

Global Steel Trade Monitor

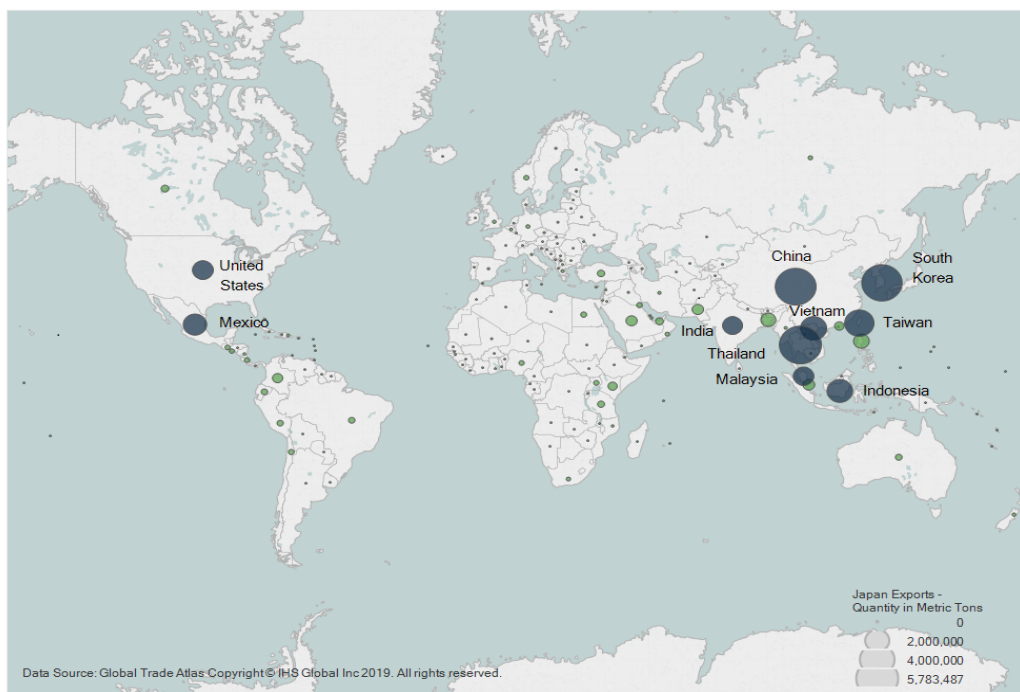
Steel Exports Report: Japan

Background

Japan is the second-largest steel exporter in the world (2018). In year-to-date 2019 (through June), further referred to as YTD 2019, Japan exported 15.9 million metric tons of steel — a 13 percent decline from 18.3 million metric tons in YTD 2018. Japan's exports represented about 8 percent of all steel exported globally in 2017. The volume of Japan's 2018 steel exports were about half that of the world's largest exporter, China. In value terms, steel represented just 4.1 percent of the total amount of goods Japan exported in 2018.

Japan exports steel to more than 130 countries and territories. The 10 countries labeled in the map below represent the top markets for Japan's exports of steel, receiving more than 1.2 million metric tons each and accounting for 82 percent of Japan's steel exports in 2018.

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



September 2019

Quick Facts:

