INTERNATIONAL TRADE ADMINISTRATION

Global Steel Trade Monitor

Steel Imports Report: **Mexico**

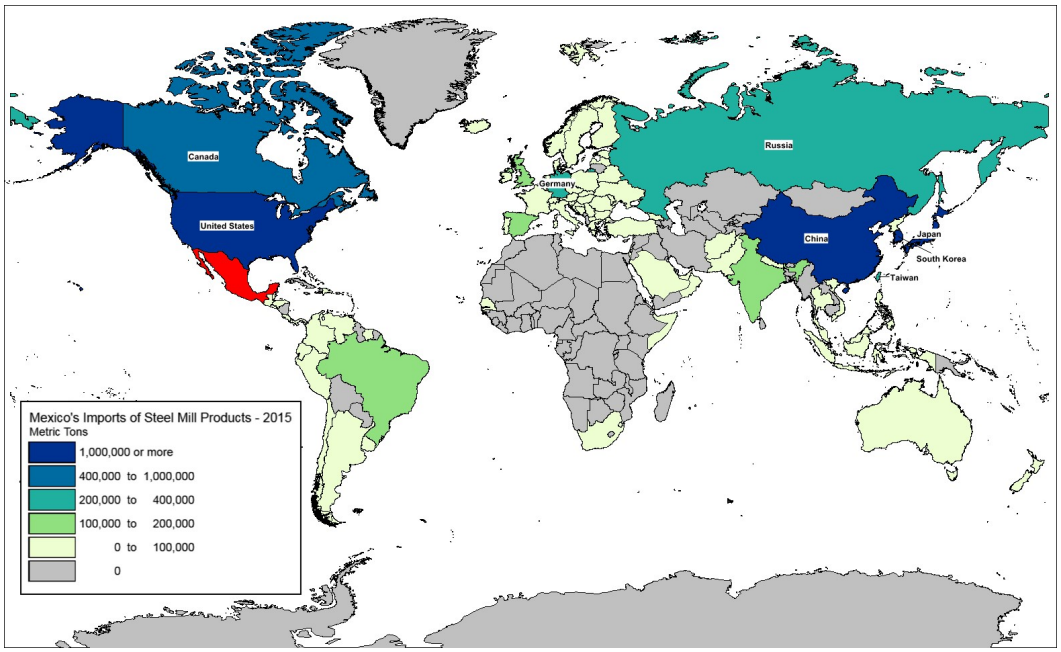
November 2016

Background

Mexico was the world's eleventh-largest steel importer in 2015. In year to date 2016 (through June), Mexico imported 4.7 million metric tons of steel, a 3 percent decrease from 4.9 million metric tons in YTD 2015. Mexico's imports represented about 3 percent of all steel imported globally in 2015. The volume of Mexico's 2015 steel imports was less than a third of the world's largest importer, the United States. In value terms, steel represented just 2.5 percent of the total goods imported into Mexico in 2015.

Mexico imports steel from over 100 countries and territories. The eight countries labeled in the map below represent the top import sources for Mexico's imports of steel, with each sending more than 200 thousand metric tons to Mexico and together accounting for 87 percent of Mexico's steel imports in 2015.

Mexico's Imports of Steel Mill Products - 2015



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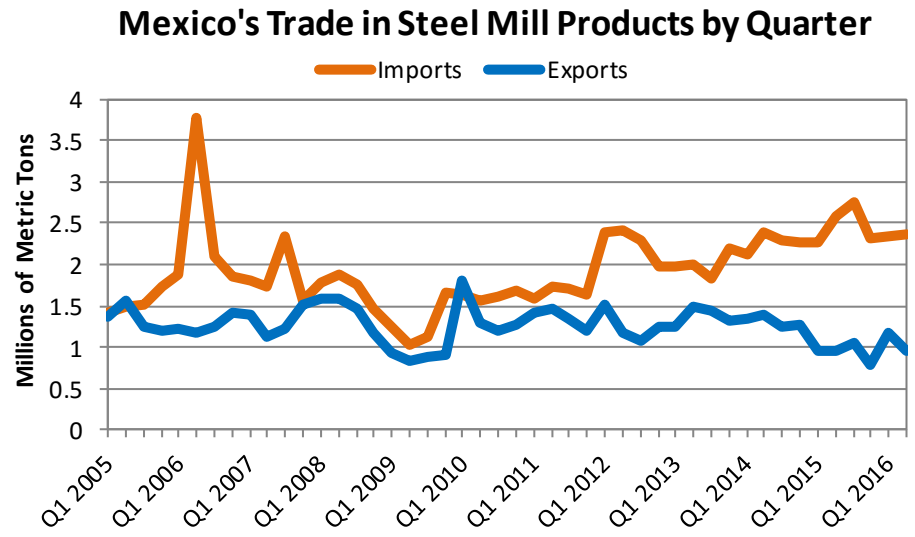
Quick Facts:

- World's eleventh-largest steel importer: 4.7 million metric tons (YTD 2016)
- 133% steel import growth since Q2 2009
- YTD import volume down 3% while import value down 18.8%
- Import penetration at 41.4% in YTD 2016
- Top three import sources: United States, Japan, South Korea
- Largest producers: AHMSA, Ternium S.A, ArcelorMittal, Deacero
- 20 trade remedies in effect against imports of steel mill products

Steel Imports Report: **Mexico**

Steel Trade Balance

With the exception of two quarters, Q2 2005 and Q1 2010, when a spike in exports caused a brief trade surplus, Mexico has maintained a continuous trade deficit in steel products since 2005. Since their lowest levels in Q2 2009, imports grew 133 percent by Q2 2016, while exports grew 15 percent. In YTD 2016, Mexico's steel trade deficit amounted to -2.6 million metric tons — a 12 percent decrease from -2.9 million metric tons in YTD 2015.

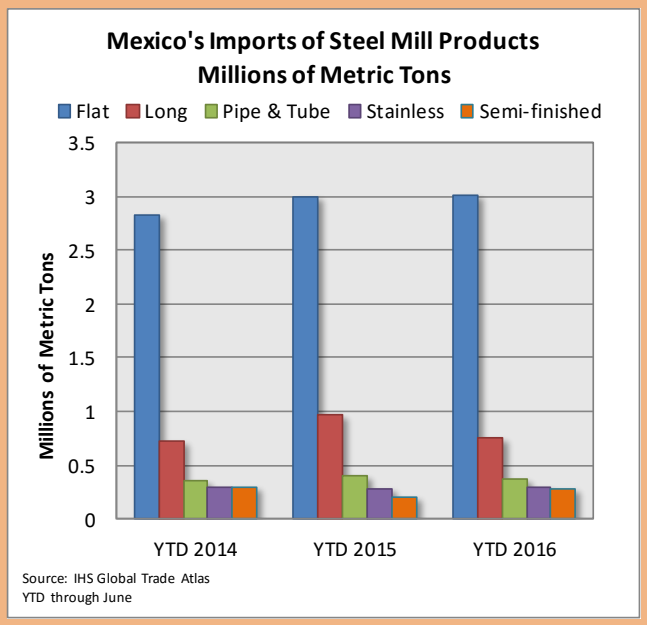


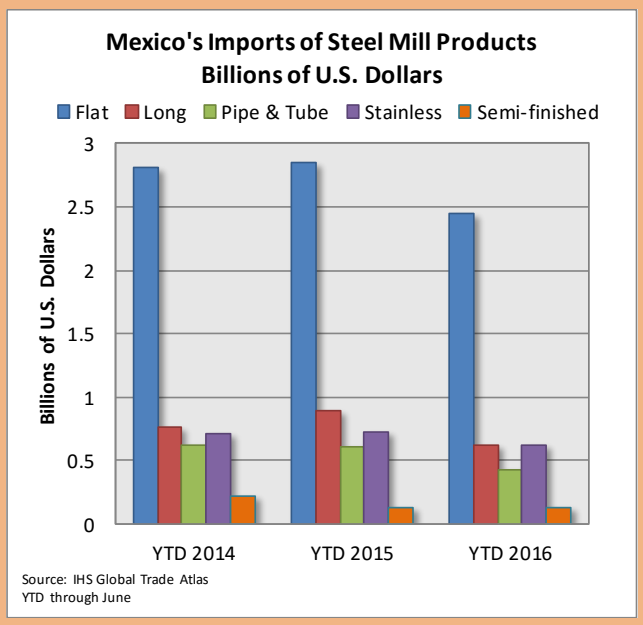
Source: IHS Global Trade Atlas

Import Volume, Value, and Product

In 2015, the volume of Mexico's steel imports increased by 9.4 percent to 9.9 million metric tons from 9.1 million metric tons in 2014. YTD 2016 imports totaled 4.7 million metric tons — a 3 percent decrease from 4.9 million metric tons in YTD 2015. By contrast, the value of Mexico's YTD 2016 steel imports have declined by a greater amount, down 18.8 percent to $4.2 billion from $5.2 billion in YTD 2015.

