



Global Steel Trade Monitor

Steel Imports Report: Philippines

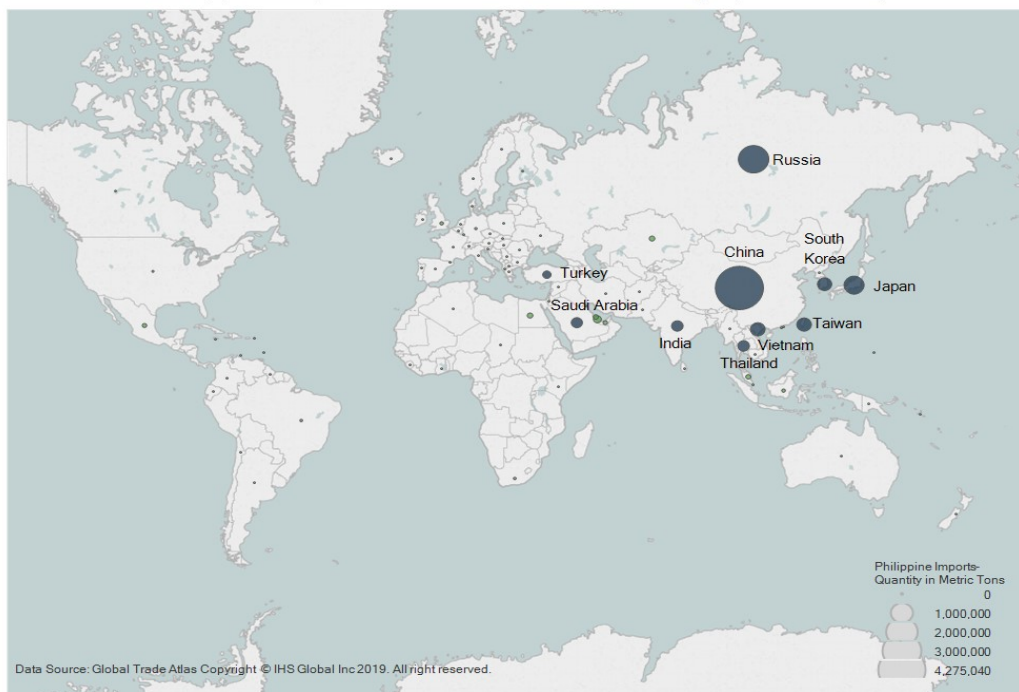
Background

June 2019

The Philippines is the world's 17th-largest steel importer. In 2018, the Philippines imported 9.1 million metric tons of steel, an 11 percent increase from 8.1 million metric tons in 2017. The volume of the Philippines steel imports in 2018 was less than a third of that of the world's largest importer, the United States in 2018. In value terms, steel represented just 5.2 percent of the total goods imported into the Philippines in 2018.

The Philippines imported steel from more than 50 countries and territories in 2018. The 10 countries highlighted in the map below represent the top sources for the Philippines imports of steel, with the Philippines receiving more than 100 thousand metric tons from each and together accounting for 95 percent of Philippines steel imports in 2018.

Philippines Imports of Steel Mill Products-2018 (Top Ten in Blue)



Data Source: Global Trade Atlas Copyright © IHS Global Inc 2019. All right reserved.

Quick Facts:

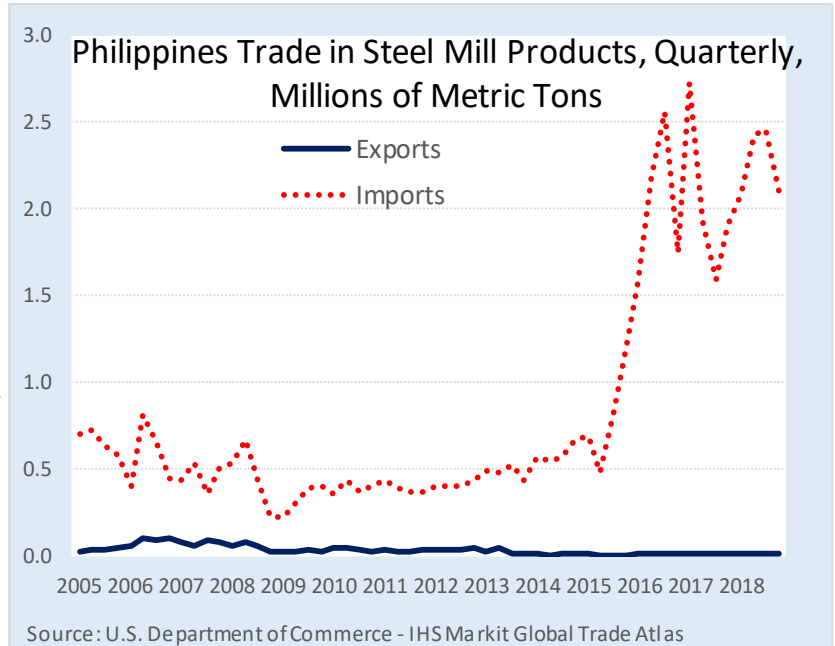
- Imported 9.1 million metric tons of steel mill products (2018)
- 594% steel import growth since 2009
- Year-on-year import volume up 11% while import value up 41%
- Import penetration down from 88.2% in 2016 to 85.6% in 2017
- Top three import sources: China, Russia, Japan
- Largest producers: Steelasia Manufacturing, Stronghold Steel, Treasure Steelworks
- No trade remedies in effect against imports of steel mill products

