INTERNATIONAL TRADE ADMINISTRATION

Global Steel Trade Monitor

Steel Imports Report: **China**

March 2017

Background

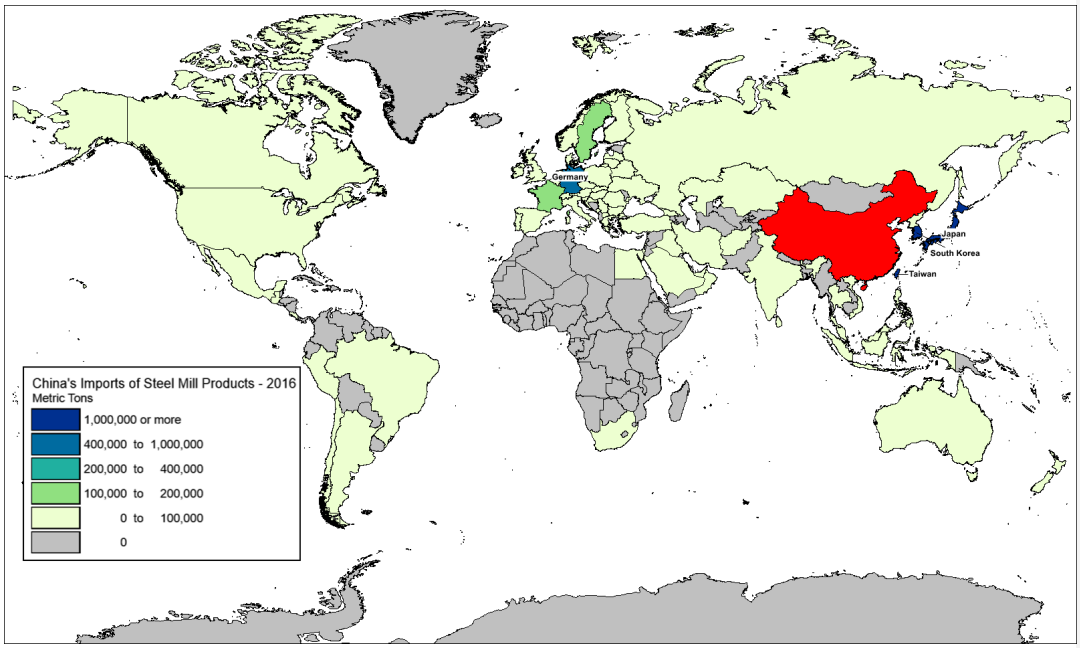
China is the world's fifth largest steel importer. In 2016, China imported 13.4 million metric tons of steel, a 3 percent increase from 13 million metric tons in 2015. China's imports represented about 3.5 percent of all steel imported globally in 2015. The volume of China's 2016 steel imports was less than half that of the world's largest importer, the United States. In value terms, steel represented just 0.8 percent of the total goods imported into China in 2016.

In 2016, China imported steel from over 75 countries and territories. The four countries labeled in the map below represent the top import sources for China's imports of steel, with each sending more than 400 thousand metric tons to China and together accounting for 90 percent of China's steel imports in 2016.

Quick Facts:

- World's fifth largest steel importer: 13.4 million metric tons (2016)
- 39% steel import decline since 2009
- Year-on-year import volume up 3% while import value down 8%
- Import penetration down from 3.9% in 2009 to 1.9% in 2016
- Top three import sources: Japan, South Korea, Taiwan
- Largest producers: Hesteel Group and Baosteel Group
- 5 trade remedies in effect against imports of steel mill products

