



# Global Steel Trade Monitor

## Steel Exports Report: China

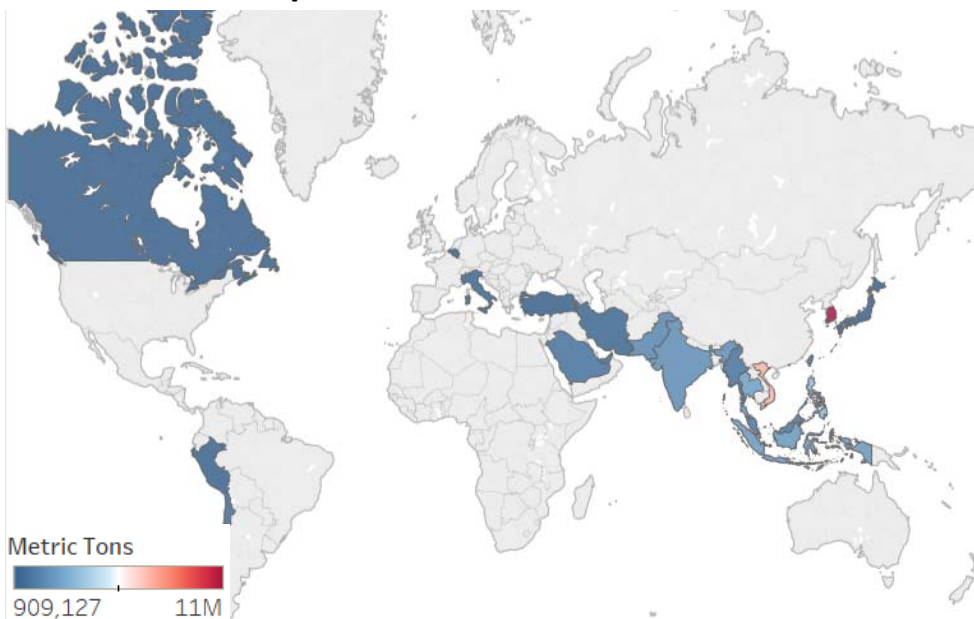
### Background

March 2018

China is the world's largest steel exporter. In 2017, China exported 73.3 million metric tons of steel, a 31 percent decrease from 106.6 million metric tons in 2016. China's exports represented about 23 percent of all steel exported globally in 2016, based on available data. The volume of China's 2017 steel exports was nearly double that of the world's second-, third-, and fourth-largest exporters, Japan, South Korea, and Russia. In value terms, steel represented just 2.4 percent of the total amount of goods China exported in 2016.

China exports steel to more than 250 countries and territories. The 22 countries highlighted in the map below represent the top markets for China's exports of steel, receiving more than 900 thousand metric tons each and accounting for 72 percent of China's steel exports in 2017.

### China's Exports of Steel Mill Products - 2017



### Quick Facts:

- World's largest steel exporter: 73.3 million metric tons (2017)
- 219% steel export growth since 2009
- Exports as a share of production down from 13.5% in 2016 to 8.8% in 2017
- Year-on-year export volume down 31% while export value down 2%
- Top three markets: South Korea, Vietnam, Philippines
- Largest producers: Baowu Group and Hesteel Group
- 134 trade remedies in effect in 20 countries involving steel mill imports from China

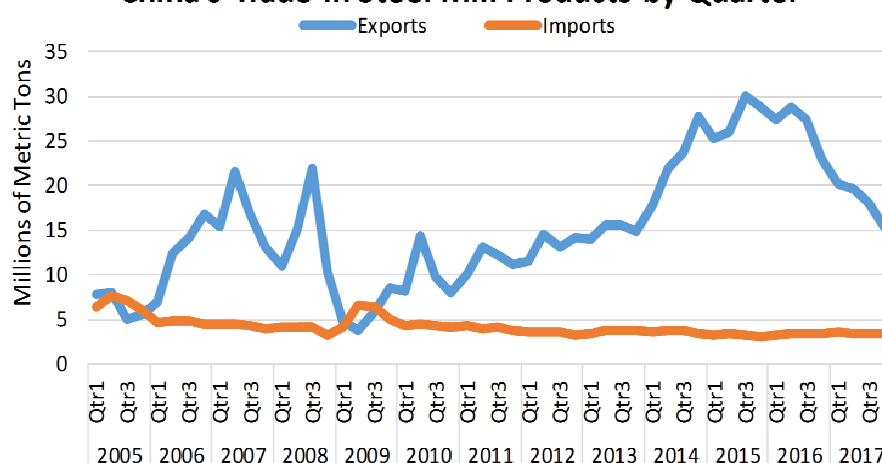
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## Steel Exports Report: China