Steel Imports Report: Philippines

Steel Trade Balance

Between 2005 and 2015, the Philippines maintained an average annual steel trade deficit of -1.9 million metric tons. The dramatic rise in imports in 2016 caused the trade deficit to grow by 152 percent from -3.2 million metric tons in 2015 to -8.0 million metric tons in 2016. In 2018, the trade deficit grew by 11 percent to reach -9.0 million metric tons.

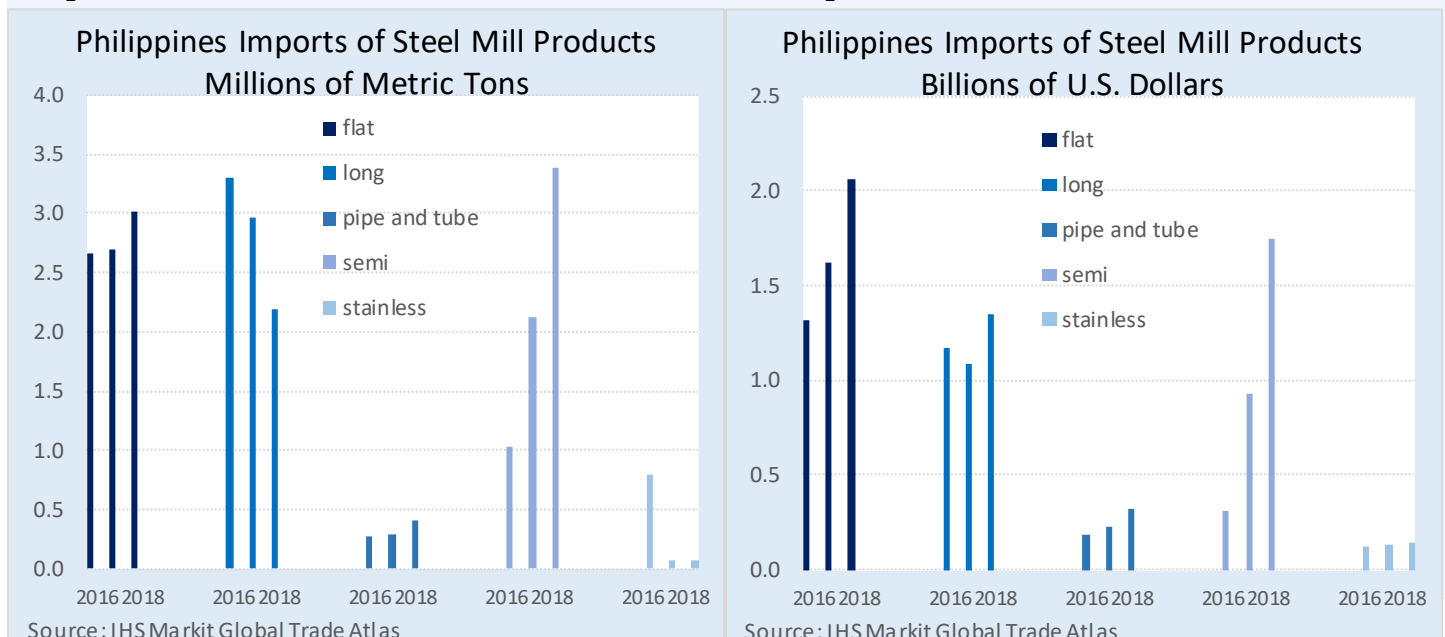
Since 2009 to 2018, the Philippines steel imports have grown 594 percent, while exports have decreased 74 percent.