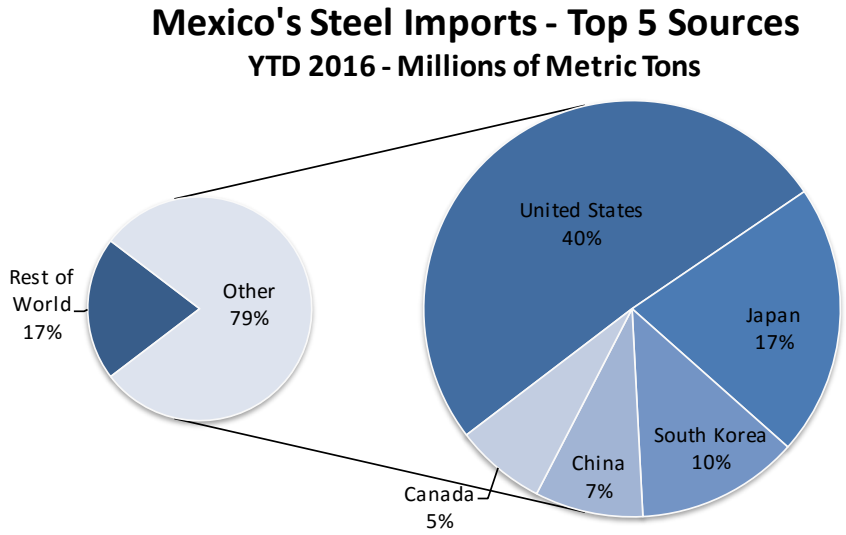
Flat products accounted for 64 percent of Mexico's steel imports in YTD 2016, a total of 3 million metric tons. Long products accounted for 16 percent of Mexico's imports (757 thousand metric tons) followed by pipe and tube at 8% (364 thousand metric tons), stainless products at 6% (296 thousand metric tons), and semi-finished products at 6% (280 thousand metric tons).





Imports by Top Source

The top 5 source countries for Mexico's steel imports represented 79 percent of the total steel import volume in YTD 2016 at 3.7 million metrics tons (mmt). The United States accounted for the largest share of Mexico's imports by source country at 40 percent (1.9 mmt), followed by Japan at 17 percent (0.8 mmt), South Korea at 10 percent (0.5 mmt), China at 7 percent (0.3 mmt), and Canada at 6 percent (0.3mmt).

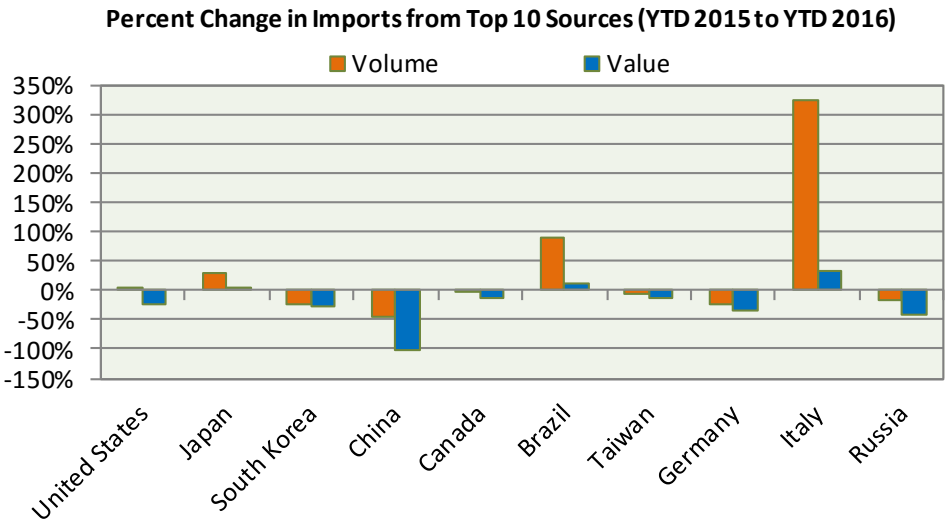


Source: IHS Global Trade Atlas
YTD through June

Trends in Imports from Top Sources

The volume of Mexico's steel imports decreased from six of Mexico's top 10 steel import sources between YTD 2015 and YTD 2016. Imports from China showed the largest decrease in YTD 2016, down 44.2 percent, followed by South Korea (down 23.1%) and Germany (down 23%). Imports from Italy jumped by 325 percent, while imports from Brazil increased by 90 percent and imports from Japan increased by 30 percent.

