

Global Steel Trade Monitor

Steel Exports Report: Italy

December 2016

Background

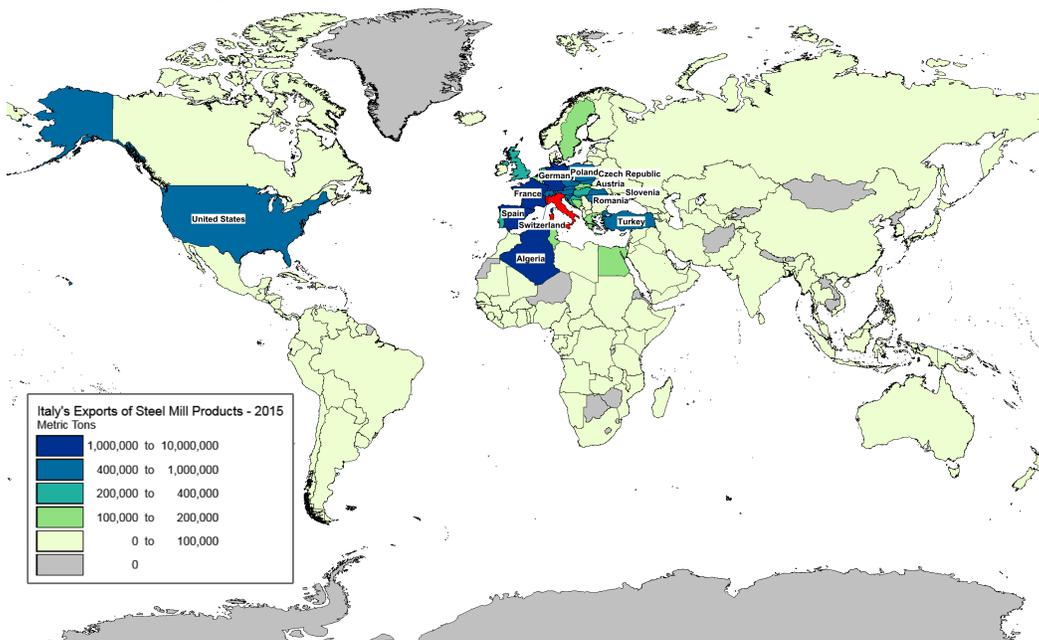
Italy is the world's seventh-largest steel exporter. In year to date 2016 (through September), further referred to as YTD 2016, Italy exported 12.8 million metric tons of steel, a 7.1 percent increase from 12 million metric tons in YTD 2015. Italy's exports represented about 3.5 percent of all steel exported globally in 2015. The volume of Italy's 2015 steel exports was slightly larger than that of Belgium, and less than one-sixth that of the largest exporter, China. In value terms, steel represented just 3 percent of the total amount of goods Italy exported in 2015.

Italy exports steel to more than 190 countries and territories. The 12 countries labeled in the map below represent the top markets for Italy's exports of steel, receiving more than 400 thousand metric tons each and accounting for 76 percent of Italy's steel exports in 2015.

Quick Facts:

- World's seventh-largest steel exporter: 12.8 million metric tons (YTD 2016)
- 39% growth in steel exports since Q3 2009
- Exports as a share of production at 74.2% in YTD 2016
- YTD export volume up 7.1% while export value down 4.3%
- Top three markets: Germany, France, Algeria
- Largest producers: ILVA SpA/Riva Group, Marcegaglia
- 2 trade remedies in effect involving steel mill imports from Italy; 6 trade remedies in effect involving steel mill imports from the European Union