Import Volume, Value, and Product

Prior to 2015, the Philippines' volume of steel imports displayed moderate annual growth. Imports totaled 1.3 million metric tons in 2009 and by 2014 had increased 79 percent to 2.3 million metric tons. In 2015, imports increased 37 percent from 2014 to 3.2 million metric tons before surging to 8.1 million metric tons in 2016 — a 152 increase from 2015. In 2018, imports increased by 11 percent, to 9.1 million metric tons. The value of the Philippines' 2018 steel imports increased by 41 percent, from \$4.0 billion in 2017 to \$5.6 billion in 2018.

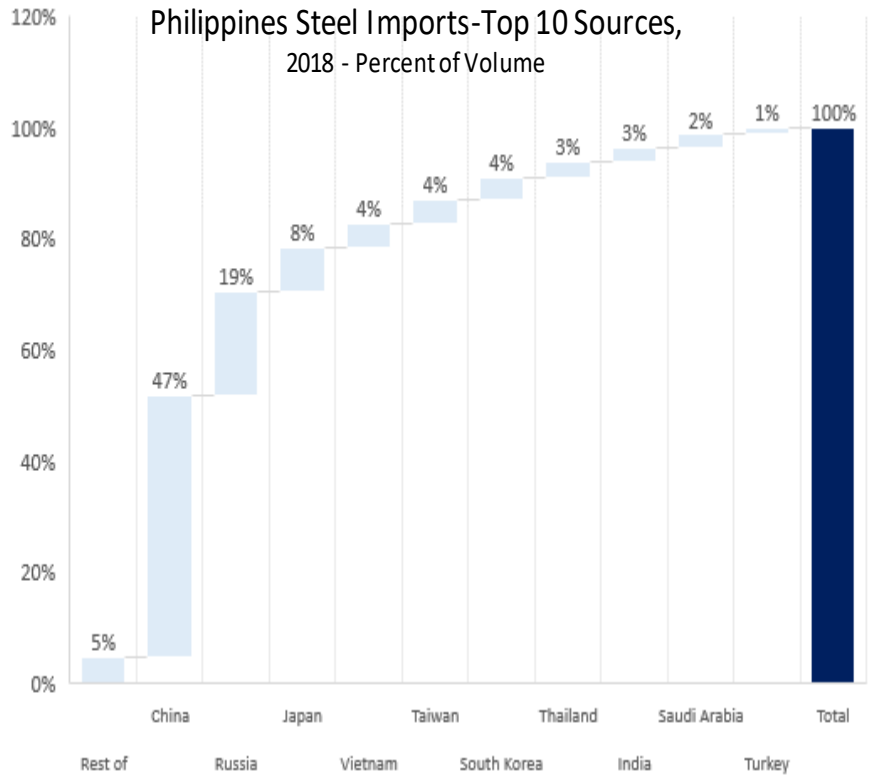
Semi-finished products accounted for 37 percent of the Philippines' steel imports in 2018— a total of 3.4 million metric tons. Flat products accounted for 33 percent of the Philippines' imports (3.0 million metric tons), followed by long products at 24 percent (2.2 million metric tons), pipe and tube at 5 percent (414 thousand metric tons), and stainless at 1 percent (62 thousand metric tons).



Steel Imports Report: Philippines

Imports by Top Source

The top 10 source countries for the Philippines steel imports represented 95 percent of the total steel import volume in 2018 at 8.6 million metric tons (mmt). China accounted for nearly half of the Philippines' imports at 47 percent (4.3 mmt), followed by Russia at 19 percent (1.7 mmt), Japan at 8 percent (726 thousand metric tons), Vietnam at 4 percent (387 thousand metric tons), Taiwan at 4 percent (383 thousand metric tons), South Korea at 4 percent (366 thousand metric tons). Thailand at 3 percent (243 thousand metric tons), India at 3 percent (232 thousand metric tons), Saudi Arabia at 2 percent (217 thousand metric tons), and Turkey at 1 percent (114 thousand metric tons).

