

Global Steel Trade Monitor

Steel Exports Report: South Korea

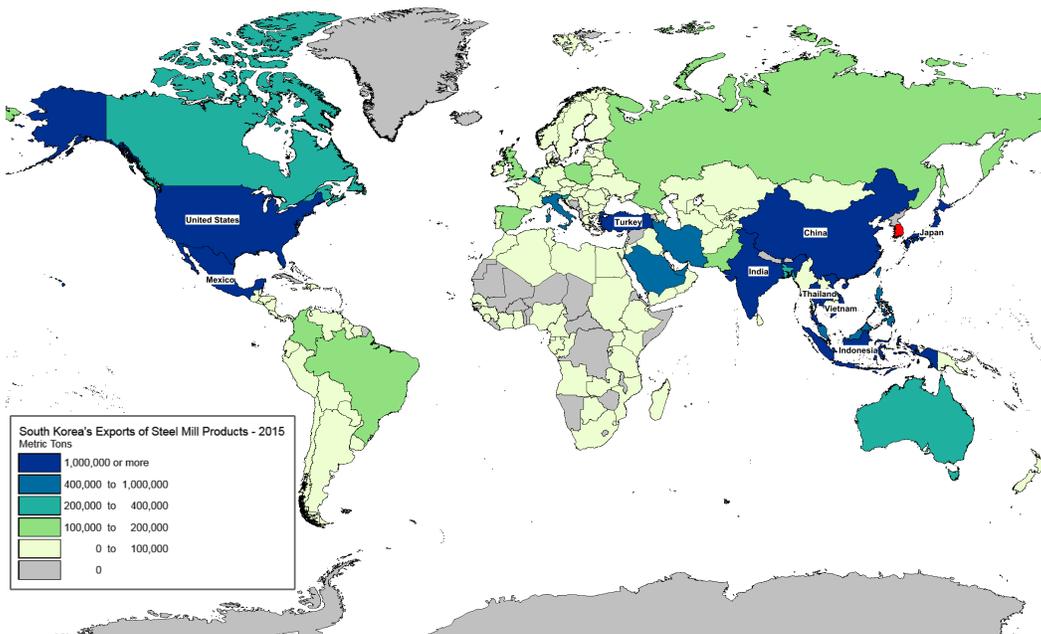
December 2016

Background

South Korea is the world's third-largest steel exporter. In year to date 2016 (through September), further referred to as YTD 2016, South Korea exported 22.5 million metric tons — a 1.8 percent decrease from 22.9 million metric tons in YTD 2015. South Korea's exports represented about 7 percent of all steel exported globally in 2015. The volume of South Korea's 2015 steel exports was less than a third of the world's largest exporter, China. In value terms, steel represented just 4.1 percent of the total amount of goods South Korea exported in 2015.

South Korea exports steel to more than 180 countries and territories. The nine countries labeled in the map below represent the top destinations for South Korea's exports of steel, receiving more than 1 million metric tons each and accounting for 70 percent of South Korea's steel exports in 2015.

South Korea's Exports of Steel Mill Products - 2015



Data Source: Global Trade Atlas; Copyright © IHS Global Inc. 2016. All rights reserved.

Quick Facts:

- World's third-largest steel exporter: 22.5 million metric tons (YTD 2016)
- 48% steel export growth since Q1 2010
- Exports as a share of production at 44.2% in YTD 2016
- YTD export volume down 1.8% while export value down 12.6%
- Top three export markets: China, United States, Japan
- Largest producers: POSCO and Hyundai Steel Co.
- 42 trade remedies in effect in 11 countries involving steel mill imports from South Korea