### Steel Trade Balance

For most of the last decade, China has maintained a trade surplus in steel products. After a brief trade deficit in 2009 as exports fell in the wake of the global recession, China's exports have increased dramatically, growing 219 percent between 2009 and 2017. Imports decreased by 38 percent over the same period. A dip in exports in 2017 caused China's trade surplus to narrow by 36 percent to 59.5 million metric tons from 93.1 million metric tons in 2016.

### China's Trade in Steel Mill Products by Quarter

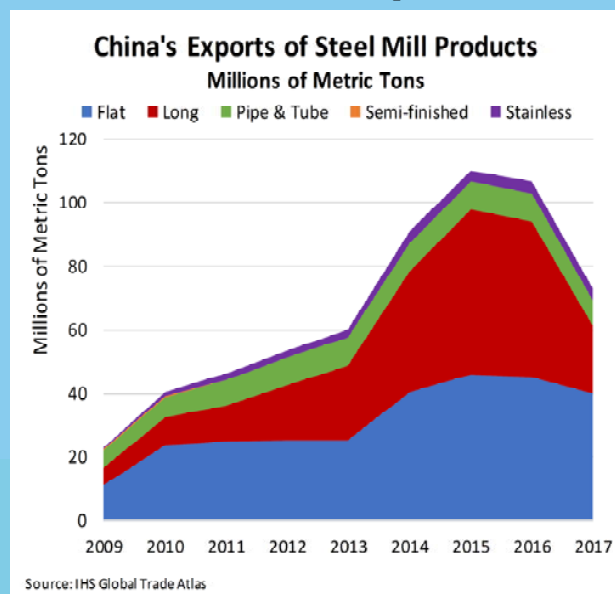


Source: IHS Global Trade Atlas

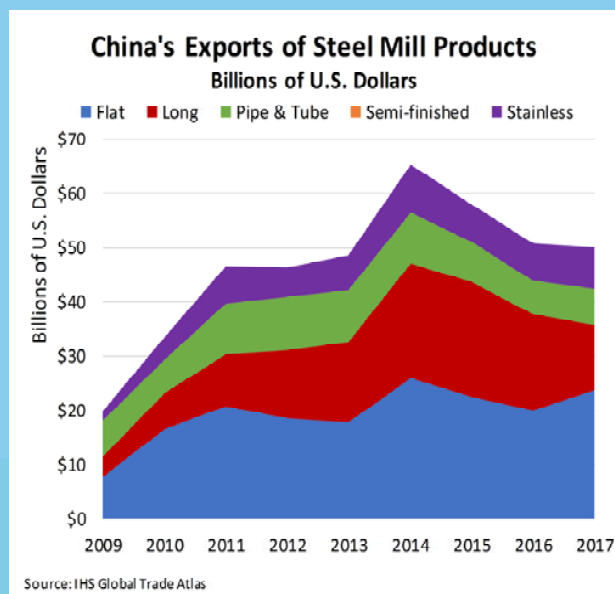
### Export Volume, Value, and Product

In 2015, China's steel exports reached a record high of 110 million metric tons — an increase of 20.5 percent from 2014. In 2017, exports decreased 31 percent from 2016 for a total export volume of 73.3 million metric tons. By contrast, the value of China's steel exports declined by 11.4 percent between 2014 and 2015 and by 12.1 percent between 2015 and 2016. Exports valued \$50 billion in 2017, a decline of 2 percent from 2016 export value of \$50.9 billion.