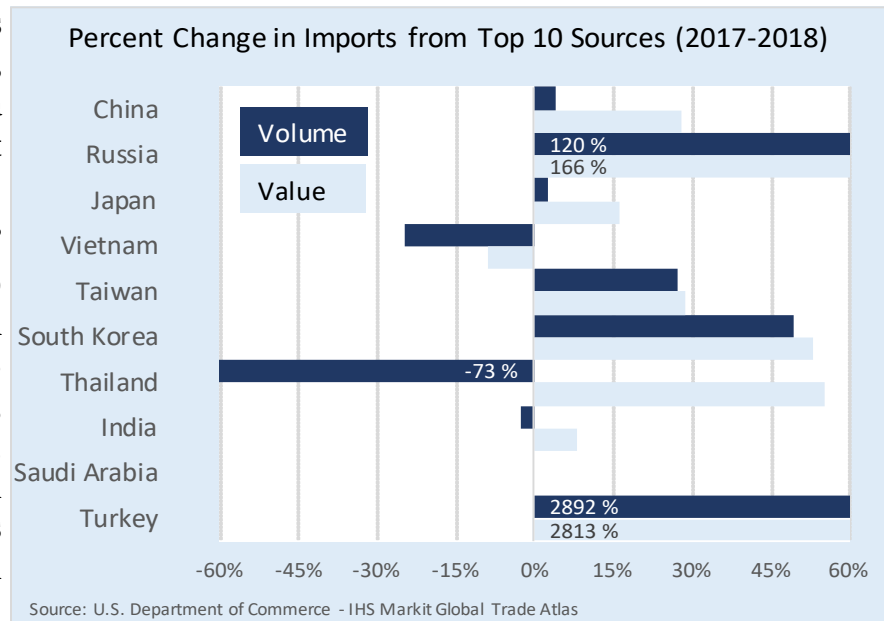


Source: U.S. Department of Commerce - IHS Markit Global Trade Atlas

Trends in Imports from Top Sources

From 2017 to 2018, the volume of the Philippines' imports increased from 6 of the Philippines' top 10 import sources. Imports from Turkey (2,892%), showed the largest volume increase in 2018, followed by Russia (120%), South Korea (49%), Taiwan (27%), China (4%), and Japan (3%). The volume of the Philippines' imports only decreased from Thailand (-73%), Vietnam (-25%) and India (-3%). Data regarding Saudi Arabia was not available.

The overall value of the Philippines' imports increased from 8 of the top 10 sources. The value of imports from Turkey increased the most in 2018 (2,813%), followed by Russia (166%), Thailand (55%), South Korea (53%), Taiwan (29%), China (28%), Japan (16%), and India (8%). Only imports from Vietnam (-9%) decreased in value in 2018.



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

Outside the top 10 sources, other notable volume changes included Philippines' imports from 12th-ranked Egypt (147%), 13th-ranked Kazakhstan (381%), 14th-ranked Malaysia (77%), 16th-ranked United Arab Emirates (1,818%) and 18th-ranked United Kingdom (16,375%).