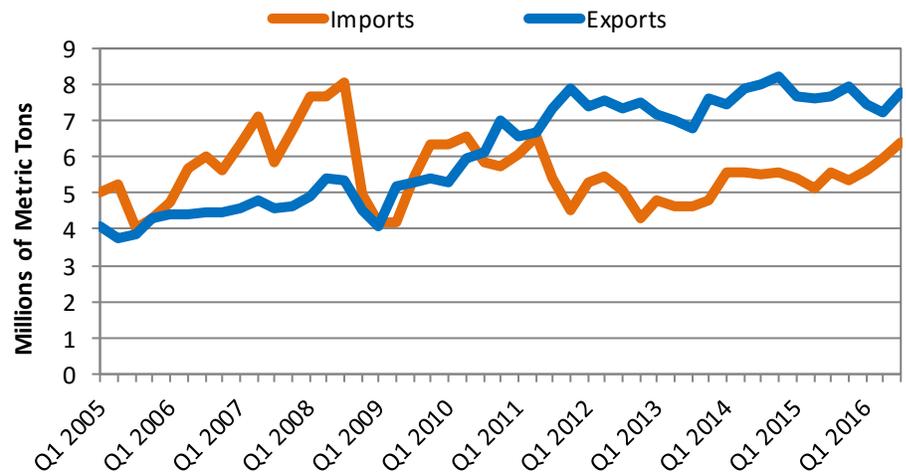
Steel Exports Report: South Korea

Steel Trade Balance

Prior to 2009, South Korea had a trade deficit in steel products. Imports fell in 2009, bringing steel exports and imports closer into balance. Beginning in 2010, however, South Korea's exports have outpaced imports, growing 48 percent between Q1 2010 and Q3 2016. Over the same period, imports fell and gradually recovered, increasing 0.5 percent from Q1 2010. As such, South Korea has posted a steel trade surplus since mid-2010.

In YTD 2016, the surplus amounted to 4.6 million metric tons in YTD 2016 – a 32 percent decrease from 6.8 million metric tons YTD 2015.

South Korea's Trade in Steel Mill Products by Quarter



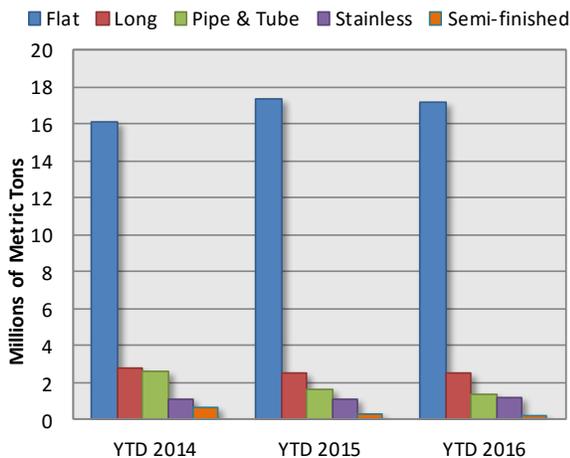
Source: IHS Global Trade Atlas

Export Volume, Value, and Product

In 2014, South Korea's steel exports reached a record high of 31.6 million metric tons before declining slightly by 2.2 percent to 30.9 million metric tons in 2015. In YTD 2016, South Korea has exported 22.5 million metric tons of steel, down 1.8 percent from YTD 2015. By contrast, the value of South Korea's YTD 2016 exports has declined by 12.6 percent to \$14.6 billion from \$16.7 billion in YTD 2015, which can be attributed to a significant drop in global steel prices.