Flat products have surpassed long products to account for the largest share of China's steel exports. In 2017, 55 percent of China's steel exports were of flat products (40 million metric tons). Long products accounted for 29 percent (21.6 million metric tons) of exports, followed by pipe and tube products at 11 percent (7.8 million metric tons), stainless steel at 5 percent (3.8 million metric tons), and semi-finished steel at 0.02 percent (11.8 thousand metric tons).



Source: IHS Global Trade Atlas



Source: IHS Global Trade Atlas

## Steel Exports Report: China

### Exports by Top Market

Exports to China's top 10 steel markets represented 53 percent of China's steel export volume in 2017 at 38.7 million metric tons (mmt). South Korea received the largest share of China's exports with 15 percent (11.3 mmt), followed by Vietnam at 10 percent (7.6 mmt) and the Philippines at 6 percent (4.1 mmt). Thailand, Indonesia, and India each received 4 percent of China's exports (3.1 mmt, 2.9 mmt, and 2.5 mmt, respectively), and Pakistan remained in the top ten with 3 percent (2.3 mmt).



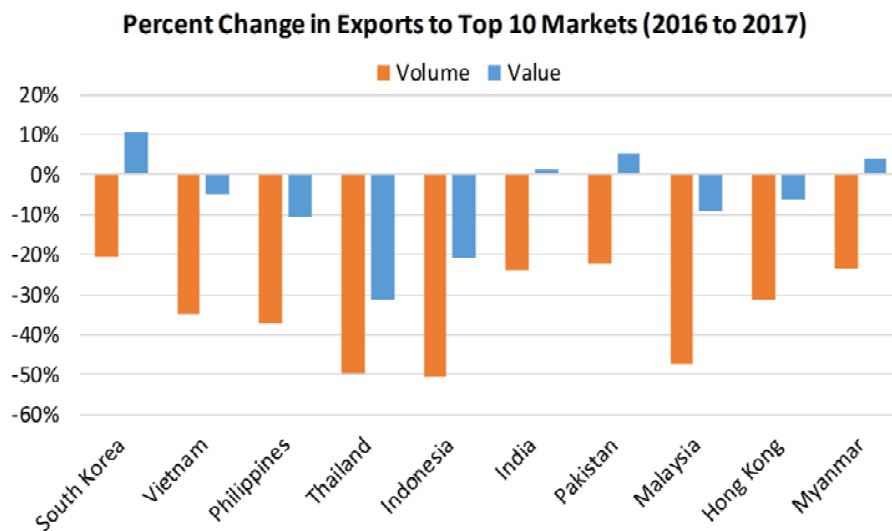
Source: IHS Global Trade Atlas

The United States ranked 26th as a destination for China's steel exports, receiving just 1.1 percent of exports (0.8 mmt) in 2017 — compared to ranking 25th in 2016 with 0.8 percent of exports (0.8 mmt).

### Trends in Exports to Top Markets

Between 2016 and 2017, China's exports to its top 10 markets decreased in volume to all of the top 10. Export volumes to Indonesia showed the largest decrease, down 50.5 percent from 2016, followed by exports to Thailand (down 49.8%), Malaysia (down 47.4%), the Philippines (down 37.4%), Vietnam (down 34.7%) and Hong Kong (down 31.2%).

In value terms, however, changes were mixed between 2016 and 2017 as export values decreased in six of China's top 10 export markets. Thailand experienced the largest decrease in export value from China, down 31.2 percent, followed by Indonesia (down 21%) and the Philippines (down 10.8%). Exports to South Korea showed



Source: IHS Global Trade Atlas

the largest increase in value in 2017, up 10.5 percent, followed by exports to the Pakistan (up 5.1%) and Myanmar (up 4.1%).

