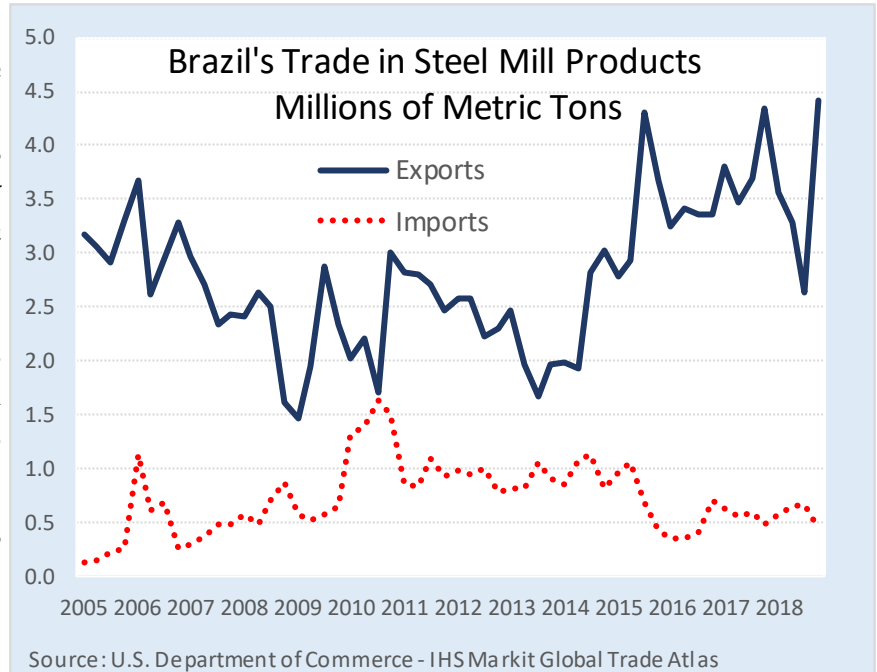
- In 2018, Brazil exported 13.9 million metric tons of steel.
- 62% growth in annual steel exports since 2009
- 2018 export volume down 9% and export value up 10% compared to 2017
- Top three markets: United States, Turkey, Argentina
- Exports as a share of production at 40.0% in 2018
- Largest producers: Gerdau, ArcelorMittal, USIMINAS, and CSN
- 27 trade remedies in effect involving steel mill imports from Brazil

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## Steel Trade Balance

Brazil continues to maintain a large trade surplus in steel products. Decreasing exports and rising imports caused the trade surplus to narrow by half in 2010 to just 3.1 million metric tons, before widening again, increasing 320 percent between 2010 and 2017. In 2018, the trade surplus was 11.6 million metric tons, down 11 percent from 13.0 million metric tons in 2017.

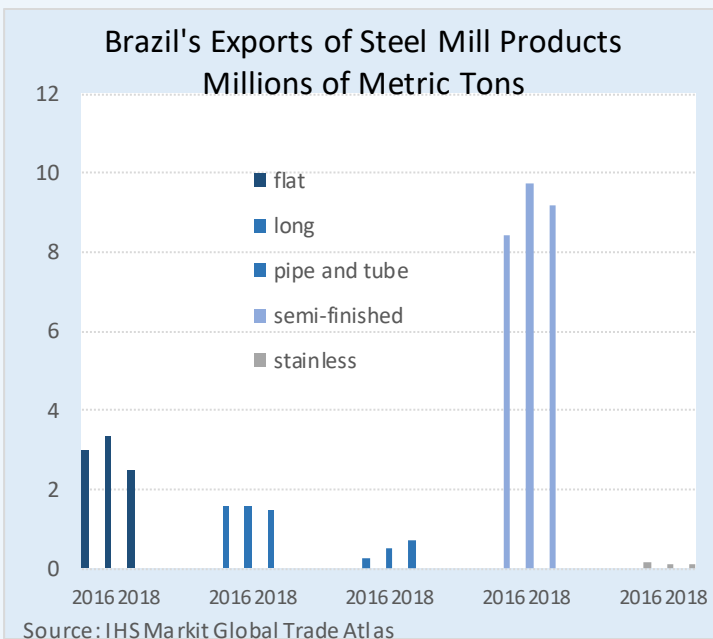
Between 2009 and 2018, Brazil's exports grew 62 percent, while imports declined 1 percent.