Italy's Exports of Steel Mill Products - 2015



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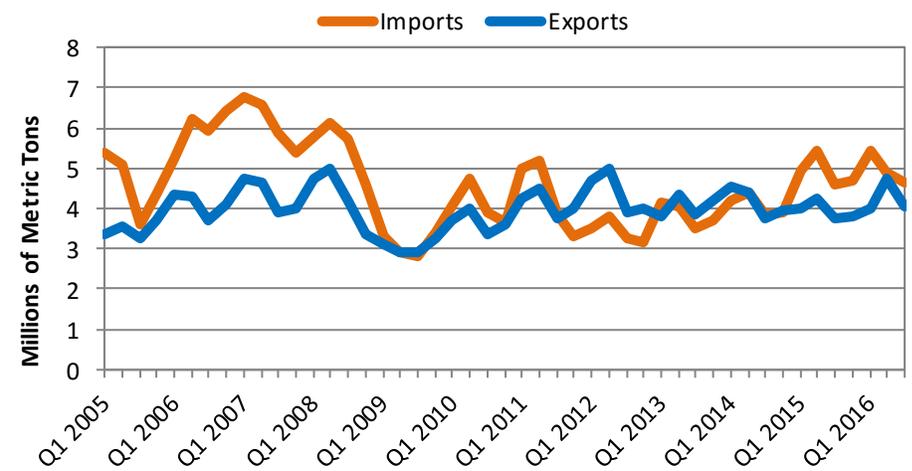
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Steel Trade Balance

Over the past decade, Italy's imports and exports have displayed roughly similar trends: both saw increases between 2005 and 2007, declined significantly in 2009, and recovered gradually over the next six years. Between Q3 2009 and Q3 2016, exports have grown 39 percent while imports have grown 64 percent.

Apart from surplus periods in 2009 and 2012-2014 when Italy was a net steel exporter, Italy has maintained a steel trade deficit since 2005. In YTD 2016, the steel trade deficit stood at -2.1 million metric tons, down from -3 million metric tons in YTD 2015.

Italy's Trade in Steel Mill Products by Quarter



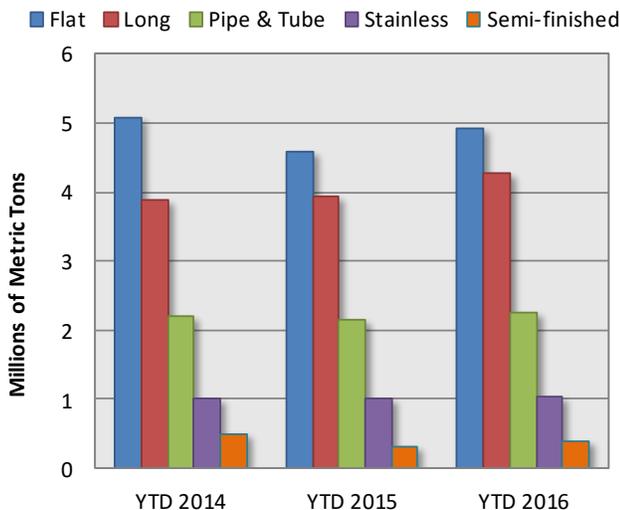
Source: IHS Global Trade Atlas

Export Volume, Value, and Product

Italy's steel exports decreased by 816 thousand metric tons to 15.8 million metric tons in 2015 — a decline of 4.9 percent from 2014. YTD 2016 exports were up 7.1 percent from YTD 2015 to a total of 12.8 million metric tons. In value terms, Italy's steel exports decreased by 22.1 percent between 2014 and 2015 and have continued to decline in YTD 2016 — down 4.3 percent to \$10.9 billion from \$11.4 billion in YTD 2015.

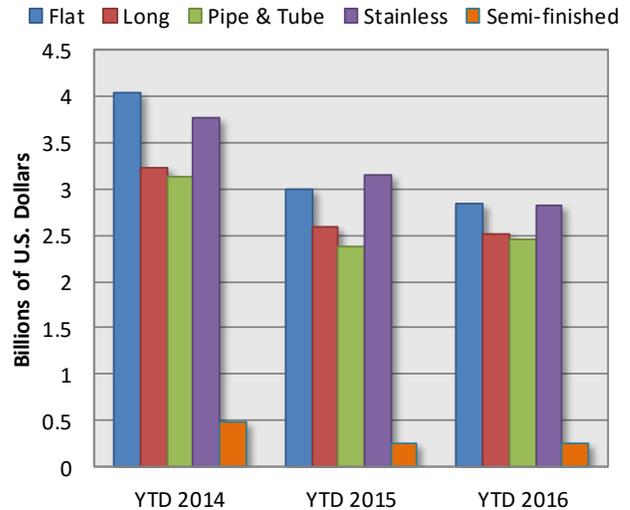
Flat products accounted for the 38 percent of Italy's steel exports by volume at 4.9 million metric tons in YTD 2016. Long products accounted for 33 percent, or 4.3 million metric tons, of Italy's exports of steel in YTD 2016, followed by pipe and tube (18% or 2.3 million metric tons), stainless steel (8% or 1 million metric tons), and semi-finished steel (3% or 385 thousand metric tons).