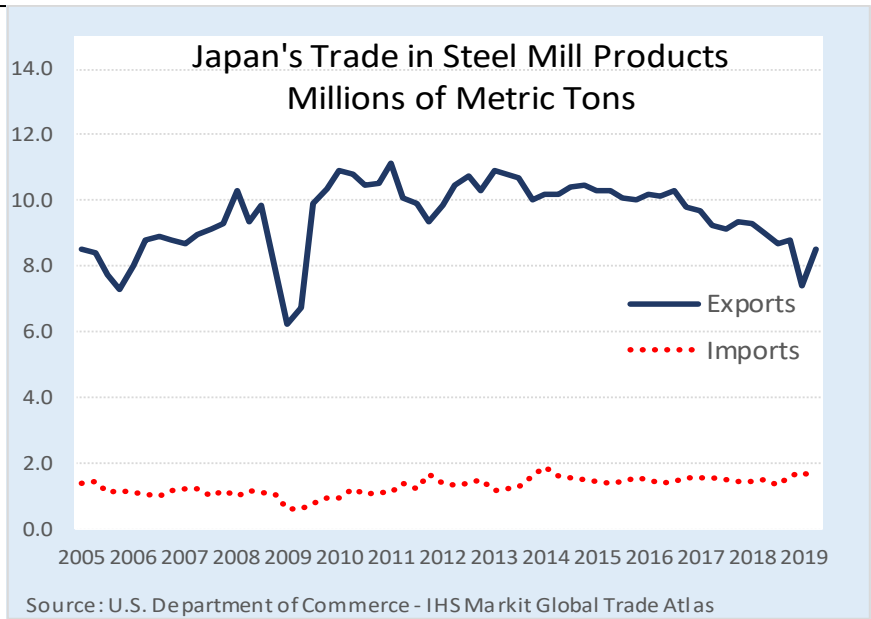
- 15.9 million metric tons (YTD 2019)
- 27% steel export growth since Q2 2009
- Exports as a share of production at 31.2% in YTD 2019
- YTD 2019 export volume down 13% and value down 11% compared to YTD 2018
- Top three markets: South Korea, Thailand and China
- Largest producers: Nippon & Sumitomo, JFE, and Kobe Steel
- 30 trade remedies in effect against steel mill imports from Japan

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Steel Trade Balance

Japan has maintained a persistent trade surplus in steel products. Exports dipped in 2009 after the global recession, while imports remained relatively flat in comparison. Since reaching a low point in 2009, exports have increased 27 percent from Q2 2009 to Q2 2019, while imports have increased 164 percent over the same time span.

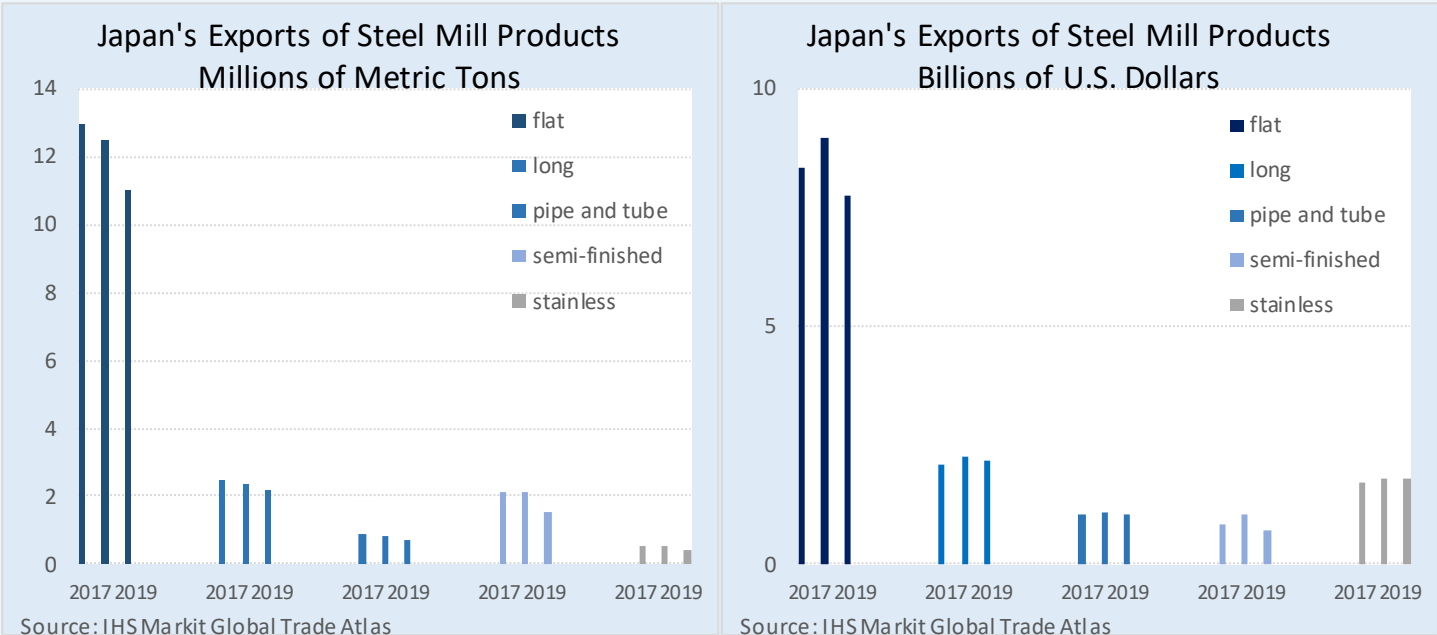
Japan’s trade surplus peaked at 38.3 million metric tons in 2010 and has trended downwards with the exception of 2013. In YTD 2019, Japan’s steel trade surplus amounted to 12.7 million metric tons, a 17 percent decrease from 15.3 million metric tons in YTD 2018.