## Export Volume, Value, and Product

The volume of Brazil's steel exports reached a peak in 2017 at 15.3 million metric tons. In 2018, exports decreased 9 percent from 2017 to 13.9 million metric tons. The value of Brazil's steel exports, however, increased by 10 percent in 2018 to \$8.8 billion from \$8.0 billion in 2017.

Semi-finished steel accounted for 66 percent of Brazil's steel exports by volume in 2018 at 9.2 million metric tons. Flat products represented the second-largest category at 18 percent (2.5 million metric tons), followed by long products at 11 percent (1.5 million metric tons), pipe and tube at 5 percent (704 thousand metric tons), and stainless steel at one percent (77 thousand metric tons).

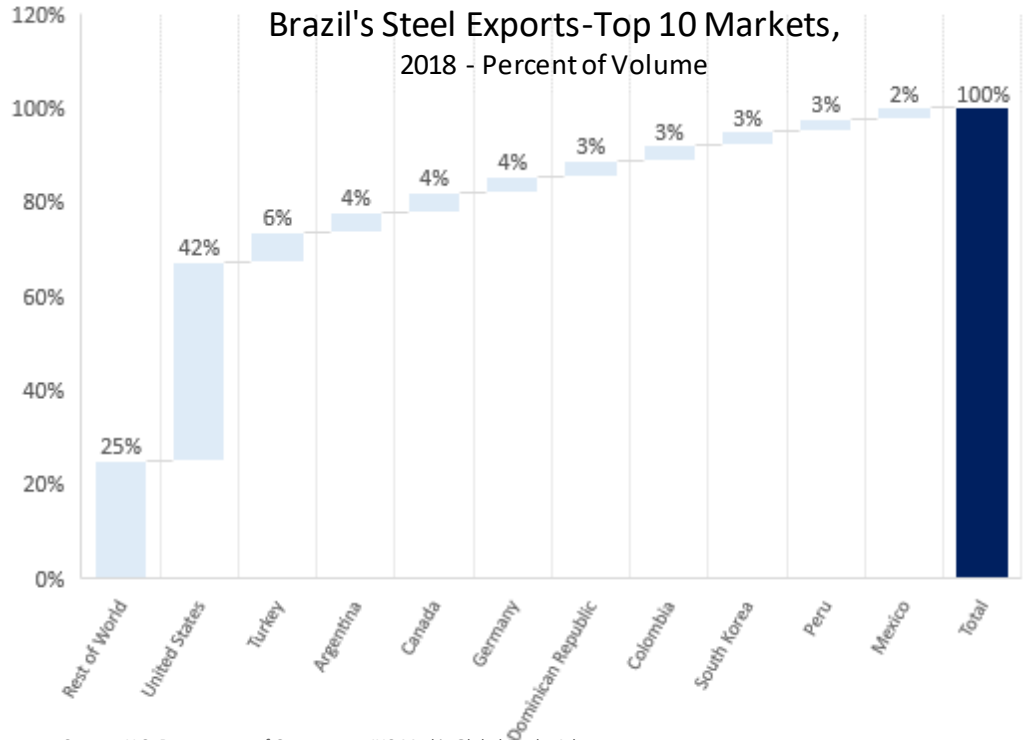


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## Exports by Top Market

Exports to Brazil's top 10 steel markets represented 75 percent of Brazil's steel export volume in 2018 at 10.4 million metric tons (mmt). The United States was the largest market for Brazil's exports with 42 percent (5.9 mmt), followed by Turkey at 6 percent (0.9 mmt), and Argentina at 4 percent (0.6 mmt).