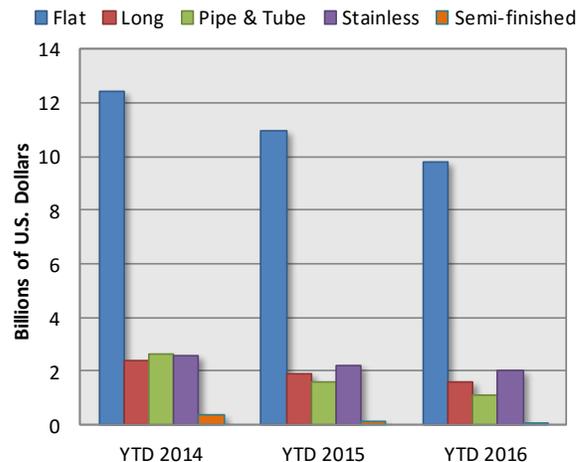
Flat products account for a significant share of South Korea's steel exports. In YTD 2016, 76 percent, or 17.2 million metric tons, of South Korea's steel exports were of flat products. Long products accounted for 11 percent, or 2.5 million metric tons, of South Korea's exports of steel in YTD 2016, followed by pipe and tube products (6% or 1.4 million metric tons), stainless products (5% or 1.2 million metric tons), and semi-finished steel (1% or 255 thousand metric tons).

South Korea's Exports of Steel Mill Products
Millions of Metric Tons



Source: IHS Global Trade Atlas
YTD through September

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



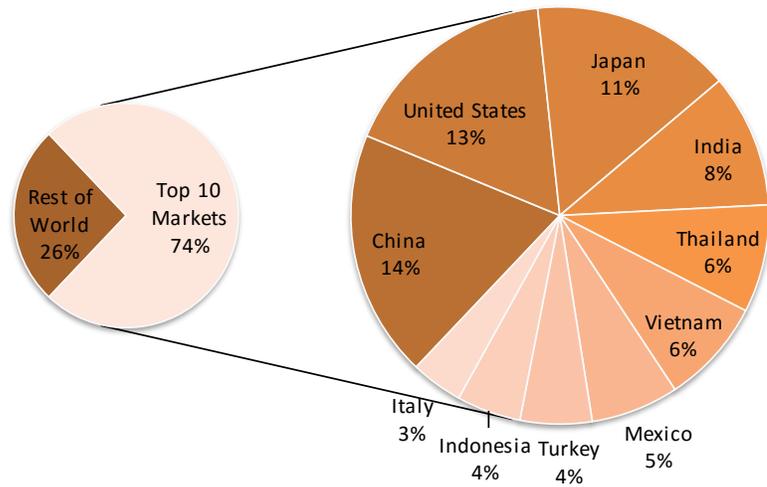
Source: IHS Global Trade Atlas