Steel Imports Report: Philippines

Top Sources by Steel Product Category

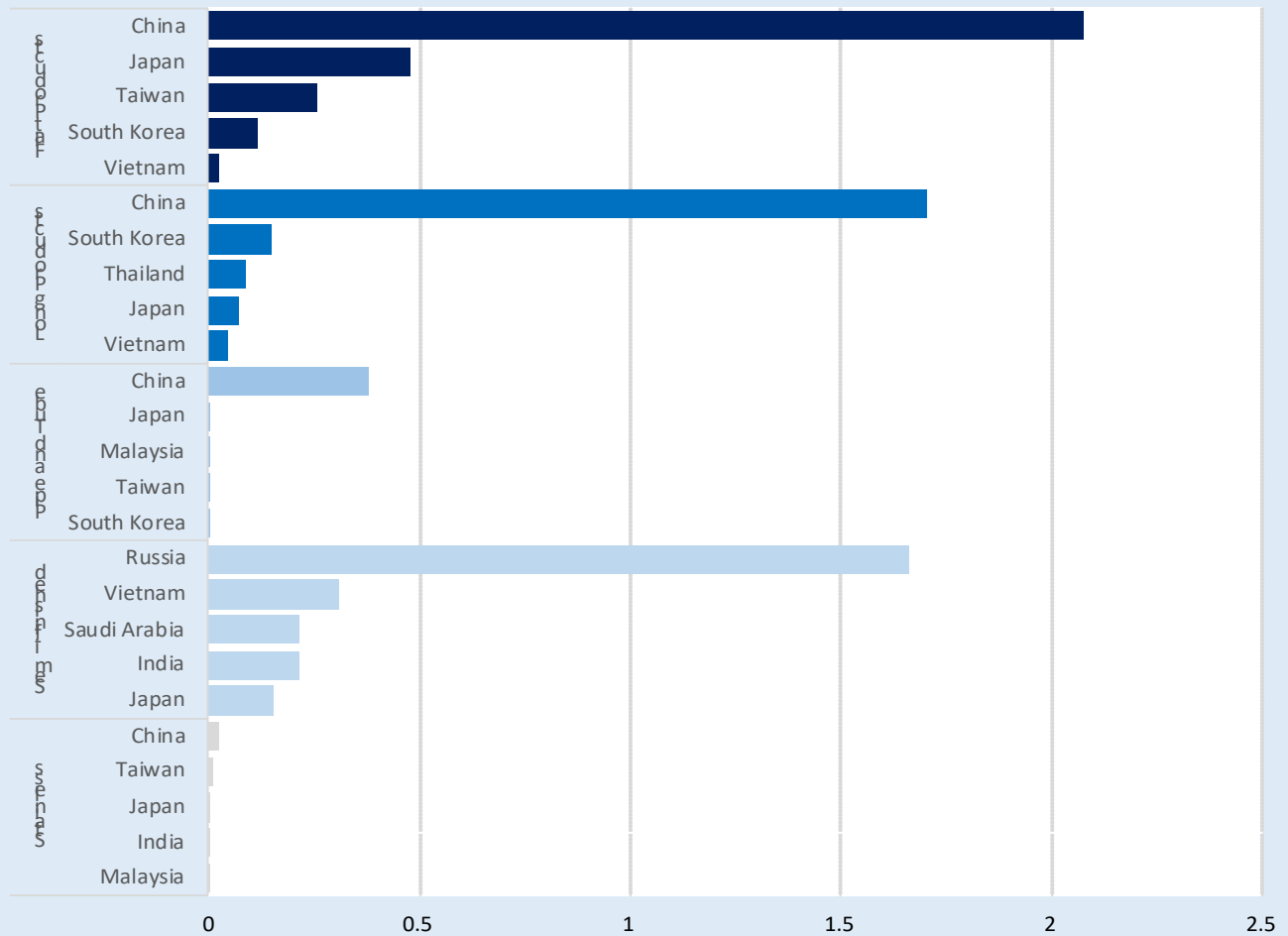
The top source countries for the Philippines' imports by volume vary across types of steel products, although China was the largest source for 4 of the 5 product types. The Philippines imported the largest share of flat products from China in 2018 at 69 percent (2.1 million metric tons), followed by Japan at 16 percent (483 thousand metric tons), and Taiwan at 9 percent (258 thousand metric tons). China was also the largest source for long product imports at 78 percent (1.7 million metric tons), while South Korea sent the second largest share of long products at 7 percent (153 thousand metric tons).

In 2018, nearly all of the Philippines' imports of pipe and tube came from China. In total, 93 percent of all pipe and tube imports were from China (385 million metric tons).

Russia was the largest source of the Philippines' imports of semi-finished steel in 2018, at 49 percent (1.7 million metric tons). Vietnam was the second largest source of semi-finished imports at 9 percent (313 thousand metric tons).

China was the largest source of imported stainless products at 44 percent (27 thousand metric tons), followed by Taiwan at 19 percent (12 thousand metric tons), and Japan at 14 percent (8 thousand metric tons).

Philippines Top 5 Import Sources by Product - 2018



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

Millions of Metric Tons

Steel Imports Report: Philippines

Philippines' Export Market Share from Top Source Countries

In 2018, the share of steel exports sent to the Philippines increased from eight of its top ten import sources, where data was available. The share of China's steel exports to the Philippines showed the largest increase (up 1.2 percentage points), followed by Russia and Thailand, both up 1.0 percentage points. Export shares in Taiwan and Turkey also increased substantially, up 0.9% and 0.7% respectively, while export shares in India, South Korea and Japan increased by less than half a percentage point each.