Italy's Exports of Steel Mill Products
Millions of Metric Tons



Source: IHS Global Trade Atlas
YTD through September

Italy's Exports of Steel Mill Products
Billions of U.S. Dollars



Source: IHS Global Trade Atlas
YTD through September

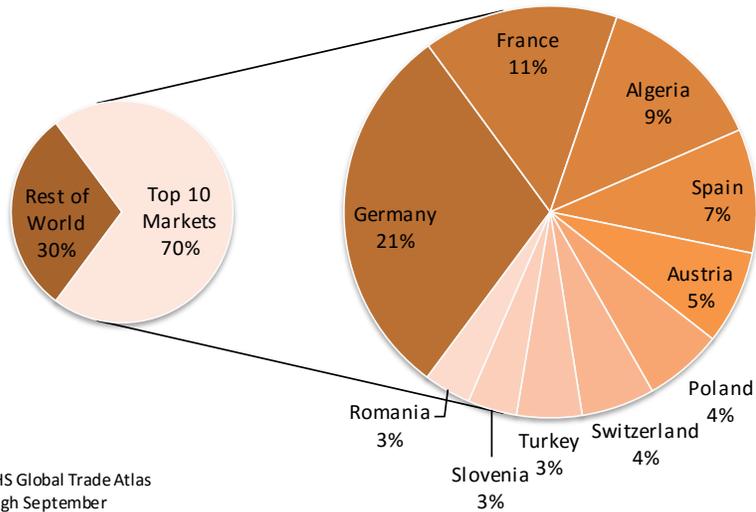
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Exports by Top Market

At 9 million metric tons (mmt), Italy's exports to its top 10 steel markets represented 70 percent of its steel export volume in YTD 2016. Germany received the largest share of Italy's exports with 21 percent (2.7 mmt), followed by France at 11 percent (1.4 mmt), Algeria at 9 percent (1.2 mmt), and Spain at 7 percent (0.9 mmt).

At 301 thousand metric tons, the United States received the thirteenth-largest share (2%) of Italy's steel exports in YTD 2016 — a decrease of 27.9 percent from 417 thousand metric tons in YTD 2015.