Export Volume, Value, and Product

Japan’s steel exports maintained a relatively steady average of around 40 million metric tons per year from 2010 to 2016, before declining to 35.8 million metric tons in 2018. Exports in YTD 2019 amounted to 15.9 million metric tons — a 13 percent decline from YTD 2018. The value of Japan’s steel exports decreased every year between 2011 and 2016 due to falling global prices, before increasing over \$30 billion in 2018. In YTD 2019, steel export value decreased 11 percent to \$13.4 billion from \$15.1 billion in YTD 2018.

In YTD 2019, flat products accounted for 69 percent of Japan’s exports, or 11 million metric tons, followed by long products (14% or 2.2 million metric tons), semi-finished (10% or 1.5 million metric tons), pipe and tube (4% or 705 thousand metric tons), and stainless (3% or 434 thousand metric tons).

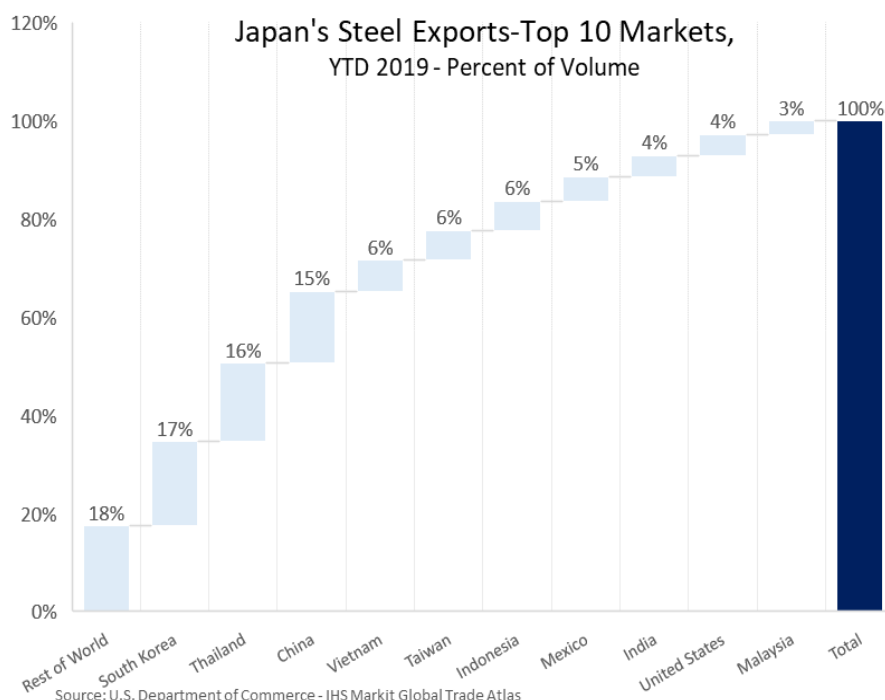


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Exports by Top Market

Exports to Japan's top 10 steel markets represented 82 percent of Japan's steel export volume in YTD 2019 at 13.1 million metric tons (mmt). South Korea received the largest share of Japan's exports with 17 percent (2.7 mmt), followed closely by Thailand at 16 percent (2.5 mmt), China at 15 percent (2.3 mmt), and Vietnam at 6 percent (1.0 mmt).