YTD through September

Steel Exports Report: South Korea

Exports by Top Market

Exports to South Korea's top 10 steel markets represented 74 percent of South Korea's steel export volume in YTD 2016 at 16.7 million metric tons (mmt). China received the largest share of South Korea's exports with 14 percent (3.2 mmt). The United States, the largest market in YTD 2015, received the second-largest share of South Korea's exports at 13 percent (2.8 mmt), followed by Japan at 11 percent (2.6 mmt), India at 8 percent (1.7 mmt), and Thailand at 6 percent (1.4 mmt).

**South Korea's Steel Exports - Top 10 Markets
YTD 2016 - Millions of Metric Tons**



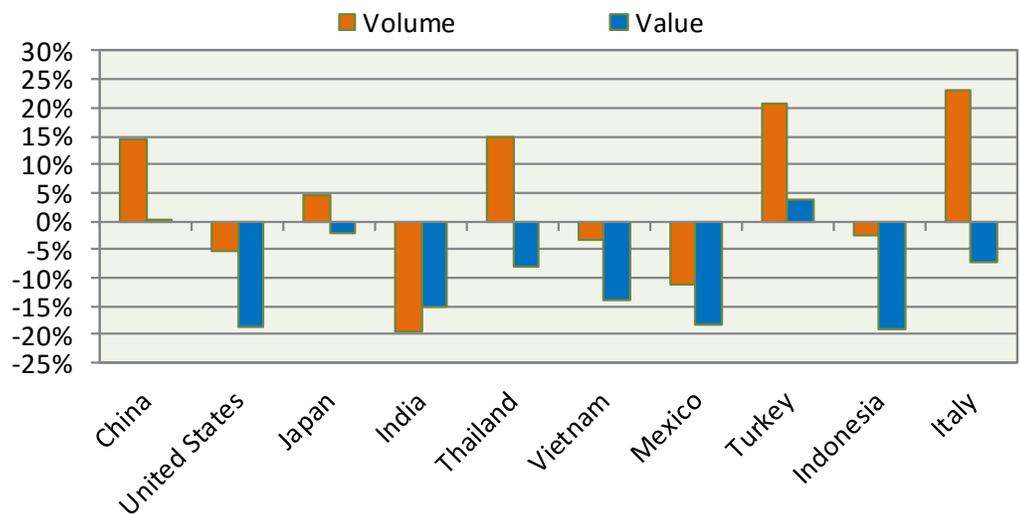
Source: IHS Global Trade Atlas
YTD through September