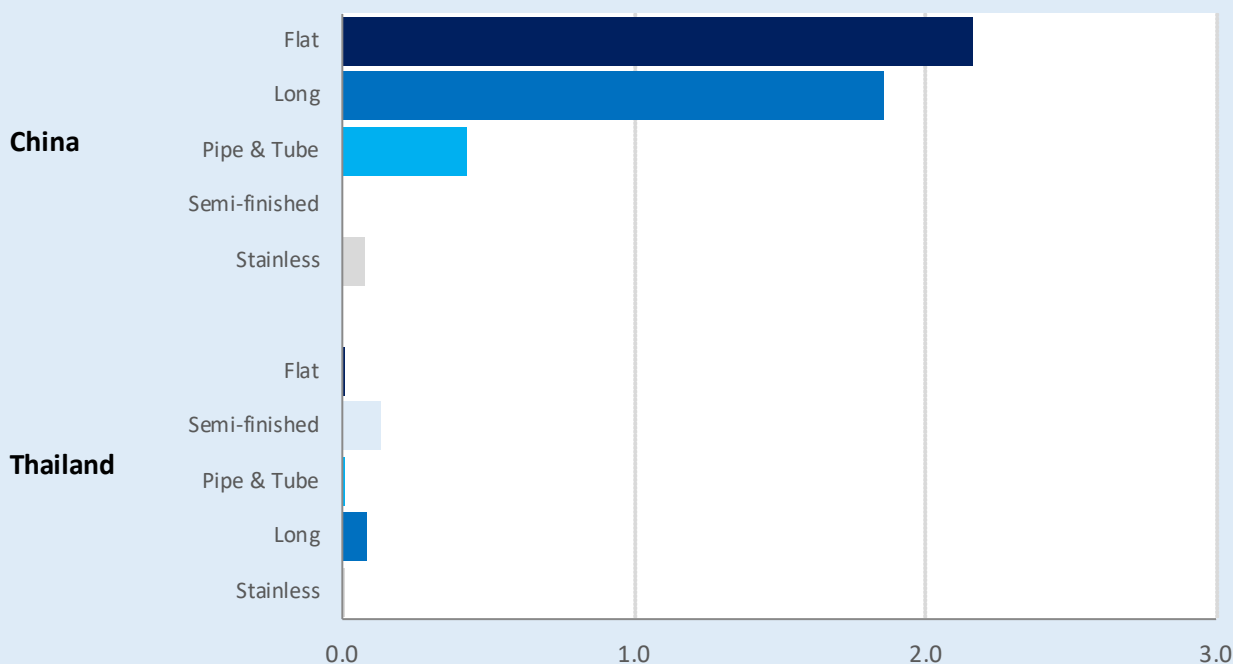
Among the Philippines' top import sources, Thailand and China sent the largest shares of their total steel exports to the Philippines at 12.0 and 6.8 percent, respectively. In 2018, flat products accounted for 48 percent (2.2 million metric

Philippines' Steel Export Market Share					
Top 10 Import Sources	Share of Exports to Philippines - 2017	Philippines' Rank in 2017	Share of Exports to Philippines - 2018	Philippines' Rank in 2018	Change in Share
China	5.6%	3	6.8%	3	↑
Russia	0.3%	39	1.3%	19	↑
Japan	2.1%	11	2.2%	11	↑
Vietnam	N/A	N/A	N/A	N/A	N/A
Taiwan	2.6%	11	3.5%	11	↑
South Korea	1.1%	18	1.2%	16	↑
Thailand	10.9%	2	12.0%	2	↑
India	1.9%	13	2.1%	12	↑
Saudi Arabia	N/A	N/A	N/A	N/A	N/A
Turkey	0.0%	159	0.7%	32	↑

Source: IHS Markit Global Trade Atlas, based on import data per reporting country
 * Export Data for Vietnam & Saudi Arabia is unavailable

tons) of China's exports to the Philippines, while long products accounted for 41 percent (1.9 million metric tons), and pipe and tube products accounted for 9 percent (424 thousand metric tons). Semi-finished products accounted for 59 percent of Thailand's exports to the Philippines (131 thousand metric tons), while long products accounted for 39 percent (87 thousand metric tons).