The United States ranked ninth as a destination for Japan's steel exports, receiving 4 percent of exports (664 thousand metric tons) in YTD 2019.



Trends in Exports to Top Markets

The volume of Japan's steel exports decreased to 9 of Japan's top 10 steel export markets from YTD 2018 to YTD 2019. Export volumes to Malaysia decreased the most (-36%), followed by Taiwan (-29%), China and the United States (both -13%), Indonesia (-12%), Thailand (-9%), Vietnam and Mexico (both -8%), and South Korea (-0.17%). Only Japanese exports to India increased in volume in YTD 2019 (4%).

The overall value of Japan's steel exports decreased to 9 of the top 10 markets. Markets that experienced the largest decreases in steel value from YTD 2018 to YTD 2019

included Malaysia (-30%), Taiwan (-28%), China (-16%), and Vietnam (-12%), followed by Thailand (-9), India and the United States (both -8%), and South Korea (-3%). Exports to Mexico were the only Japanese steel exports to increase in value (0.27%).

Outside the top 10 markets, other notable volume changes included Japan's exports to 13th-ranked Pakistan (-33%), 17th-ranked Canada (44%), and 19th-ranked Saudi Arabia (-54%), and 20th-ranked Tanzania (47%).



Steel Exports Report: Japan

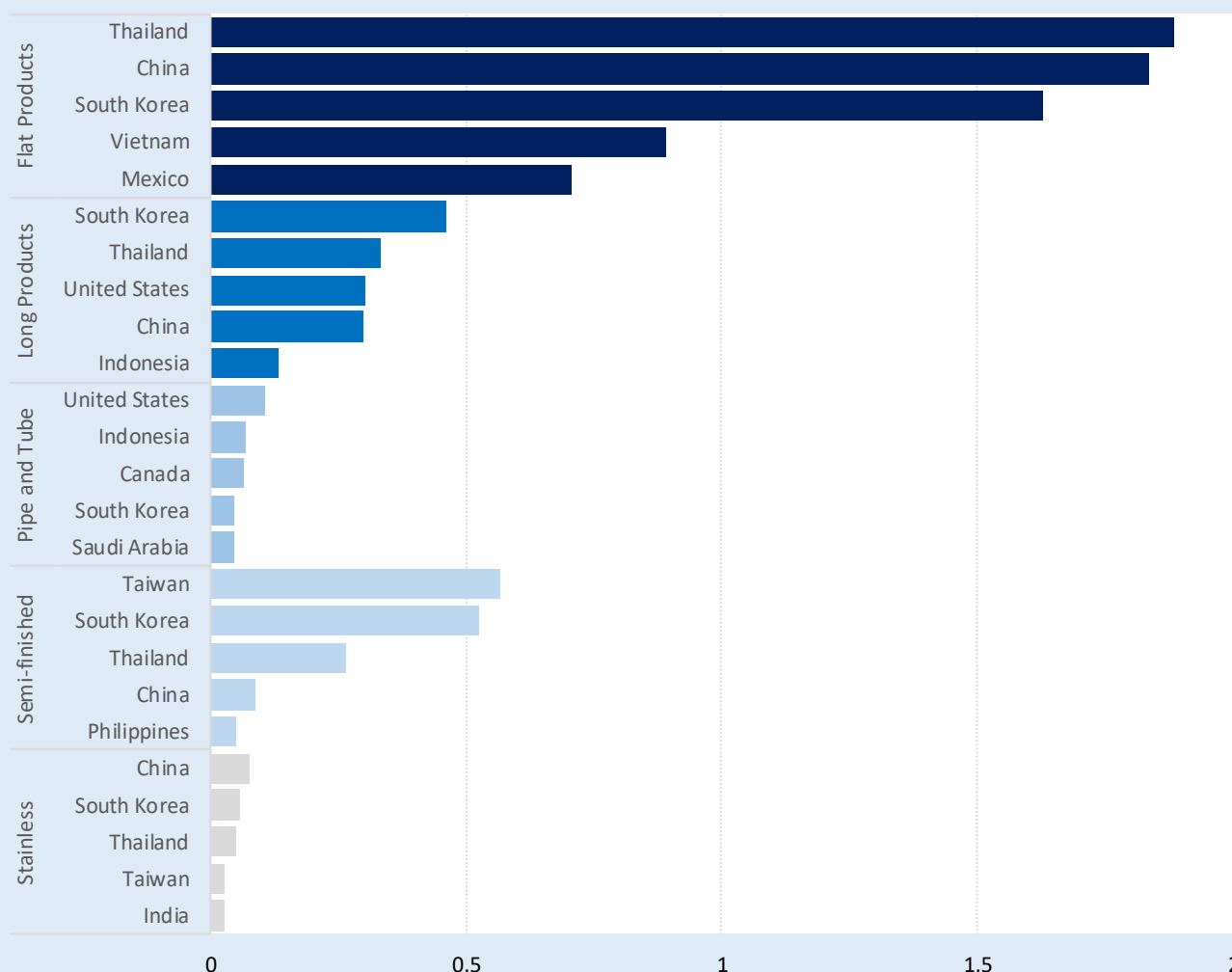
Top Markets by Steel Product Category

Japan's top export markets by volume vary across types of steel products. Thailand accounted for the largest share of Japan's exports of flat products in YTD 2019 at 17.1 percent (1.9 million metric tons), followed closely by China at 16.6 percent (1.8 million metric tons).