China's Imports of Steel Mill Products - 2016



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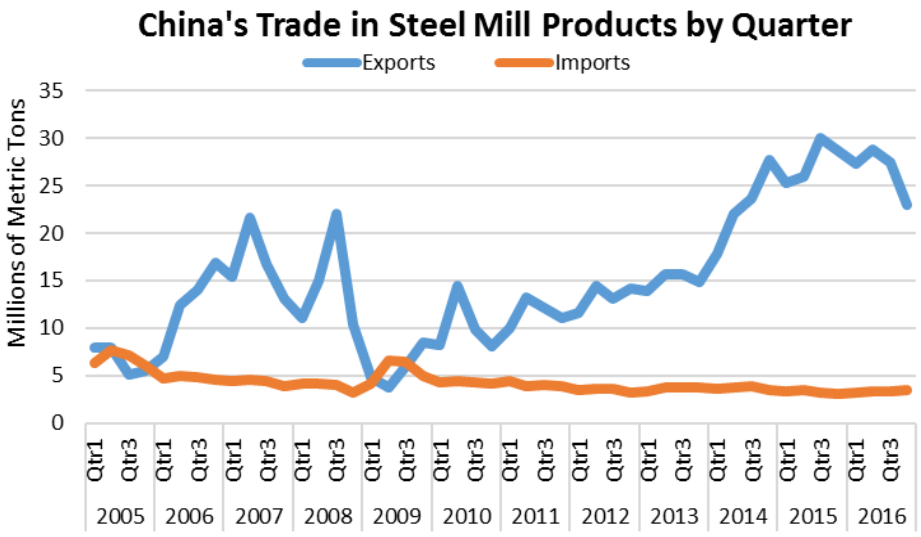
Steel Trade Balance

In 2005, China's steel exports and imports were virtually in balance. Since then, however, China's exports have increased dramatically, growing 363 percent between 2009 and 2016 alone, while imports decreased by 39 percent over the same period.

China has posted a steel trade surplus every year since 2006. In 2016, this surplus amounted to 93 million metric tons, a 3 percent decrease since 2015.