Steel Import Composition of Top Market-Share Countries - 2018

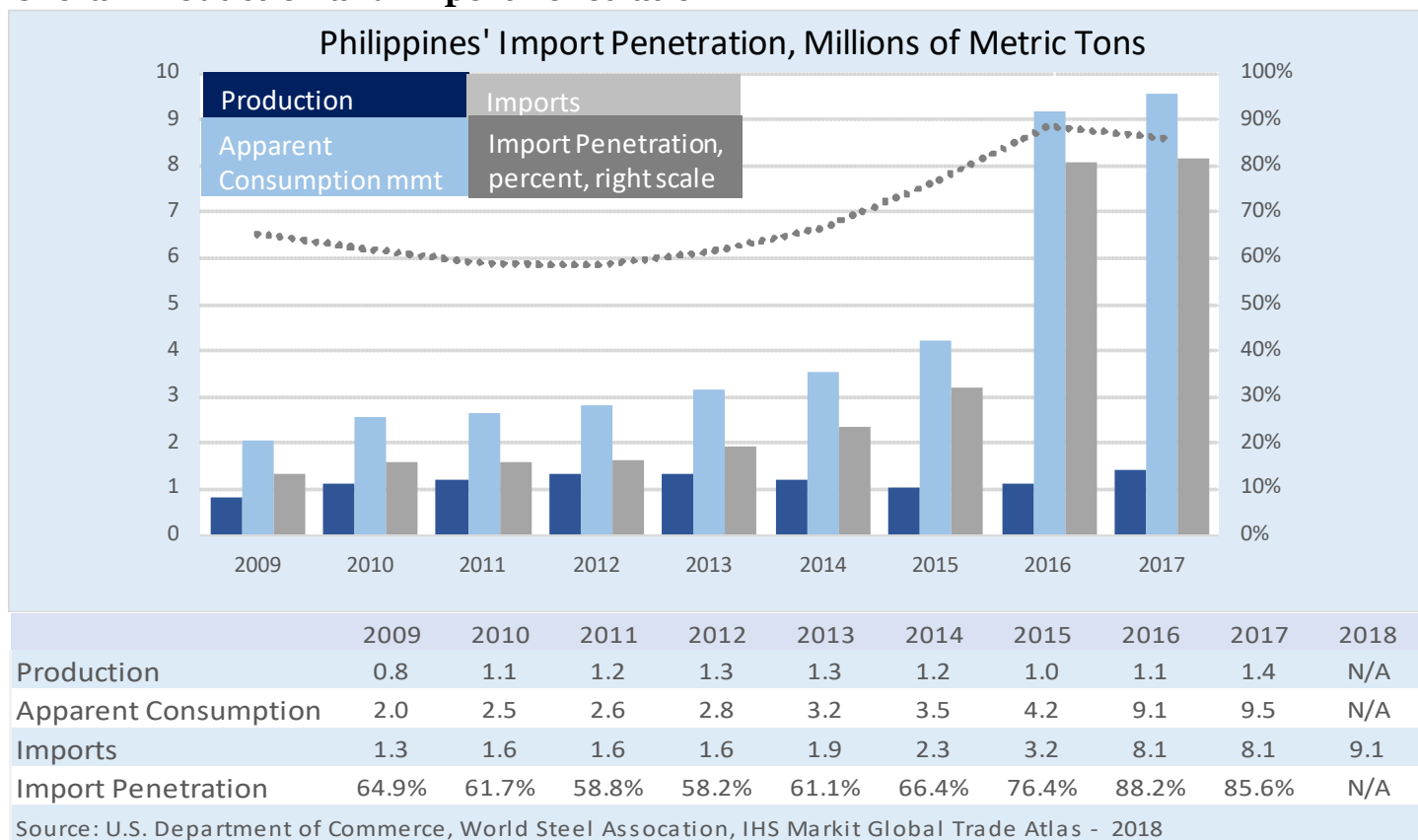


Source: IHS Markit Global Trade Atlas, based on import data per reporting country

Millions of Metric Tons

Steel Imports Report: Philippines

Overall Production and Import Penetration



The Philippines' crude steel production increased by 75 percent between 2009 and 2017. Production in 2017 (the latest year for which data is available), increased 27 percent to 1.4 million metric tons from 1.1 million metric tons in 2016. Apparent consumption (a measure of steel demand) has increasingly outpaced production since 2009. The gap between demand and production remained relatively stable between 2009 and 2013 but widened rapidly since 2014 to reach -8.1 million metric tons in 2017. Since 2009, import penetration has remained consistently above 50 percent. After decreasing by 5 percentage points between 2009 and 2012, import penetration jumped 11.5 percentage points to 88.2 percent in 2016, before declining slightly to 85.6 percent in 2017.

Top Producers

The Philippines has three steel-making companies, the majority of which use electric arc furnace technology to produce steel. Two of the producers — Stronghold Steel and Treasure Steelworks — are subsidiaries of the holding company, TKC Metals Corporation. The Philippines also has a number of rolling mills that produce long products, flat products, wire products, pipe and tube, and galvanized products.