Japan exported the largest share its of long products to South Korea at 21 percent (459 thousand metric tons), followed by Thailand at 15 percent (332 thousand metric tons), and the United States at 14 percent (302 thousand metric tons). The largest share of Japan's pipe and tube exports went to the United States at 15 percent (106 thousand metric tons), followed by Indonesia at 10 percent (68 thousand metric tons).

Taiwan accounted for the largest share of Japan's semi-finished exports in YTD 2019 at 37 percent (565 thousand metric tons), followed by South Korea at 34 percent (524 thousand metric tons) while China accounted for the largest share of stainless steel at 18 percent (77 thousand metric tons). South Korea was the second largest export market for stainless steel at 13% (57 thousand metric tons).

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



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

Millions of Metric Tons

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Japan's Import Market Share in Top Destinations

In 2018, the import market share for Japan's steel products decreased in the majority of Japan's top 10 export markets. The share of Mexico's steel imports from Japan decreased the most (down 6.6 percentage points from 2017), followed by Malaysia (down 2.5 percentage points), and China (down 1.5 percentage points). Japan's share of import volumes declined by 0.5 percentage points in both the U.S. and Taiwan. South Korea, Thailand and Indonesia increased the percentage of their imports from Japan by 5.6, 1.4, and 0.3 percentage points, respectively.

Among Japan's top export markets, China, Thailand, and South Korea received the largest shares of their total