Trends in Exports to Top Markets

The volume of South Korea's steel exports increased to half of South Korea's top 10 steel export markets between YTD 2015 and YTD 2016. Exports to Italy showed the largest increase in volume, up 23.1 percent from YTD 2015, followed by Turkey (up 20.6%), Thailand (up 14.7%), and China (up 14.2%). Large volume decreases included South Korea's exports to India (down 19.4%) and Mexico (down 11.1%).

The overall value of South Korea's steel exports decreased in eight of the top 10 markets, reflecting declining global steel prices. Markets with considerable decreases in steel value between YTD 2015 and YTD 2016 included Indonesia (down 18.9%), the United States (down 18.8%), Mexico (down 18.3%), and India (down 15.1%). Only Turkey and China saw increases in the value of South Korea's steel exports in YTD 2016 — up 4 percent and 0.3 percent, respectively.

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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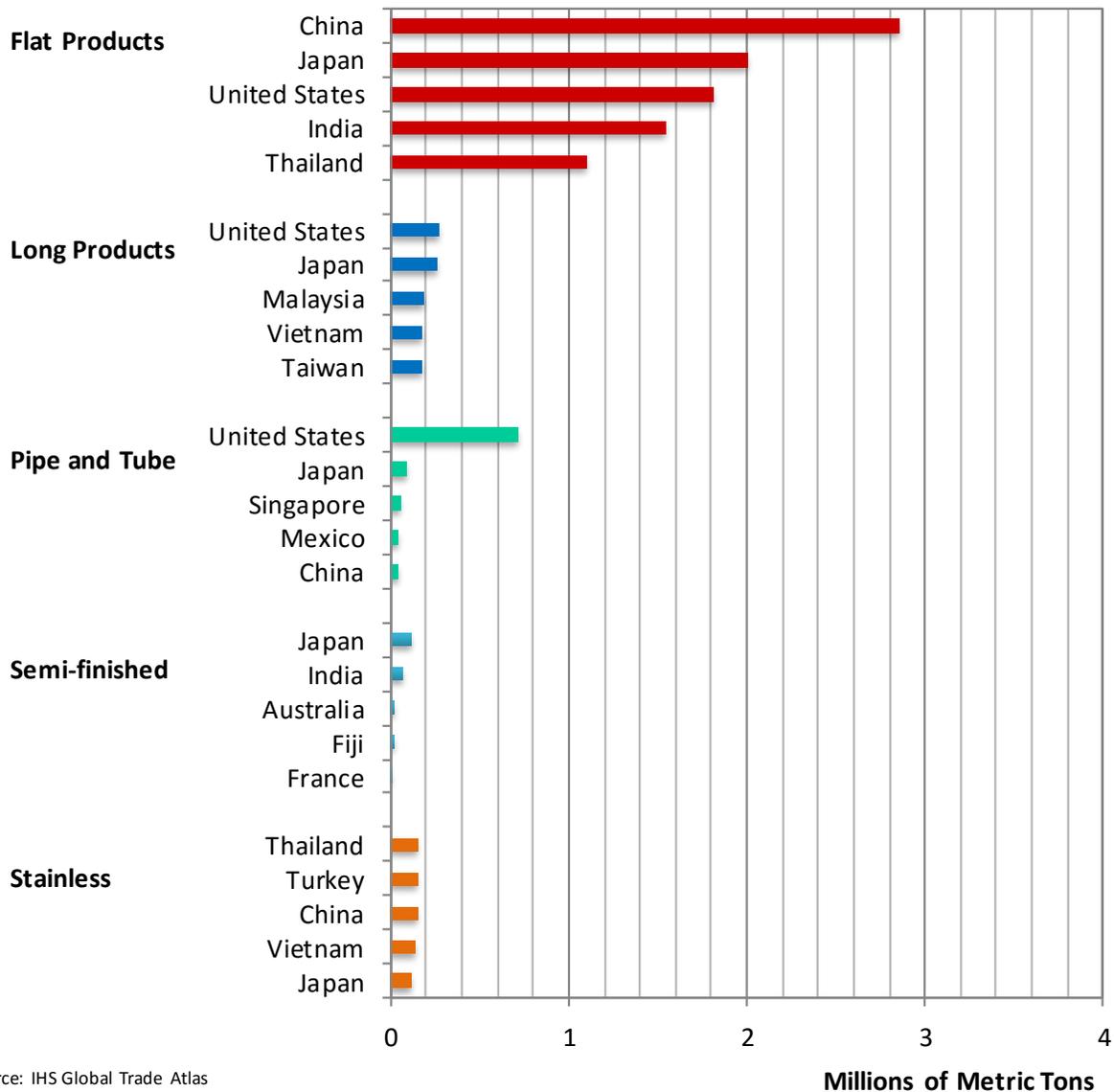
Top Markets by Steel Product Category