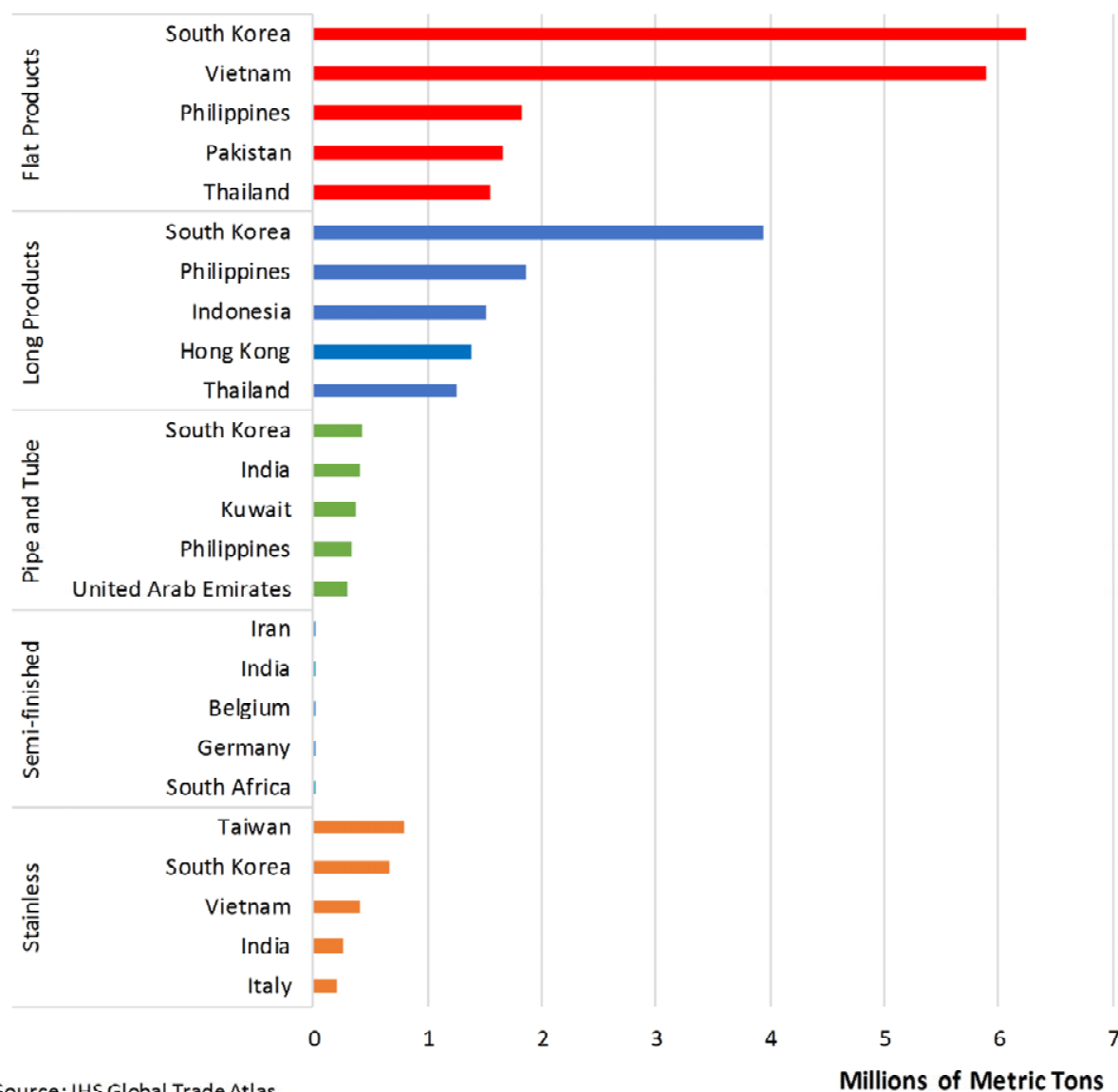
## Steel Exports Report: **China**

### Top Markets by Steel Product Category

China's top export markets by volume vary across types of steel products. However, South Korea receives the largest share of China's flat products at 16 percent (6.3 million metric tons), long products at 18 percent (3.9 mmt), and pipe and tube at 5 percent (0.4 mmt). Taiwan received the largest share of stainless exports at 21 percent (786.7 thousand metric tons).