Philippines' Top Steel Producers in 2017

Company	Capacity (mmt)	Main Products
Treasure Steelworks Corp. (subsidiary of TKC)	0.3	Billets
Steelasia Manufacturing Corp.	2.1	Reinforcing bars

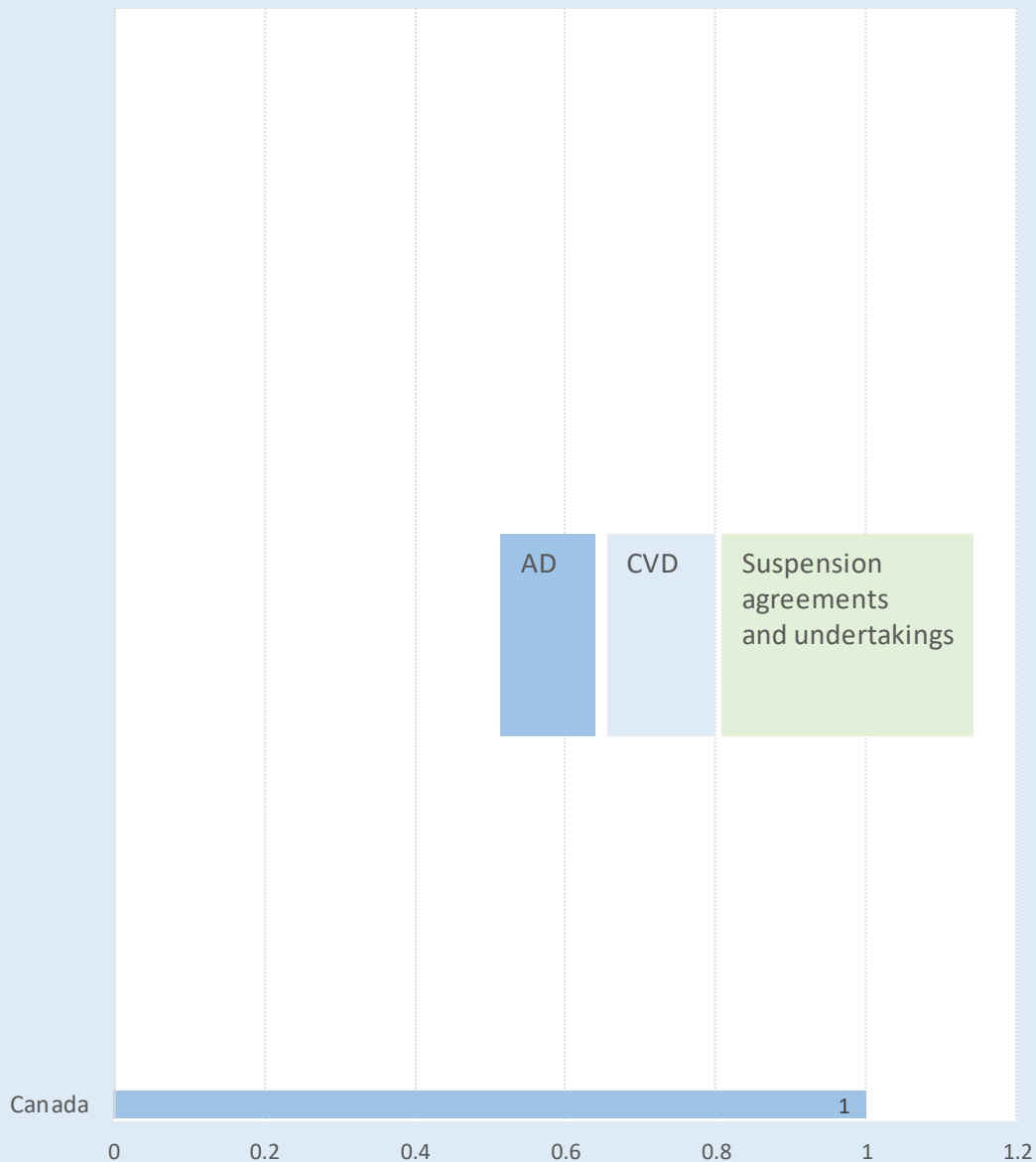
Source: Metal Bulletin, Iron and Steelworks of the World Directory 2017; Philippine Iron and Steel Institute; Company websites

Steel Imports Report: **Philippines**

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 Philippines has no trade remedies in effect against steel mill imports.

Philippines' Trade Remedies in Effect Against Steel Mill Imports



Source: World Trade Organization, through June 30, 2018

Steel Imports 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.

Special Note on U.S. Import Data: Import data for the United States used in this report are general imports, rather than imports for consumption, so as to be consistent across countries. Therefore, U.S. import data in this report may not match similar data used in our other U.S. import data products.

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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