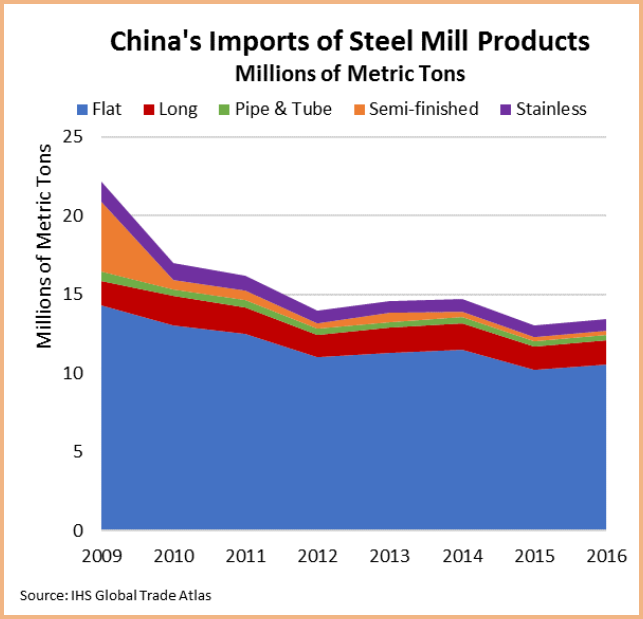


Source: IHS Global Trade Atlas

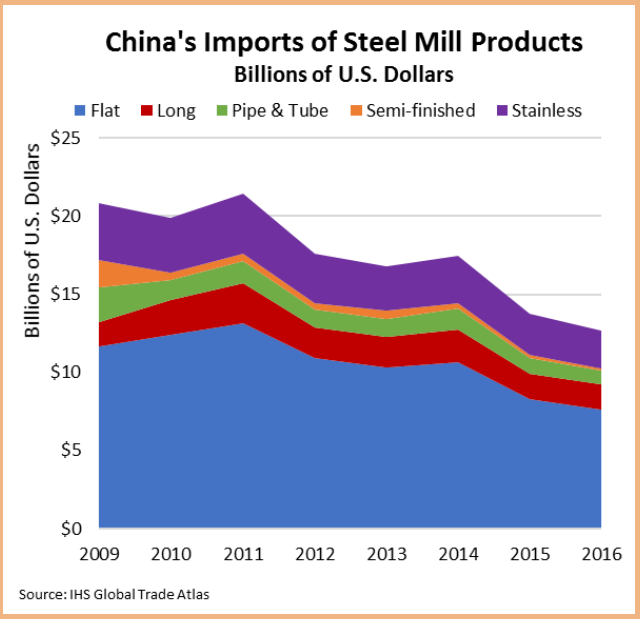
Import Volume, Value, and Product

China's level of steel imports has been trending downwards in recent years. However, in 2016 the volume of China's steel imports increased by 3 percent to 13.4 million metric tons from 13 million metric tons in 2015. By contrast, the value of China's 2016 steel imports declined, down 8 percent to $12.7 billion from $13.8 billion in 2015, which can be attributed to a significant drop in global steel prices.

Flat products account for the largest share of China's steel imports. In 2016, China imported 10.6 million metric tons of flat products — 79 percent of total steel imports. Long products accounted for 12 percent, or 1.6 million metric tons, of China's imports, followed by stainless products (5% or 708 thousand metric tons), pipe and tube (2% or 327 thousand metric tons), and semi-finished steel (2% or 261 thousand metric tons).



Source: IHS Global Trade Atlas



Source: IHS Global Trade Atlas

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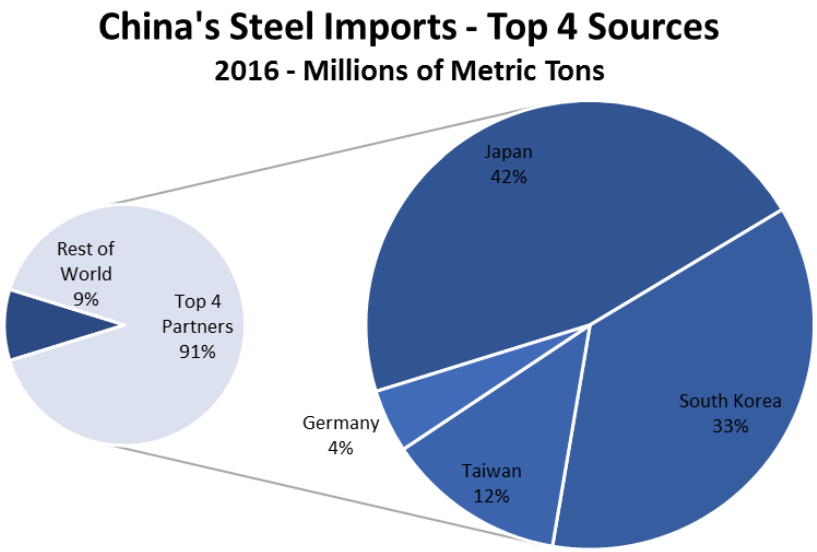
Imports by Top Source

The top 4 source countries for China's steel imports represented 91 percent of the total steel import volume in 2016 at 12.2 million metrics tons (mmt). Japan accounted for the largest share of China's imports by source country at 42 percent (5.6 mmt), followed by South Korea at 33 percent (4.4 mmt), Taiwan at 12 percent (1.6 mmt), and Germany at 4 percent (0.5 mmt).