Italy's Steel Exports - Top 10 Markets
YTD 2016 - Millions of Metric Tons



Source: IHS Global Trade Atlas
YTD through September

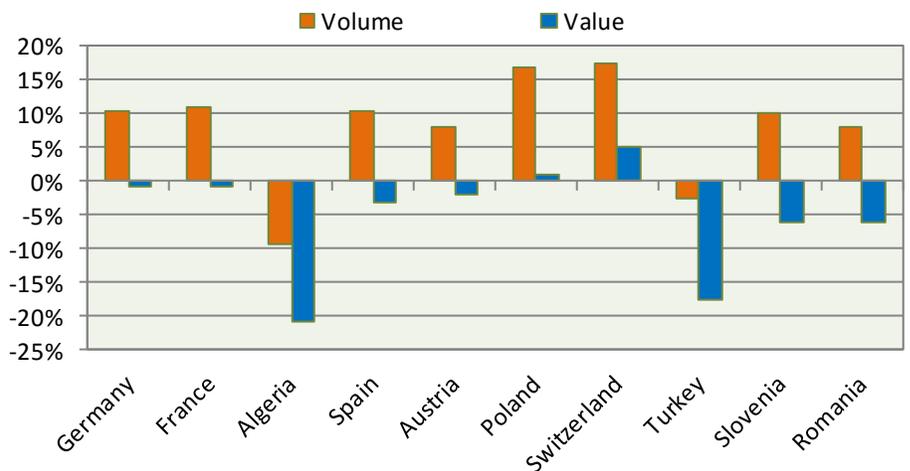
Trends in Exports to Top Markets

Between YTD 2015 and YTD 2016, exports to Italy's top 10 markets increased in volume to eight of the top 10, with only exports to Algeria and Turkey decreasing — down 9.3 percent and 2.5 percent, respectively. Export volumes increased the most to Switzerland (up 17.5% from YTD 2015), Poland (up 16.9%), France (up 11%), and Spain (up 10.5%).

Outside the top 10 markets, other notable volume changes included Italy's exports to the 12th-ranked Hungary (up 20.5%), 13th-ranked United States (down 27.9%), and 17th-ranked Belgium (up 26.1%).

Despite volume increases, the overall value of Italy's exports decreased to eight of its top 10 markets, reflecting the decline in global steel prices. Markets that saw considerable decreases in steel value between YTD 2015 and YTD 2016 included Algeria (down 20.9%), Turkey (down 17.4%), and Romania (down 6.1%). Only Switzerland and Poland saw increases in steel value from Italy in YTD 2016, up 5 percent and 0.9 percent, respectively, from YTD 2015.

Percent Change in Exports to Top 10 Markets (YTD 2015 to YTD 2016)



Source: IHS Global Trade Atlas
YTD through September

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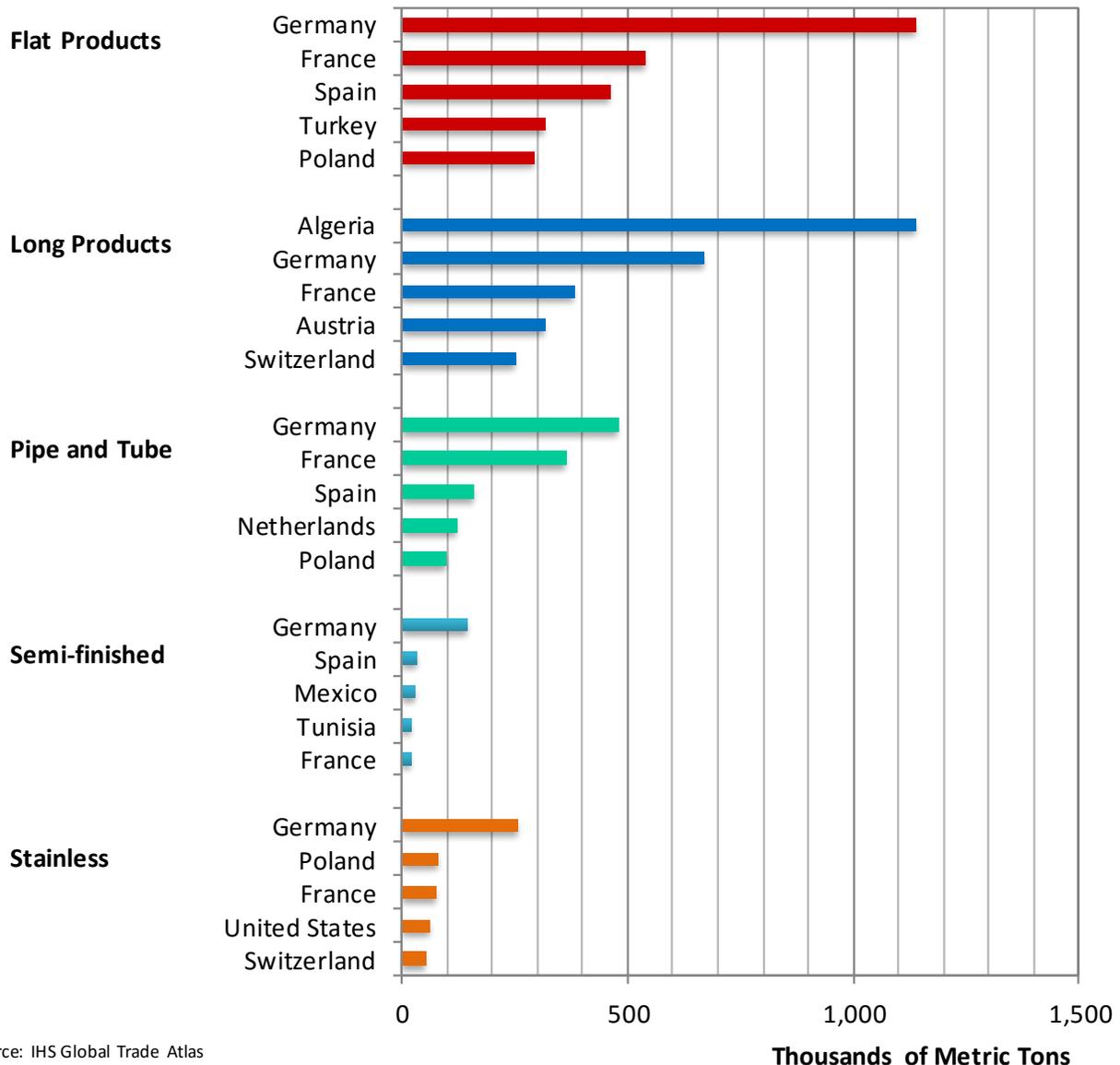
Top Markets by Steel Product Category