The United States has ranked first as a destination for Brazil's steel exports for most of the last decade. In 2018, exports by volume to the United States increased by 17 percent, when compared to 2017.

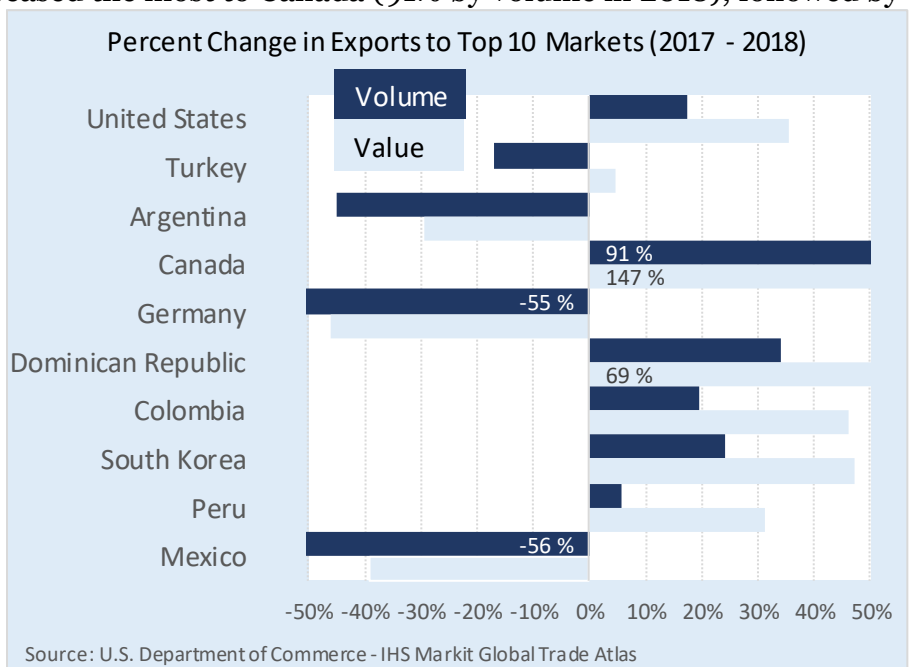


Source: U.S. Department of Commerce - IHS Markit Global Trade Atlas

## Trends in Exports to Top Markets

The volume of Brazil's steel exports increased to 6 of the country's top 10 steel export markets in 2018 compared to 2017. Exports increased the most to Canada (91% by volume in 2018), followed by the Dominican Republic (34%), South Korea (24%), Colombia (20%), the United States (17%), and Peru (6%). Brazil's export volumes decreased to Mexico (-56%), Germany (-55%), Argentina (-45%), and Turkey (-17%).

The value of steel exports increased to 7 of Brazil's top 10 markets in 2018. As with volume, Canada saw the largest increase in value, up 147% in 2018, followed by the Dominican Republic (69%), South Korea (47%), Colombia (46%), the United States (35%), Peru (31%), and Turkey (5%). Brazil's exports by value decreased to Germany (-46%), Mexico (-39%), and Argentina (-29%).