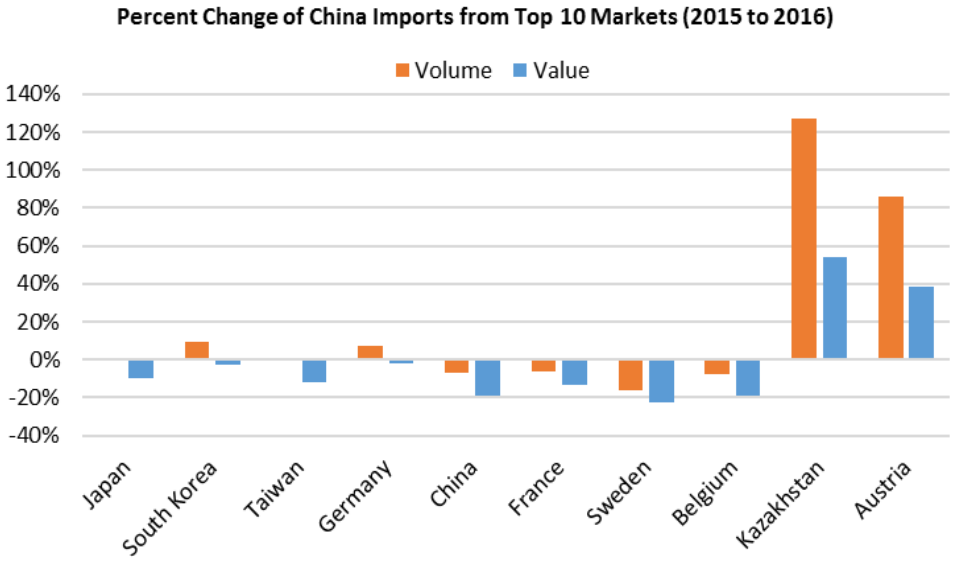
Source: IHS Global Trade Atlas

The United States ranked twelfth as a source for China's steel imports in 2016. China imported 64 thousand metric tons from the U.S. in 2016 — a 18 percent decline from 78 thousand metric tons in 2015.

Trends in Imports from Top Sources

The volume of China's steel imports decreased from five of China's top 10 steel import sources between 2015 and 2016. The overall value of China's imports decreased from eight of the top ten, at a noticeably higher growth rate, however, reflecting the decline in global steel prices.