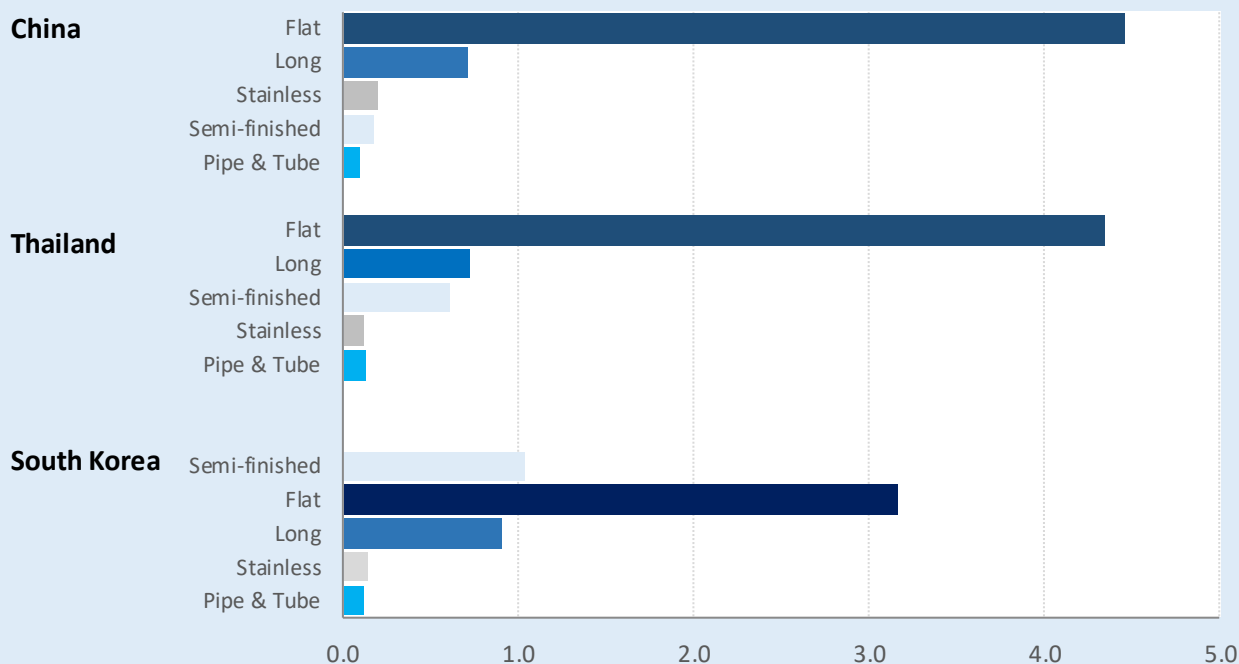
steel imports from Japan in 2018 at 39.8 percent, 38.8 percent, and 36.3 percent, respectively. Flat products accounted for the largest share of steel imports from Japan in all three countries, accounting for 79 percent (4.5 million metric tons) in China, 73 percent (4.3 million metric tons) in Thailand and 59 percent (3.2 million metric tons) in Korea.

Top 10 Export Markets	Share of Imports from Japan 2017	Japan's Rank in 2017	Share of Imports from Japan 2018	Japan's Rank in 2018	Change in Share
South Korea	30.7%	2	36.3%	2	↑
Thailand	37.3%	1	38.8%	1	↑
China	41.3%	1	39.8%	1	↓
Taiwan	37.9%	1	37.3%	1	↓
Vietnam*	N/A	N/A	N/A	0	N/A
Indonesia	18.7%	2	19.0%	2	↑
Mexico	21.5%	2	14.9%	2	↓
United States	5.0%	7	4.5%	6	↓
Malaysia	21.5%	2	19.0%	2	↓
India	14.9%	3	13.8%	3	↓