China exported a negligible amount of semi-finished steel in 2017 — only 0.02 percent of steel exports — and the majority went to Iran (41% or 4.8 thousand metric tons). The United States was not a top-five export destination in 2017.

**China's Top 5 Export Markets by Product - 2017**



## Steel Exports Report: **China**

### China's Import Market Share in Top Destinations

In 2016, the import market share for China's steel products increased in all of China's top export destinations except.

Countries with notable increases in their share of steel imports from China included Myanmar (up 81.2 percentage points from 2015), the Philippines (up 72.6 percentage points), Hong Kong (up 69.7 percentage points), and South Korea (up 61.6 percentage points).

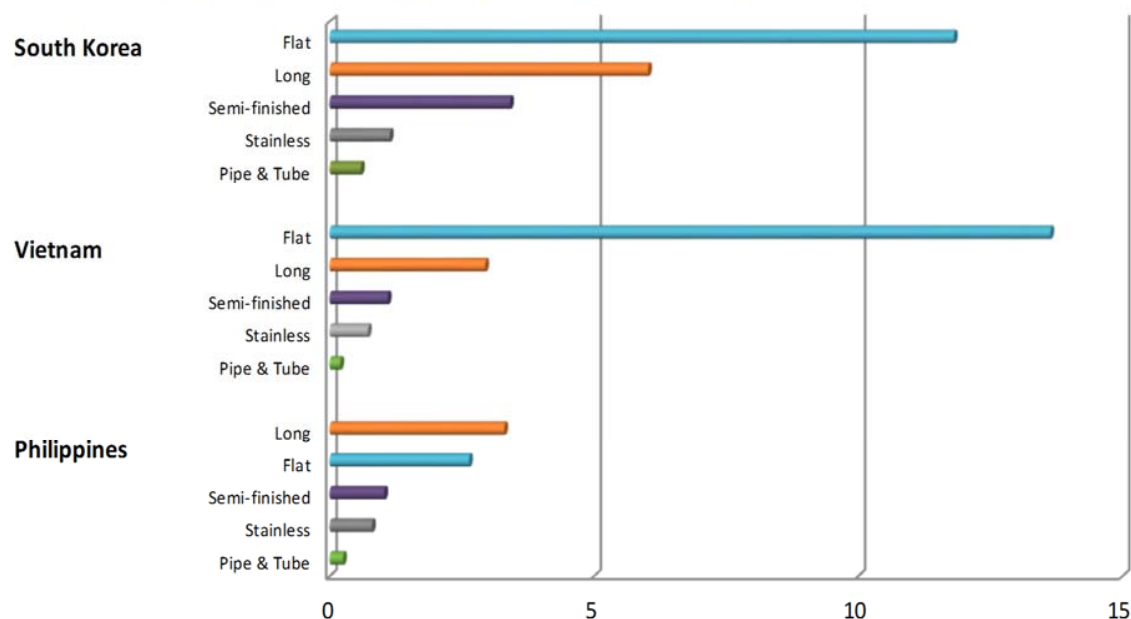
Among China's top export markets, South Korea, the Philippines, Pakistan, Hong Kong and Myanmar received more than 60 percent of their total steel imports from China.

| China's Steel Import Market Share |                                    |                      |                                    |                      |
|-----------------------------------|------------------------------------|----------------------|------------------------------------|----------------------|
| Top 10 Export Destinations        | Share of Imports from China - 2015 | China's Rank in 2015 | Share of Imports from China - 2016 | China's Rank in 2016 |
| South Korea                       | 62.3%                              | 1                    | 61.6%                              | 1                    |
| <b>Vietnam</b>                    | <b>60.7%</b>                       | <b>1</b>             | <b>58.7%</b>                       | <b>1</b>             |
| Philippines                       | 69.7%                              | 1                    | 72.6%                              | 1                    |
| <b>Thailand</b>                   | <b>31.2%</b>                       | <b>2</b>             | <b>36.3%</b>                       | <b>1</b>             |
| Indonesia                         | 44.2%                              | 1                    | 46.8%                              | 1                    |
| <b>India</b>                      | <b>33.4%</b>                       | <b>1</b>             | <b>34.0%</b>                       | <b>1</b>             |
| Pakistan                          | 70.0%                              | 1                    | 59.2%                              | 1                    |
| <b>Malaysia</b>                   | <b>44.5%</b>                       | <b>1</b>             | <b>40.7%</b>                       | <b>1</b>             |
| Hong Kong                         | 66.2%                              | 1                    | 69.7%                              | 1                    |
| <b>Myanmar</b>                    | <b>74.1%</b>                       | <b>1</b>             | <b>81.2%</b>                       | <b>1</b>             |