Considerable decreases in steel import value between 2015 and 2016 included China's imports from Sweden (down 22.5% from 2015), China (down 19.2%), and Belgium (down 19.1%). Only imports from Kazakhstan and Austria increased in value, up 53.8 percent and 38.2 percent, respectively.



Source: IHS Global Trade Atlas

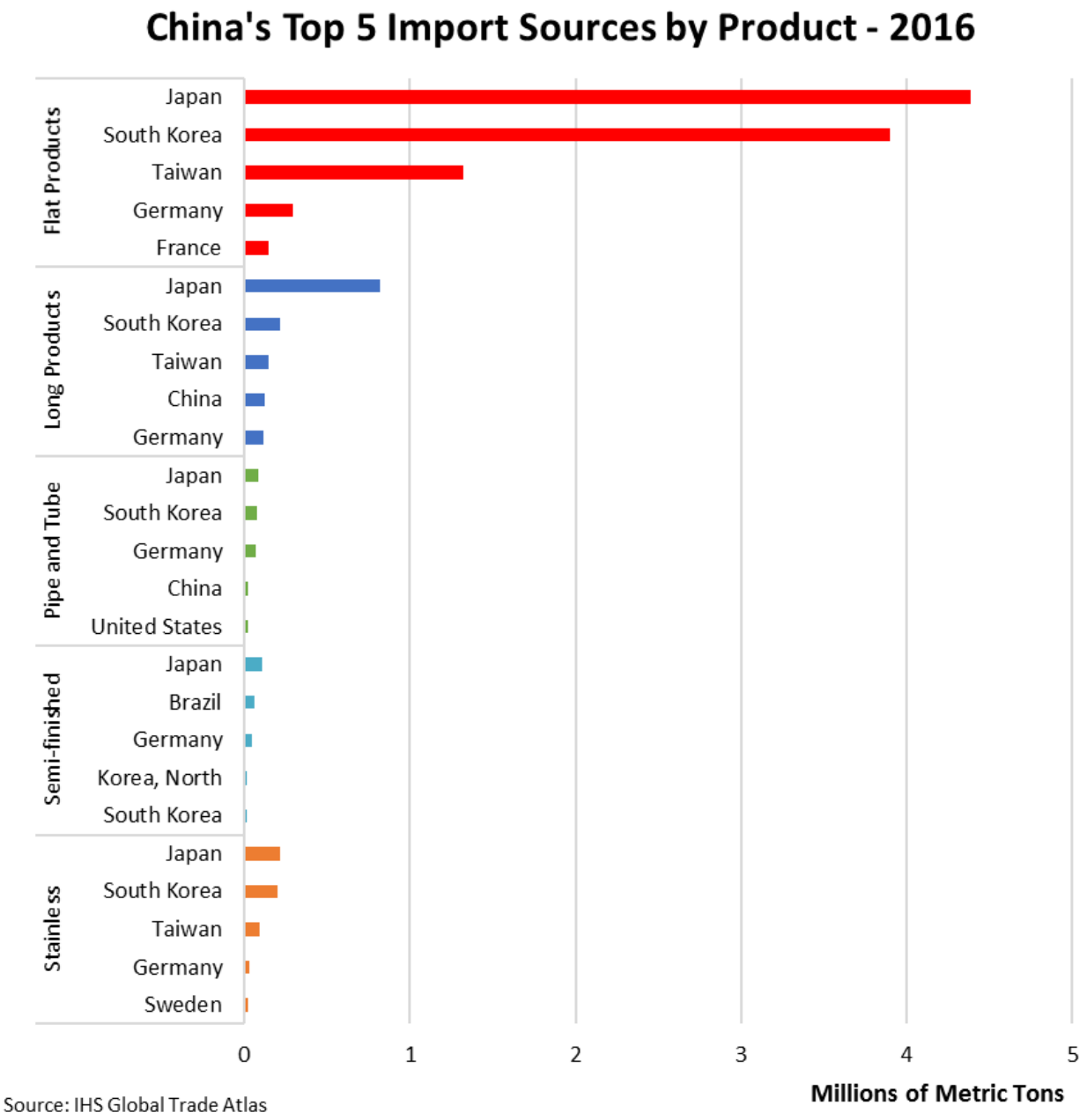
Imports from Kazakhstan and Austria also showed the greatest increases in volume between 2015 and 2016, up 127.4 percent and 86 percent, respectively. China's imports from the Sweden showed the greatest decrease in volume, with imports from the Sweden down 15.9 percent by volume, followed by imports from Belgium (down 7.8%), France (down 6.3%) and imports from Taiwan (down 0.8%).