In value terms, Mexico's imports from Italy showed the largest increase in value in YTD 2016 (up 31.7%) followed by Brazil (up 12.9%) and Japan (up 4.6%). Imports from the rest of Mexico's top 10 sources all showed value decreases between YTD 2015 and YTD 2016, with significant value decreases in imports from China (down 102.9%), followed by Russia (down 41.4%) and Germany (down 32.8%). Outside of the top 10 sources, other significant volume changes included Mexico's imports from Saudi Arabia (up by over 70,000% from YTD 2015), Romania (up 150%), and India (down 48%).

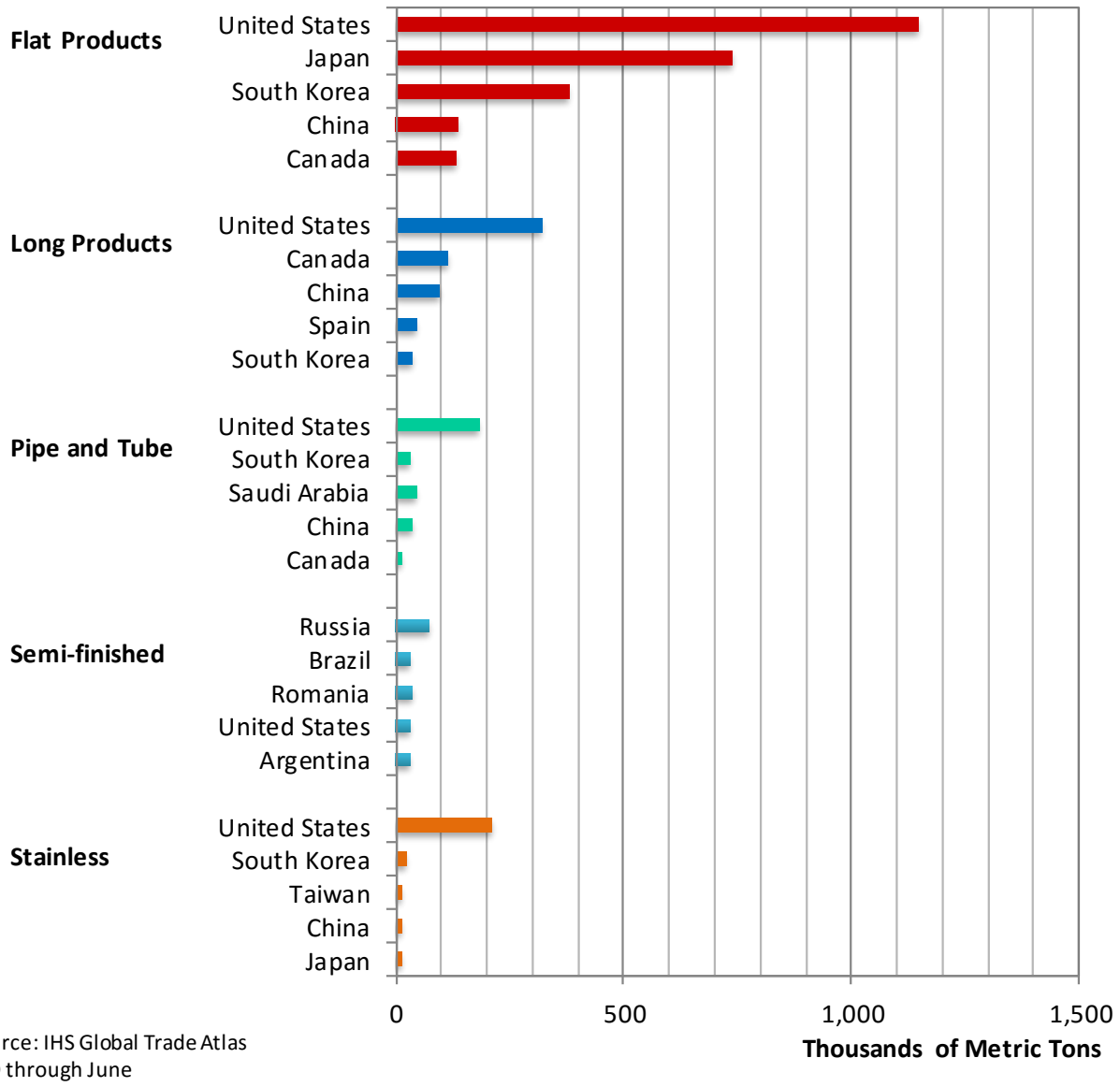


Source: IHS Global Trade Atlas
YTD through June

Top Sources by Steel Product Category

The top source countries for Mexico's imports by volume vary across types of steel products, though the United States held the top spot for imports in all product categories except for semi-finished products.