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

In 2016, flat products accounted for the largest share of steel imports from China in both Viet Nam (73% or 13.6 million metric tons) and South Korea (51% or 11.8 million metric tons), while long products accounted for the largest share of the Philippines' imports from China (41% or 3.3 million metric tons).

### Steel Import Composition of Top Market-Share Countries - 2016

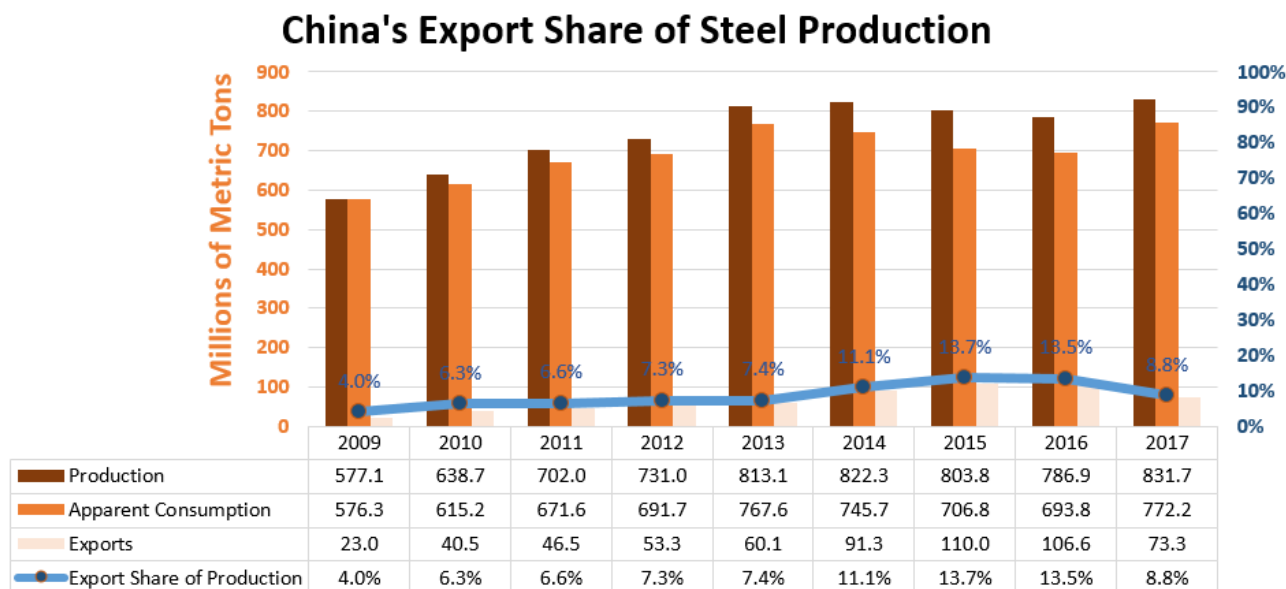


Source: IHS Global Trade Atlas, based on import data per reporting country

Millions of Metric Tons

# Steel Exports Report: China

## Overall Production and Export Share of Production



Sources: World Steel Association; IHS Global Trade Atlas

China's crude steel production increased steadily between 2009 and 2014, remained relatively flat for a couple of years, and rose to its highest level in 2017. Production in 2017 increased 5.7 percent to 831.7 million metric tons from 786.9 million metric tons in 2016. The gap between production and apparent consumption (a measure of steel demand), which was nearly non-existent in 2009, has grown steadily larger. By 2016, China's production outpaced the country's demand by 93.1 million metric tons. In 2017, the gap narrowed to 59.5 million metric tons. Between 2009 and 2016, China's steel exports as a share of production more than tripled from 4 percent to 13.5 percent. In 2017, the export share of production decreased to 8.8 percent.