Top Sources by Steel Product Category

The top source countries for China's imports by volume vary across types of steel products, though Japan help the top spot for imports in each of the five product categories. Japan accounted for 42 percent (4.4 million metric tons) of China's imports of flat products in 2016, followed by South Korea at 37 percent (3.9 million metric tons) and Taiwan at 13 percent (1.3 million metric tons).

In 2016, China imported half of its long product imports from Japan (820 thousand metric tons), 25 percent of its pipe and tube imports from Japan (81 thousand metric tons), 41 percent of its semi-finished imports from Japan (106 thousand metric tons), and 31 percent of its stainless imports from Japan (217 thousand metric tons).

Pipe and tube was the only product category for which the United States was a top-five source in 2016.



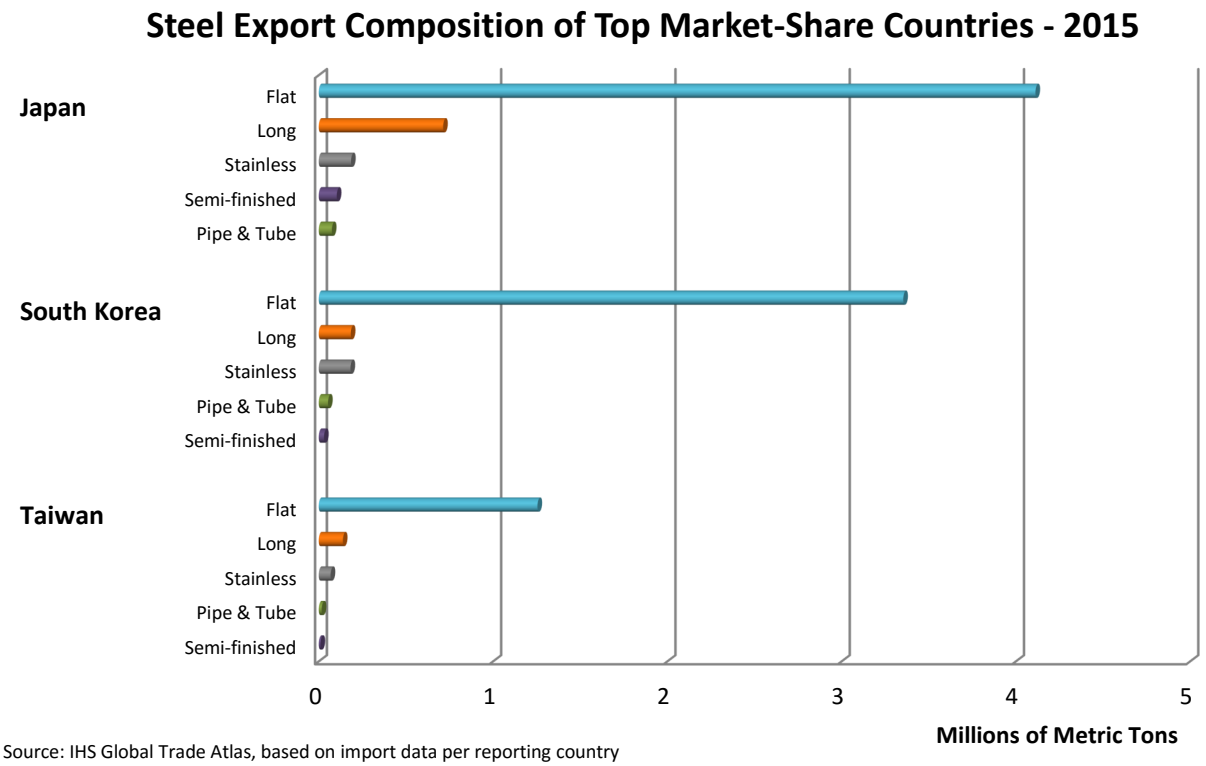
China's Export Market Share from Top Source Countries

In 2015, the share of steel exports sent to China from its top import sources either decreased or remained the same in the majority of cases. In 2015, the share of South Korea's steel exports to China showed the largest decrease (down 1.3 percentage points), followed by Japan (down 1.2 percentage points) and Taiwan (down 0.9 percentage points). Only Luxembourg and Sweden saw increases in their share of steel exports to China, increasing 0.6 percentage points and 0.1 percentage points, respectively. Of note, China only ranks in the top 10 as an export destination in half of its top import sources.

China's Steel Export Market Share				
Top 10 Import Sources	Share of Exports to China - 2014	China's Rank in 2014	Share of Exports to China - 2015	China's Rank in 2015
Japan	14.0%	2	12.8%	2
South Korea	13.7%	2	12.3%	2
Taiwan	13.7%	1	12.8%	1
Germany	2.5%	13	2.0%	14
France	1.5%	12	1.0%	16
Sweden	3.5%	9	3.6%	9
Belgium	1.0%	16	0.8%	14
United States	0.9%	3	0.9%	4
Luxembourg	1.6%	15	2.3%	12
Brazil	0.6%	20	0.6%	25