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

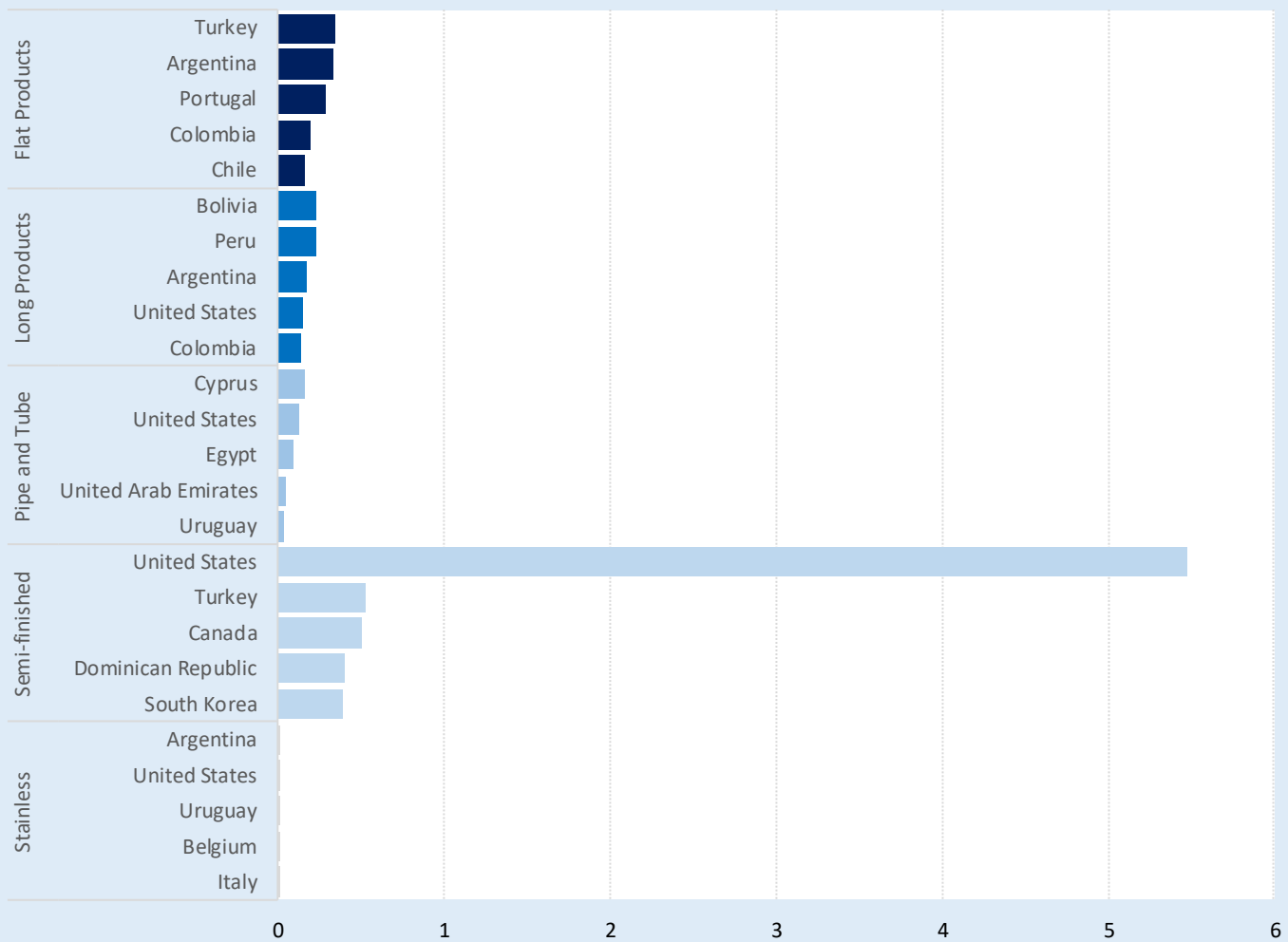
# Steel Exports Report: **Brazil**

## Top Markets by Steel Product Category

Brazil's top export markets by volume vary by type of steel product. The United States was a top 5 export destination for four of the five product categories in 2018.

The United States was the largest market for Brazil's exports of semi-finished product at 60% (5.5 million metric tons). Turkey was the largest market for Brazil's exports of flat products at 14.0% (345 thousand metric tons), followed closely by Argentina at 13.5% (333 thousand metric tons). Bolivia was the largest market for Brazil's exports of long products at 16.2% (237 thousand metric tons), followed by Peru at 15.5% (226 thousand metric tons). Cyprus was the largest export market for pipe and tube products at 23% (161 thousand metric tons) followed by the United States at 18% (130 thousand metric tons). Argentina accounted for the largest share for Brazil's exports of stainless steel products at 22% (17 thousand metric tons), followed by the United States at 16% (12 thousand metric tons).