In YTD 2016, Italy's top export market by volume was Germany for every product category except long products. Germany received 23 percent of Italy's exports of flat products (1.1 million metric tons), 21 percent of pipe and tube product exports (481 thousand metric tons), 38 percent of semi-finished exports (144 thousand metric tons), and 25 percent of stainless steel exports (256 thousand metric tons).

Algeria received the largest share of Italy's long product exports in YTD 2016 at 27 percent (1.1 million metric tons), followed by Germany at 16 percent (669 thousand metric tons).

Stainless steel was the only product category for which the United States was a top-five export destination.

Italy's Top 5 Export Markets by Product - YTD 2016



Source: IHS Global Trade Atlas
YTD through September

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Italy's Import Market Share in Top Destinations

In 2015, the import market share for Italy's steel products decreased in all of Italy's top export destinations except Poland. France's share of imports from Italy saw the largest decline (down 2.4 percentage points from 2014), followed by Spain (down 1.4 percentage points), Austria (down 2.2 percentage points), and Germany (down 1.8 percentage points). The share of imports from Italy in Turkey, Switzerland, the U.S., and Slovenia each decreased by less than one percentage point between 2014 and 2015.

Italy's Steel Import Market Share				
Top 10 Export Destinations	Share of Imports from Italy - 2014	Italy's Rank in 2014	Share of Imports from Italy - 2015	Italy's Rank in 2015
Germany	14.2%	2	12.4%	2
Algeria	29.8%	2	N/A	N/A
France	14.0%	3	11.6%	3
Spain	12.6%	2	11.2%	3
Austria	20.2%	2	18.0%	3
Turkey	4.0%	7	4.0%	7
Poland	5.4%	5	5.8%	6
Switzerland	24.7%	2	24.3%	2
United States	1.7%	14	1.6%	14
Slovenia	29.8%	1	29.5%	1