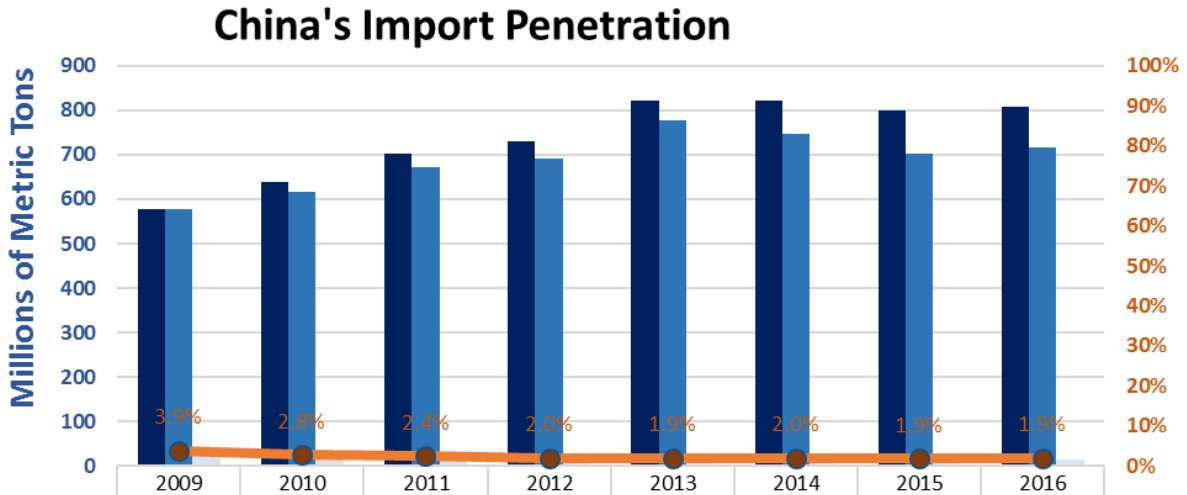
Source: IHS Global Trade Atlas, based on import data per reporting country

Among China's top import sources, Japan, South Korea, and Taiwan sent the largest shares of their total steel exports to China. In 2015, flat products accounted overwhelmingly for the largest share of steel exports to China from all three sources. Flat products accounted for 79 percent (4.1 million metric tons) of Japan's steel exports to China, 88 percent (3.4 million metric tons) of South Korea's exports, and 84 percent (1.3 million metric tons) of Taiwan's exports.



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

Overall Production and Import Penetration



	2009	2010	2011	2012	2013	2014	2015	2016
Production	577.1	638.7	702.0	731.0	822.0	822.8	798.8	808.4
Apparent Consumption	576.3	615.2	671.6	691.7	776.5	746.2	701.8	715.2
Imports	22.2	17.0	16.2	14.0	14.6	14.7	13.0	13.4
Import Penetration	3.9%	2.8%	2.4%	2.0%	1.9%	2.0%	1.9%	1.9%

Sources: World Steel Association; IHS Global Trade Atlas

China's crude steel production increased by 43 percent between 2009 and 2014 but has decreased slightly since then, down 1.75 percent to 808.4 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 93.2 million metric tons. Imports have little effect on domestic demand, as shown by a steadily decreasing import penetration level that amounted to 1.9 percent in 2016.

Top Producers

China's steel production is spread out across many companies, with the country's top 10 producers accounting for only 275.6 million metric tons, or 34.3 percent of total 2015 production, based on available data.

China' s Top Steel Producers in 2015

Rank	Company	Production (mmt)	Main Products
1	Hesteel Group	47.7	Hot-rolled, cold-rolled, galvanized
2	Baosteel Group	34.9	Strip, plates, hot-rolled, cold-rolled
3	Shagang Group	34.2	Springs, bearings, tube
4	Ansteel Group	32.5	Cold-rolled, galvanized, color coated
5	Shougang Group	28.6	Screws, reinforcing bars, round bars
6	Wuhan Steel Group	25.8	Hot-rolled, cold-rolled, galvanized
7	Shandong Steel Group	21.7	Plates, pipes, profiles, strips, wires
8	Maanshan Steel	18.8	Wire rods, sections, plates, wheels
9	Tianjin Bohai Steel	16.3	Plates, coils, billets, pipes
10	Jianlong Group	15.1	Hot-rolled, wire, pipes

Source: World Steel Association; Bloomberg

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 China has against imports of steel mill products from various countries. China has no steel mill safeguards in effect.

China's Trade Remedies in Effect Against Steel Mill Imports

Country	AD	CVD	Suspension Agreements and Undertakings	Total
European Union	2			2
Japan	2			2
United States	1			1
TOTAL	**5**	**0**	**0**	**5**

Source: World Trade Organization, through December 1, 2016

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.

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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