Brazil's Top 5 Export Markets by Product - 2018



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

Millions of Metric Tons

# Steel Exports Report: Brazil

## Brazil's Import Market Share in Top Destinations

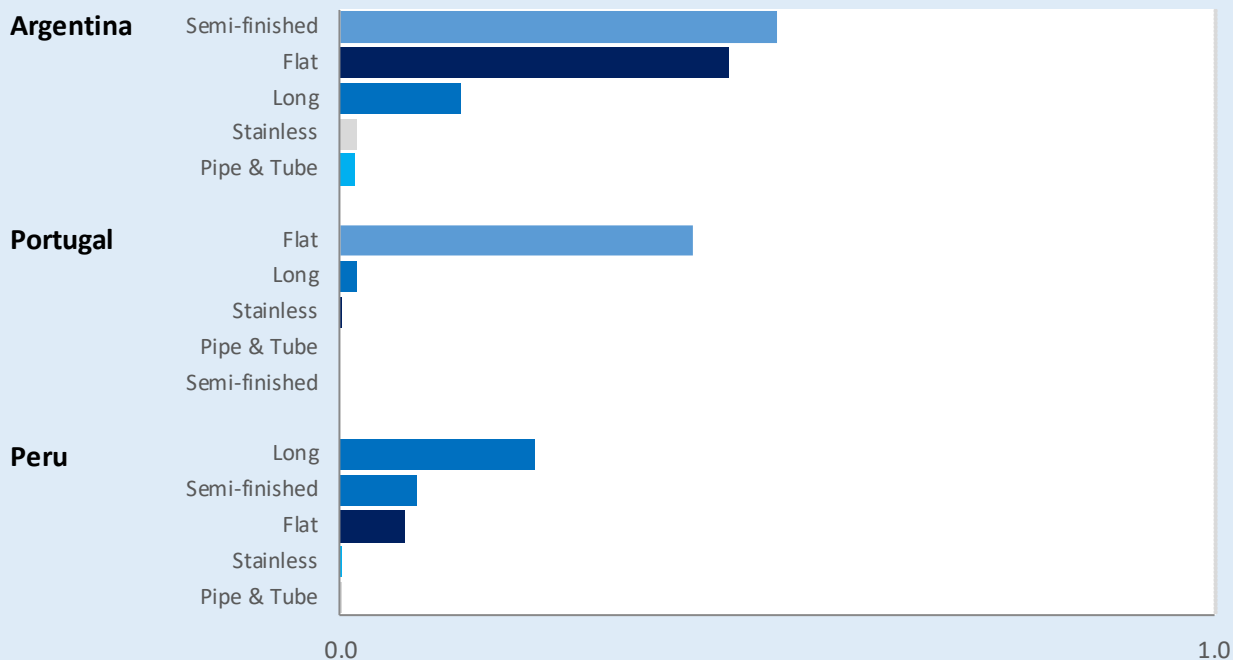
In 2017, the import market share for Brazil's steel products increased in seven of Brazil's top 10 export destinations. Countries with increases in their share of steel imports from Brazil included Argentina (up 8.8 percentage points from 2016), Portugal (up 5.1 percentage points), Peru (up 1.8 percentage points), Germany (up 0.8 percentage points), the United States (up 0.5 percentage points), Turkey (up 0.5 percentage points), and Colombia (up 0.4 percentage points). Mexico decreased its share of imports from Brazil by less than 1 percentage point.