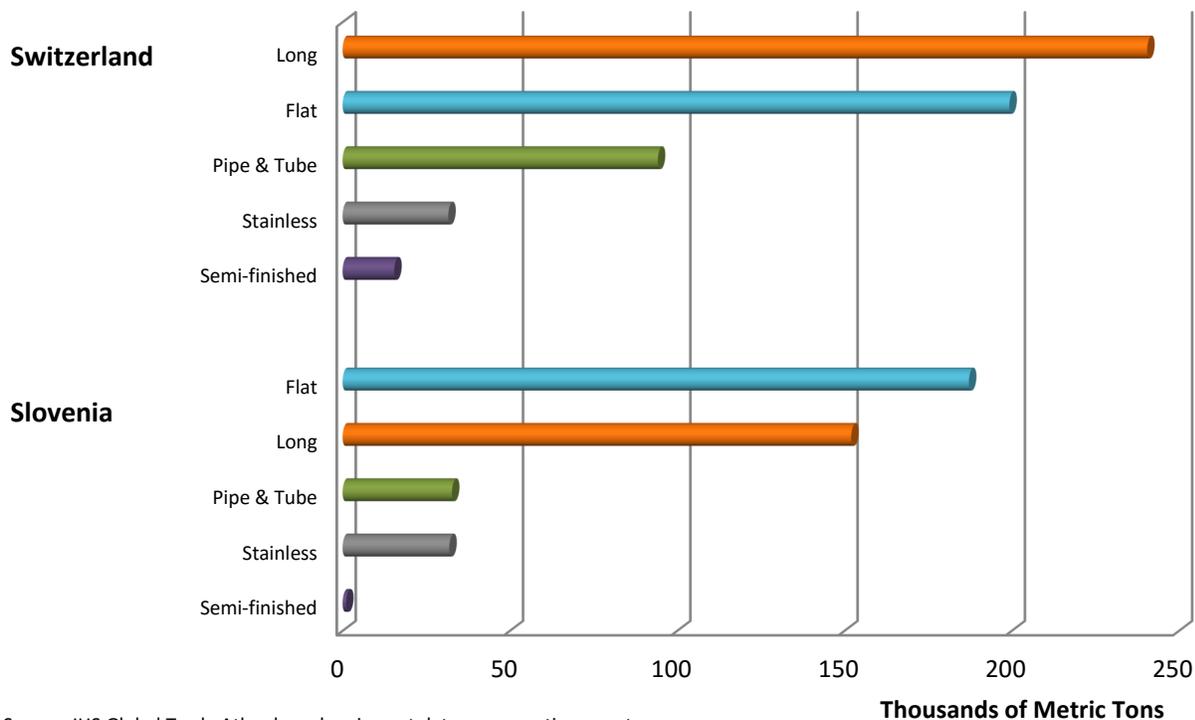
Source: IHS Global Trade Atlas, based on import data per reporting country

Note: 2015 data for Algeria not available

Among Italy's top export markets, Switzerland and Slovenia each received more than 20 percent of their steel imports from Italy. In 2015,

long products accounted for the largest share of steel imports from Italy in Switzerland (41% or 241 thousand metric tons), while flat products accounted for the largest share in Slovenia (46% or 187 thousand metric tons).

Steel Import Composition of Top Market-Share Countries - 2015

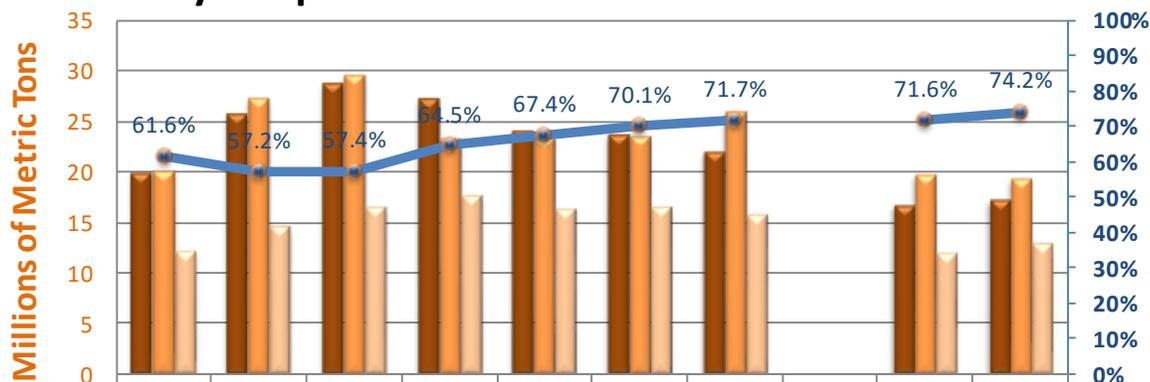


Source: IHS Global Trade Atlas, based on import data per reporting country

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Overall Production and Export Share of Production