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

*2017 and 2018 data unavailable for Vietnam

Steel Import Composition of Top Market-Share Countries-2018



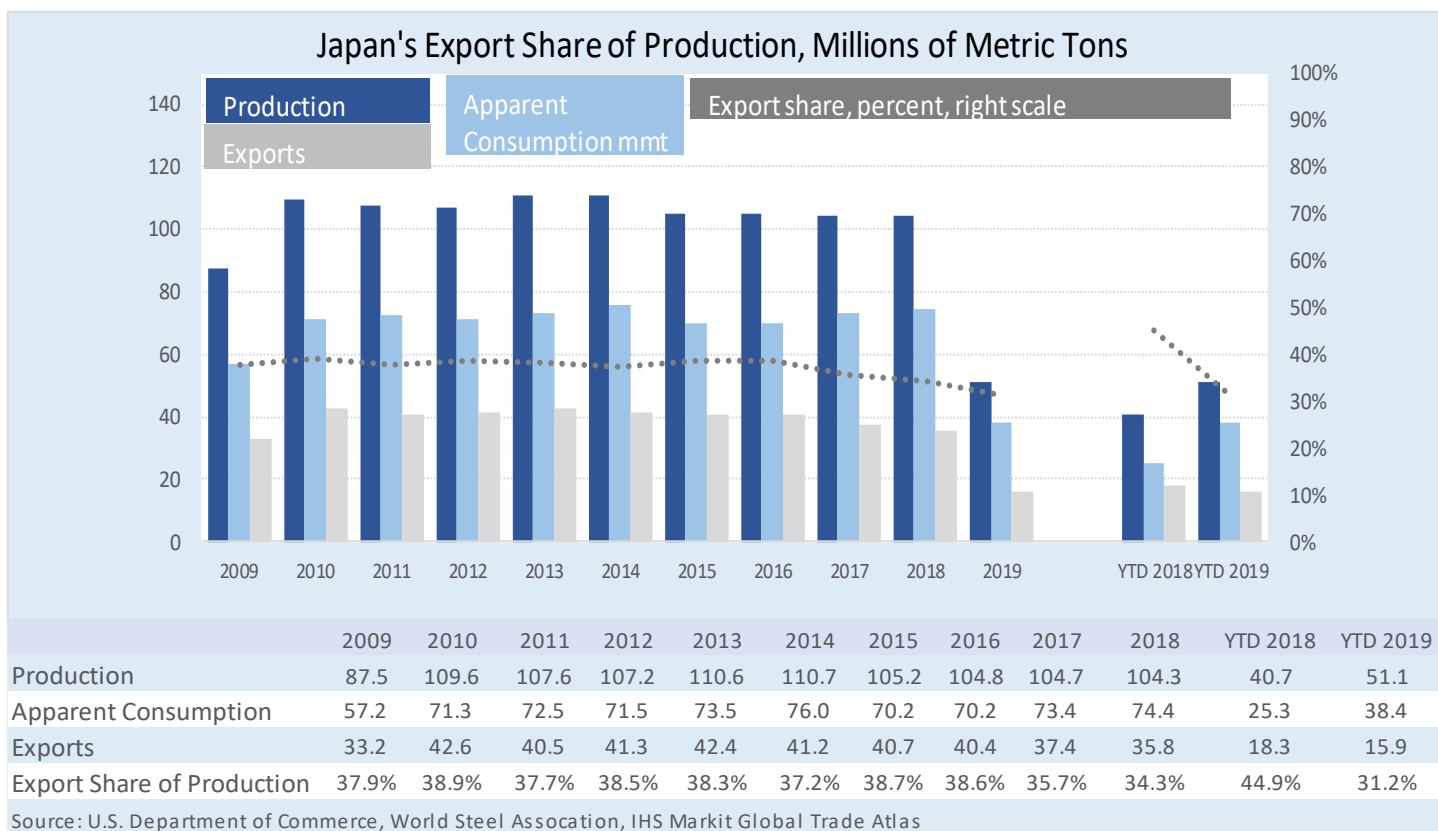
Source: IHS Markit Global Trade Atlas, based on import data per reporting country

Millions of Metric Tons

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Overall Production and Export Share of Production

Japan's crude steel production increased by 25 percent between 2009 and 2010 and then maintained an average of 107.2 million metric tons through 2018. In YTD 2019, production has increased by 26 percent to 51.1 million metric tons from 40.7 million metric tons in YTD 2018. Apparent consumption (a measure of steel demand) has followed a similar growth trend, though it has been consistently outpaced by production, and the gap between the two stood at 12.7 million metric tons in YTD 2019. In YTD 2019, apparent consumption increased to 38.4 mmt compared to 25.3 mmt in YTD 2018. Between 2009 and 2017, Japan's steel exports as a share of production remained fairly flat, decreasing just 2.2 percentage points to 35.7 percent over the period. Exports as a share of production declined in YTD 2019, down to 31.2 percent from 44.9 percent in YTD 2018.



Top Producers

Japan's steel production is concentrated among a small number of steel producing companies, with the country's top three producers accounting for 85.25 million metric tons, or 82 percent of total 2018 production, based on available data.