| Brazil's Steel Import Market Share |                                   |                       |                                   |                       |                 |
|------------------------------------|-----------------------------------|-----------------------|-----------------------------------|-----------------------|-----------------|
| Top 10 Export Markets              | Share of Imports from Brazil-2016 | Brazil's Rank in 2016 | Share of Imports from Brazil-2017 | Brazil's Rank in 2017 | Change in Share |
| United States                      | 13.0%                             | 2                     | 13.5%                             | 2                     | ↑               |
| Germany                            | 0.5%                              | 22                    | 1.3%                              | 15                    | ↑               |
| Argentina                          | 63.3%                             | 1                     | 72.1%                             | 1                     | ↑               |
| Turkey                             | 3.1%                              | 10                    | 3.5%                              | 10                    | ↑               |
| Mexico                             | 1.7%                              | 9                     | 1.2%                              | 11                    | ↓               |
| Portugal                           | 9.1%                              | 2                     | 14.1%                             | 2                     | ↑               |
| Vietnam*                           | 0.1%                              | 12                    | N/A                               | N/A                   | N/A             |
| Peru                               | 18.3%                             | 2                     | 20.2%                             | 2                     | ↑               |
| Colombia                           | 14.7%                             | 3                     | 15.1%                             | 4                     | ↑               |
| Dominican Republic*                | 45.3%                             | 1                     | N/A                               | N/A                   | N/A             |

Source: IHS Markit Global Trade Atlas, based on import data per reporting country  
 \*Vietnam and Dominican Republic 2017 data unavailable

Among Brazil's top export markets, Argentina received more than 70 percent of its total steel imports from Brazil in 2017. Semi-finished and flat products accounted for 45 percent (498 thousand metric tons) and 40 percent (444 thousand metric tons), respectively, of Argentina's imports from Brazil, while nearly all of Portugal imports from Brazil were of flat products at 96 percent (403 thousand metric tons). Over 50 percent of Peru's imports from Brazil in 2017 were of long products (223 thousand metric tons).