### Top Producers

China Baowu Group is China's largest steel-producing company. China's steel production is spread out across many companies, with the country's top 10 producers accounting for only 291.3 million metric tons, or 36 percent, of total 2016 production, based on available data.

| China's Top Steel Producers in 2016 |                      |                  |  |
|-------------------------------------|----------------------|------------------|--|
| Rank                                | Company              | Production (mmt) | Main Products                            |
| 1                                   | China Baowu Group    | 63.8             | Billets, tubes, pipes, bars, plates      |
| 2                                   | HBIS Group (Hesteel) | 46.2             | Plates, sheets, wire rod, bars, sections |
| 3                                   | Shagang Group        | 33.3             | Rebar, wire rod, slabs, coils            |
| 4                                   | Ansteel Group        | 33.2             | Wire rod, pipe, plates, cold-rolled      |
| 5                                   | Shougang Group       | 26.8             | Plates, strips, wire, pipes              |
| 6                                   | Shandong Steel Group | 23               | H-beams, strip, plates, bars             |
| 7                                   | Maanshan Steel       | 18.6             | Sheets, sections, wire, bars             |
| 8                                   | Jianlong Group       | 16.5             | Sheets, strips, rebar, billets, pipes    |
| 9                                   | Valin Group          | 15.5             | Pipe & tube, wire, wire rod              |
| 10                                  | Benxi Steel          | 14.4             | Coils, sheets, plates                    |

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



## Steel Exports Report: **China**

### 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.

| Steel Mill Trade Remedies in Effect Against China |            |           |  |            |
|---|------------|-----------|--|------------|
| Country   | AD         | CVD       | Suspension Agreements and Undertakings | Total      |
| Australia   | 6          | 4         |  | 10         |
| Brazil  | 9          |           |  | 9          |
| Canada  | 11         | 9         |  | 20         |
| Chile   | 1          |           |  | 1          |
| Colombia  | 3          |           |  | 3          |
| Dominican Republic                                | 1          |           |  | 1          |
| Eurasian Economic Union                           | 2          |           | 1                                      | 3          |
| European Union                                    | 9          | 2         | 1                                      | 12         |
| India   | 5          |           |  | 5          |
| Indonesia   | 5          |           |  | 5          |
| Malaysia  | 5          |           |  | 5          |
| Mexico  | 9          |           |  | 9          |
| Pakistan  | 3          |           |  | 3          |
| South Korea                                       |            |           | 1                                      | 1          |
| Taiwan  | 1          |           | 2                                      | 3          |
| Thailand  | 10         |           |  | 10         |
| Turkey  | 3          |           |  | 3          |
| Ukraine   |            |           | 1                                      | 1          |
| United States                                     | 16         | 12        |  | 18         |
| Vietnam   | 2          |           |  | 2          |
| <b>TOTAL</b>                                      | <b>101</b> | <b>27</b> | <b>6</b>                               | <b>134</b> |

Source: World Trade Organization, through June 30, 2017

| Global Steel Mill Safeguards in Effect |   |
|--|---|
| Country                                | Product(s)  |
| India                                  | 1) Hot-rolled steel in coils; 2) Hot-rolled steel flat sheets and plates  |
| Indonesia                              | 1) Flat-rolled products of iron or non-alloy steel; 3) I and H sections of other alloy steel; 4) Bars and rods, hot-rolled, in irregularly wound coils  |
| Malaysia                               | 1) Hot-rolled steel plate; 2) Steel concrete reinforcing bar; 3) 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                                | Semi-finished and certain finished products of alloy and non-alloy steel  |

Source: World Trade Organization, through February 28, 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.

**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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