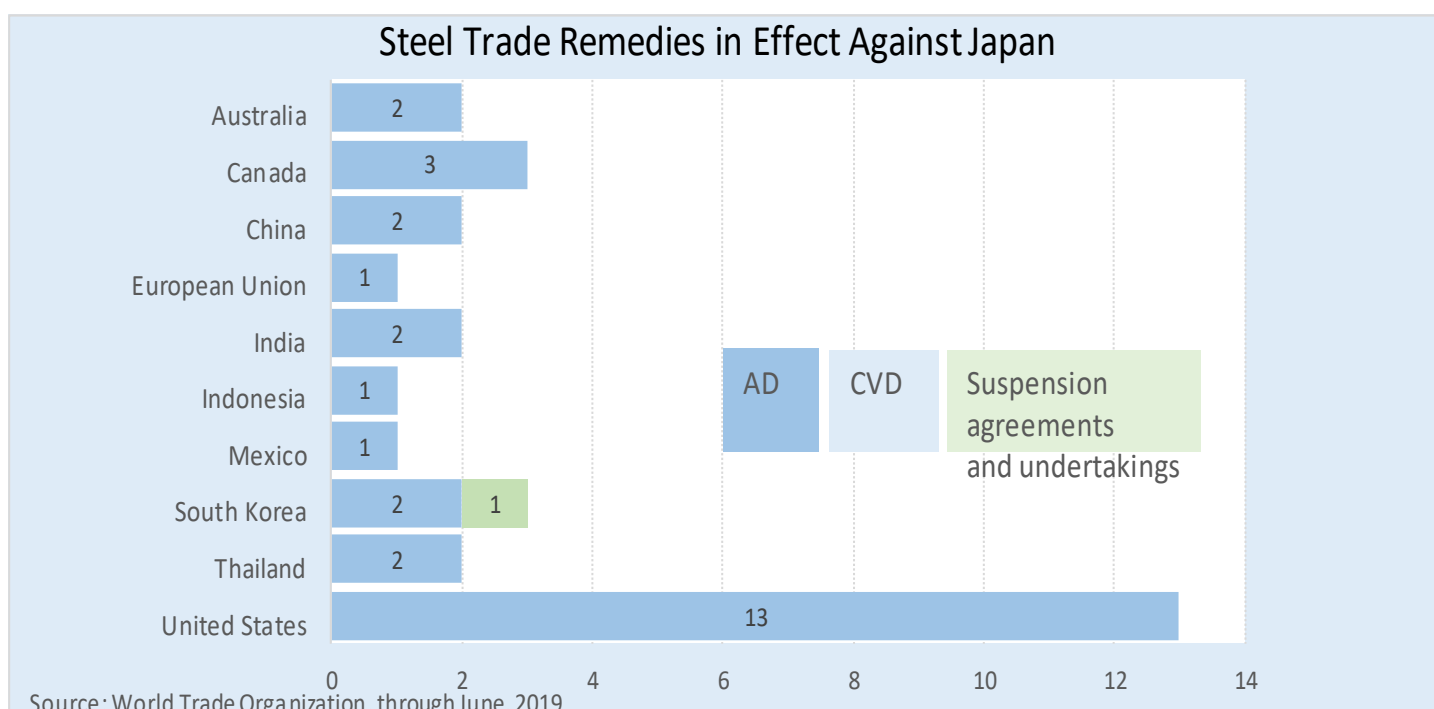
Japan's Top Steel Producers in 2018			
Rank	Company	Production (mmt)	Main Products
1	Nippon Steel and Sumitomo Metal Corporation	49.22	Bars, plates, sheets, pipe and tube, structural, rails, stainless
2	JFE Steel Corporation	29.15	Sheets, plates, pipes, electrical, stainless, bars, wire rods
3	Kobe Steel, Ltd.	6.88	Wire rod, bars, plates, sheets

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

Steel Exports Report: Japan

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 tables below provide statistics on the current number of trade remedies various countries have against steel mill products from Japan.



Global Steel Mill Safeguards in Effect	
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

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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