Steel Import Composition of Top Market-Share Countries - 2017

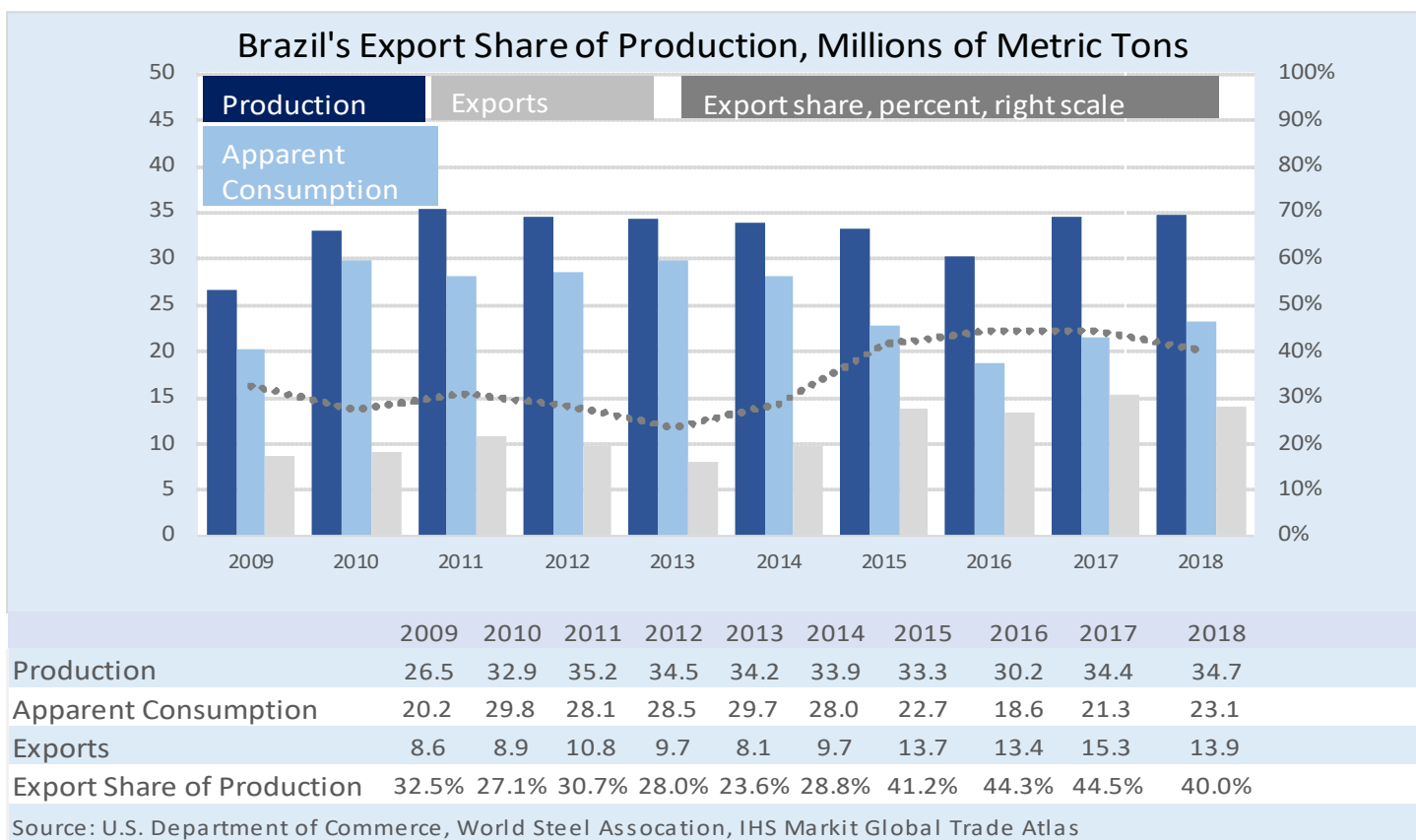


Source: IHS Markit Global Trade Atlas, based on import data per reporting country

Millions of Metric Tons

# Steel Exports Report: Brazil

## Overall Production and Export Share of Production



Between 2010 and 2018 Brazil has produced an average of 33.7 million metric tons of steel products. In 2018, Brazil's crude steel production increased to 34.7 million metric tons, up 1 percent from 34.4 million metric tons in 2017. Apparent consumption (a measure of steel demand) has also increased to 23.1 million metric tons, up 8.5 percent from 21.3 million metric tons in 2017. Steel production has outpaced demand, and the gap between the two has increased 191 percent from 2013 to 2017 to a peak of 13.0 million metric tons. The 2018 gap between production and demand was 11.6 million metric tons. Brazil's steel exports as a share of production declined from 44.5 percent in 2017 to 40.0 percent in 2018.

### Top Producers

Steel production in Brazil is concentrated among four large companies — the majority of which are domestically-owned. Despite large reserves of iron ore in the country, Brazilian steel production uses a mix of iron ore-based blast furnaces and scrap metal-based electric arc furnaces.