Italy's Export Share of Steel Production



	2009	2010	2011	2012	2013	2014	2015	YTD 2015	YTD 2016
Production	19.8	25.8	28.7	27.3	24.1	23.7	22.0	16.8	17.3
Apparent Consumption	20.1	27.4	29.6	23.4	23.3	23.5	26.0	19.8	19.4
Exports	12.2	14.7	16.5	17.6	16.2	16.6	15.8	12.0	12.8
Export Share of Production	61.6%	57.2%	57.4%	64.5%	67.4%	70.1%	71.7%	71.6%	74.2%

Source: World Steel Association; IHS Global Trade Atlas
YTD through September

Italy's crude steel production increased by 45 percent between 2009 and 2011 before falling by 23 percent to 2015. Production in YTD 2016 has increased by 3 percent from 16.8 million metric tons in YTD 2015 to 17.3 million metric tons. While apparent consumption (a measure of steel demand) kept up with production for much of 2009-2014, it overtook production by 4 million metric tons in 2015. In YTD 2016, the gap between production and apparent consumption stood at -2.1 million metric tons, down from -3 million metric tons in YTD 2015. Italy's steel exports as a share of production grew by 10.2 percentage points between 2009 and 2015. Exports as a share of production stood at 74.2 percent in YTD 2016, up 2.6 percentage points from YTD 2015.

Top Producers

Unlike much of Europe, steel production in Italy is diffused across many small - and medium-sized companies. After privatization of the country's steel industry in the late 1980s and 1990s, only a small number of the earlier, larger steelworks remain.

Italy's Top Steel Producers in 2015			
Rank	Company	Production (mmt)	Main Products
1	ILVA SpA (subsidiary of Riva Group)	4.8	Hot- and cold-rolled coils, galvanized, heavy plate, welded pipe
2	Marcegaglia	5.4	Coils, strips, sheets, welded pipe, sections, bars, heavy plate
3	Arvedi Group	3.4 (2014)	Hot-rolled, galvanized, welded tubes, cold-drawn tubes, stainless tubes, cold-rolled stainless strip
	Riva Acciaio (subsidiary of Riva Group)	N/A	Billets, hot-rolled and cold-drawn bars, reinforcing bars
5	Lucchini RS	N/A	Railway components, forgings, castings, ingots

Sources: World Steel Association; Federacciai; LexisNexis; Company websites

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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 Italy and from the European Union, which includes Italy.

Steel Mill Trade Remedies in Effect Against Italy

Country	AD	CVD	Suspension Agreements and Undertakings	Total
Canada	1			1
United States	1			1
TOTAL	2	0	0	2

Source: World Trade Organization, through December 1, 2016

Steel Mill Trade Remedies in Effect Against the European Union

Country	AD	CVD	Suspension Agreements	Total
China	2			2
India	3			3
Morocco	1			1
TOTAL	6	0	0	6

Source: World Trade Organization, through December 1, 2016

Global Steel Mill Safeguards in Effect

Country	Product(s)
Chile	Steel wire rod
India	1) Seamless pipes, tubes and hollow profiles of iron or non-alloy steel (other than cast iron and stainless steel); 2) Hot-rolled steel in coils; 3) Hot-rolled steel flat sheets and plates
Indonesia	1) Articles of finished casing and tubing; 2) Articles of iron or steel wire; 3) Flat-rolled products of iron or non-alloy steel; 4) I and H sections of other alloy steel
Malaysia	Hot-rolled steel plate
Morocco	1) Cold-rolled sheets and plated or coated sheets; 2) Reinforcing bars and wire rods
Philippines	Steel angle bars
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
Ukraine	Casing and pump compressor seamless steel pipes
Vietnam	Semi-finished and certain finished products of alloy and non-alloy steel

Source: World Trade Organization, through November 25, 2016

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 HTS 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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