South Korea's top export markets by volume vary across types of steel products. China accounted for the largest share of South Korea's exports of flat products in YTD 2016 at 17 percent (2.9 million metric tons).

The United States received the largest share of South Korea's long product exports at 11 percent (277 thousand metric tons) and just over half of South Korea's pipe and tube exports at 52 percent (713 thousand metric tons).

Japan received the largest share of South Korea's semi-finished exports at 48 percent (121 thousand metric tons), while the top five markets for South Korea's stainless exports all received roughly equal shares at around 10 to 13 percent each.

South Korea's Top 5 Export Markets by Product - YTD 2016



Source: IHS Global Trade Atlas
YTD through September

Steel Exports Report: South Korea

South Korea's Import Market Share in Top Destinations

In 2015, the import market share for South Korea's steel products increased in all of South Korea's top export destinations except China, Japan, Indonesia, and Malaysia. The share of both China's and Japan's steel imports from South Korea decreased marginally in 2015, by 0.3 and 0.1 percentage points, respectively. The share of Indonesia's and Malaysia's steel imports from South Korea decreased by slightly larger margins, down 3 and 1.5 percentage points, respectively.

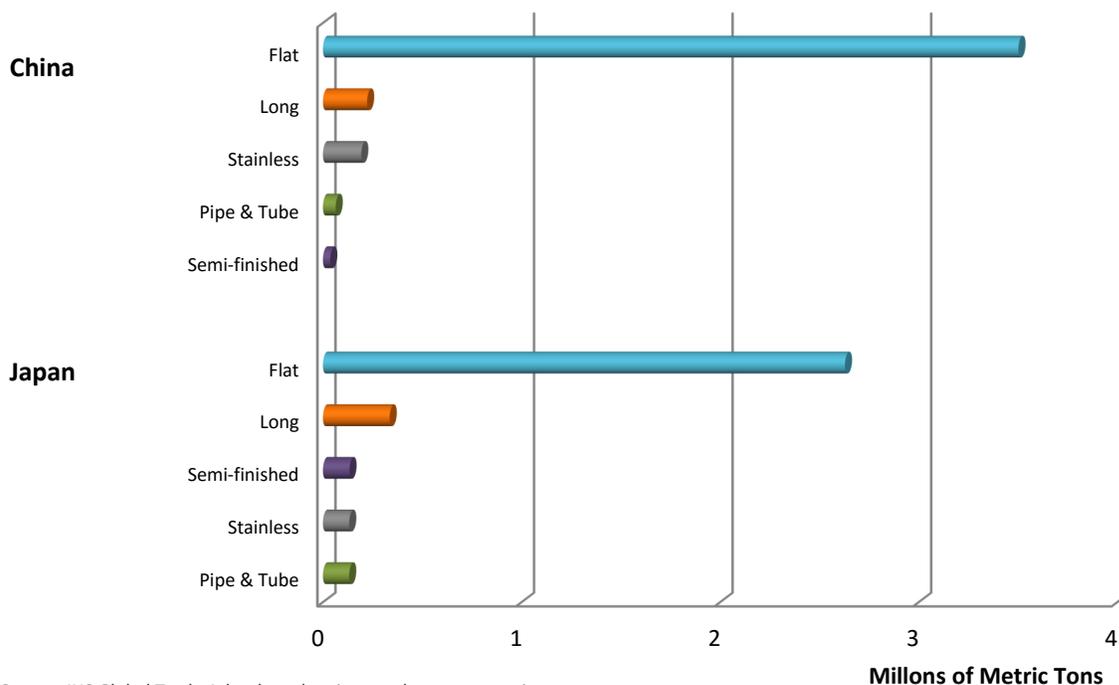
Countries with notable increases in their share of steel imports from South Korea included Mexico (up 4.7 percentage points from 2014) and Turkey (up 2.5 percentage points), while Thailand, India, and the U.S. saw marginal increases (less than one percentage point).

South Korea's Steel Import Market Share				
Top 10 Export Destinations	Share of Imports from S. Korea - 2014	South Korea's Rank in 2014	Share of Imports from S. Korea - 2015	South Korea's Rank in 2015
United States	12.3%	2	12.5%	3
China	31.2%	2	30.9%	2
Japan	58.6%	1	58.5%	1
India	22.0%	2	22.4%	2
Vietnam	12.5%	3	N/A	N/A
Mexico	8.8%	3	13.5%	3
Thailand	10.9%	3	11.7%	3
Indonesia	14.2%	3	11.2%	3
Turkey	3.9%	8	6.4%	4
Malaysia	13.8%	3	12.3%	3

Source: IHS Global Trade Atlas, based on import data per reporting country
 Note: 2015 import data for Vietnam not available

Among South Korea's top export markets, China and Japan received more than 30 percent of their total steel imports from South Korea. In 2015, flat products accounted overwhelmingly for the largest share of steel imports from South Korea in each China (87% or 3.5 million metric tons) and Japan (78% or 2.6 million metric tons).