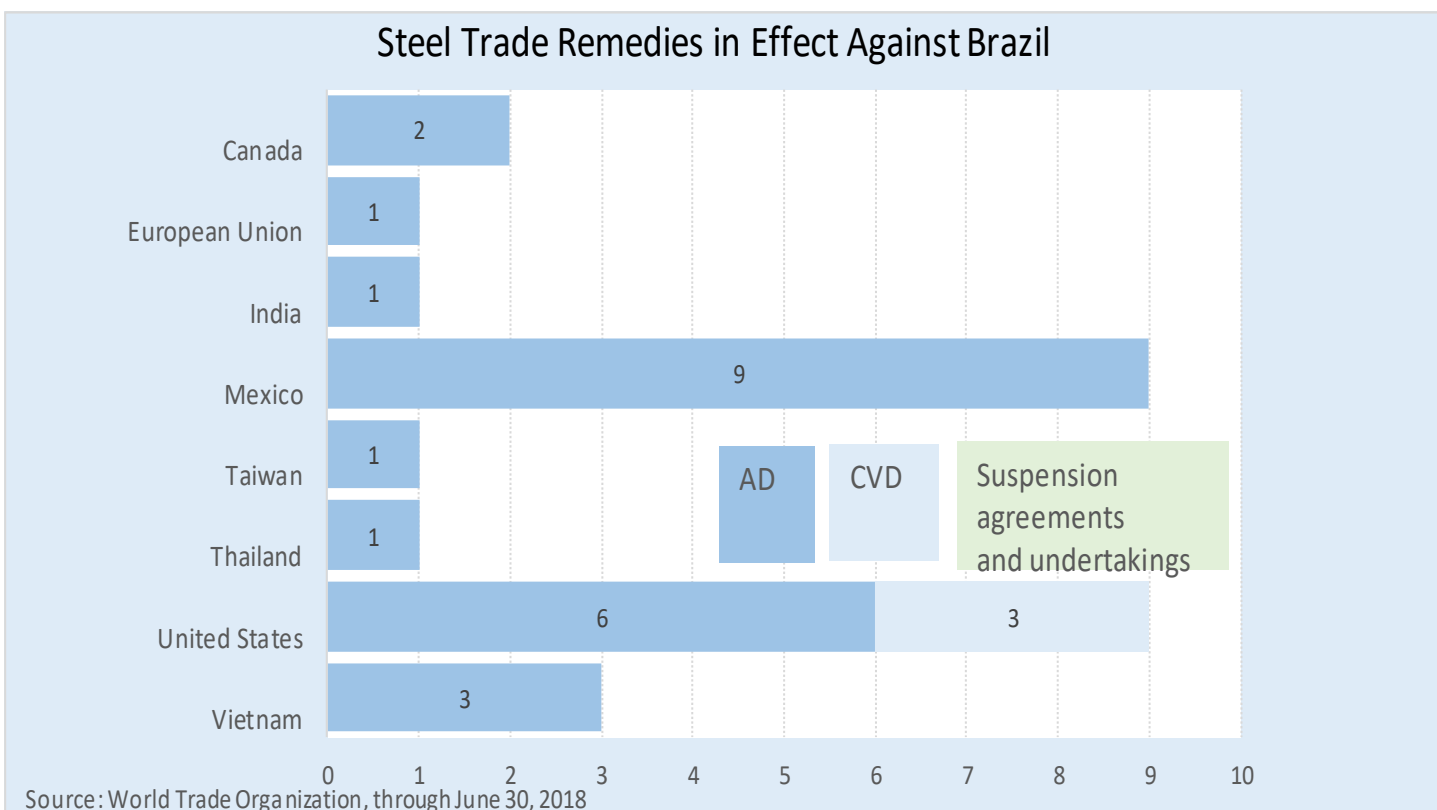
| Brazil's Top Steel Producers in 2017 |   |                  |  |
|--------------------------------------|---|------------------|--|
| Rank                                 | Company   | Production (mmt) | Main Products                                      |
| 1                                    | Gerdau SA   | 26 (worldwide)   | Long products, semi-finished products              |
| 2                                    | ArcelorMittal Brasil                              | 11.3             | Long products, flat products                       |
| 3                                    | Usinas Siderurgicas de Minas Gerais SA (USIMINAS) | 9.6              | Cold-rolled strip, heavy plates, galvanized        |
| 4                                    | Companhia Siderurgica Nacional (CSN)              | 5.6              | Hot-rolled, Cold-rolled, galvanized, coated sheets |

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

# Steel Exports Report: **Brazil**

## 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 countries have against steel mill products from China.



| Global Steel Mill Safeguards in Effect |   |
|--|---|
| Country                                | Product(s)  |
| Gulf Cooperation Council               | Flat-rolled steel   |
| India                                  | Hot-rolled steel flat sheets and plates   |
| Indonesia                              | 1) Flat-rolled products of iron or non-alloy steel; 2) 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  |
| Philippines                            | Steel angle bars  |
| South Africa                           | Hot-rolled steel flat products  |
| Thailand                               | 1) Hot-rolled steel flat products with certain amounts of alloying elements; 2) Unalloyed hot-rolled steel flat products in coils and not in coils; 3) Structural hot-rolled H-beams with alloy |
| 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 September 30, 2018

# 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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