Steel Import Composition of Top Market-Share Countries - 2015

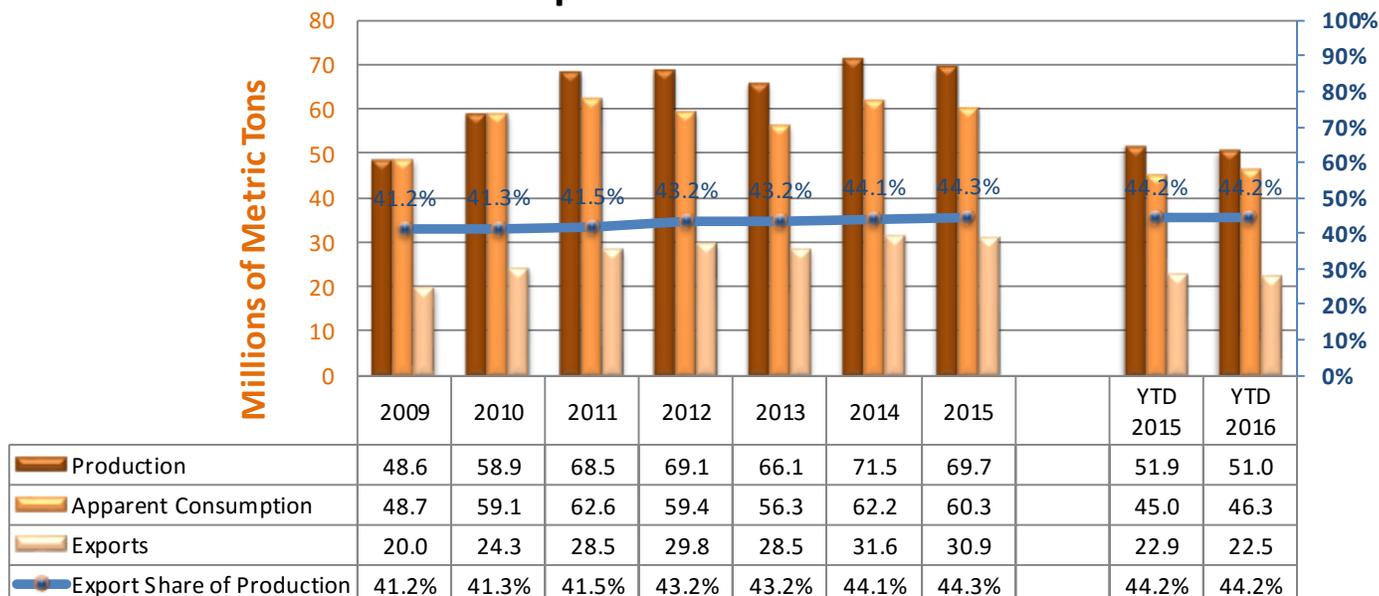


Source: IHS Global Trade Atlas, based on import data per reporting country

Steel Exports Report: South Korea

Overall Production and Export Share of Production

South Korea's Export Share of Steel Production



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

Between 2009 and 2012, South Korea's crude steel production grew by 42 percent. Production fluctuated after that but grew overall by 1 percent to 69.7 million metric tons in 2015. YTD 2016 production totaled 51 million metric tons — down 1.8 percent from 51.9 million metric tons in YTD 2015. Apparent consumption (a measure of steel demand) went from being in balance with production in 2009 and 2010 to falling behind production by 9 million metric tons in 2015. The gap between production and apparent consumption has narrowed from 6.8 million metric tons in YTD 2015 to 4.6 million metric tons in YTD 2016. Steel exports followed a similar growth trend as production, increasing 49 percent between 2009 and 2012 before maintaining a rough, though slightly upward-trending, average from 2012 to 2015. South Korea's steel exports as a share of production amounted to 44.2 percent in YTD 2016 on par with the YTD 2015 level as production and exports decreased in tandem.

Top Producers

South Korea's steel production is concentrated among a small number of companies, with the country's top 3 producers accounting for 65.8 million metric tons, or 94 percent, of total 2015 production, based on available data.

South Korea's Top Steel Producers in 2015			
Rank	Company	Production (mmt)	Main Products
1	POSCO	42	Hot-rolled, cold-rolled, plate, stainless, electrical, wire rods
2	HYUNDAI Steel Company	20.5	Beams, reinforcing bars, hot-rolled, plates
3	Dongkuk Steel Mill Co, Ltd	3.3	Plates, sections, bars

Source: World Steel Association; Hoovers; MarketLine

Steel Exports Report: South Korea

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 South Korea.

Steel Mill Trade Remedies in Effect Against South Korea				
Country	AD	CVD	Suspension Agreements and Undertakings	Total
Australia	7			7
Brazil	3			3
Canada	5			5
European Union	1			1
India	3			3
Indonesia	3			3
Malaysia	3			3
Mexico			1	1
Taiwan	1			1
Thailand	4			4
United States	9	2		11
TOTAL	39	2	1	42

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 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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