In flat products, the United States accounted for 38 percent of Mexico's imports (1.1 million metric tons) in YTD 2016. Imports from the United States accounted for 42 percent of Mexico's long product imports (321 thousand metric tons), 51 percent of pipe and tube imports (184 thousand metric tons), and 71 percent of stainless imports (211 thousand metric tons). Russia accounted for the largest share of Mexico's imports of semi-finished products at 25 percent (71 thousand metric tons).



Source: IHS Global Trade Atlas
YTD through June

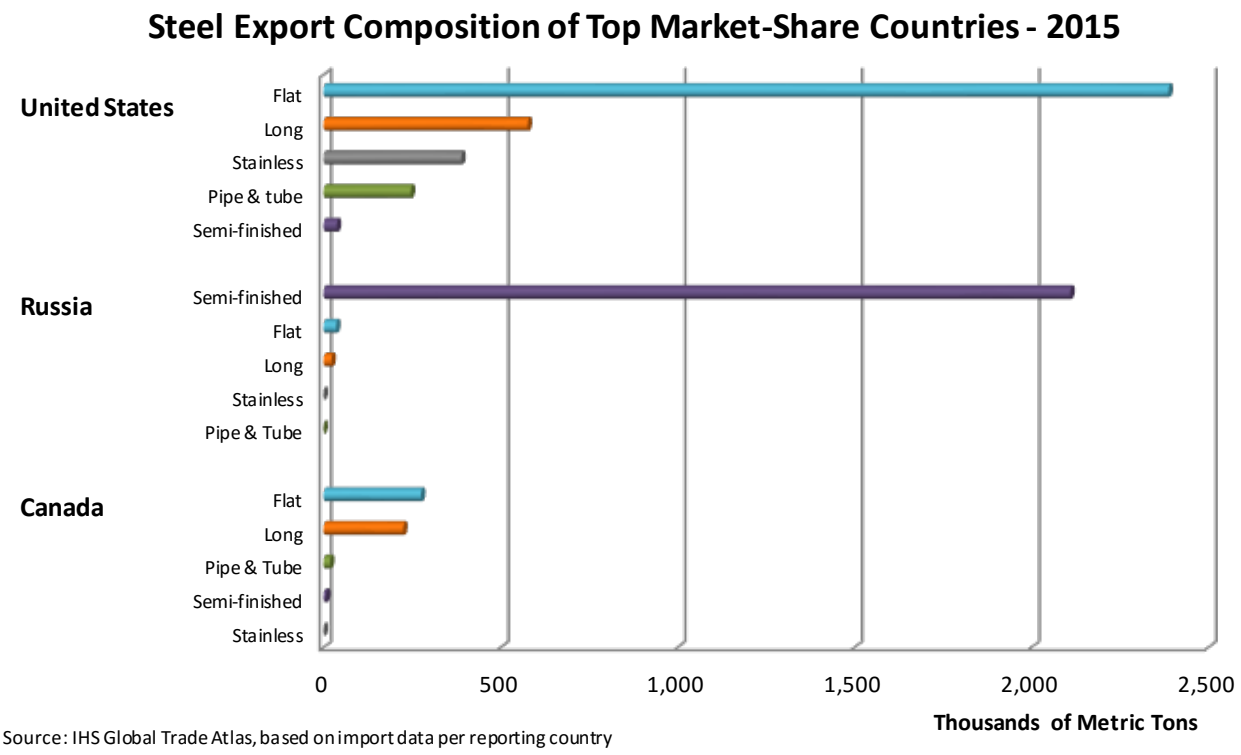
Mexico's Export Market Share from Top Source Countries

In 2015, the share of steel exports sent to Mexico from its top import sources increased in the majority of sources. The share of the United States' steel exports to Mexico showed the largest increase (up 3.9 percentage points), followed by Canada (up 1.6 percentage point). The export share to Mexico in Russia, Brazil, South Korea, Japan, and Taiwan all increased by less than one percentage point. Only Germany's share of steel exports to Mexico decreased slightly by 0.2 percentage points, while Spain's and China's shares remained unchanged.

Mexico's Steel Export Market Share				
Top 10 Import Sources	Share of Exports to Mexico - 2014	Mexico's Rank in 2014	Share of Exports to Mexico- 2015	Mexico's Rank in 2015
United States	34.1%	2	38.0%	2
Japan	3.4%	10	4.0%	9
South Korea	4.6%	8	5.3%	6
China	1.0%	28	1.0%	26
Canada	6.8%	2	8.4%	2
Taiwan	2.3%	13	2.8%	12
Germany	1.0%	19	0.8%	20
Russia	6.4%	5	7.3%	3
Brazil	1.5%	12	2.4%	7
Spain	1.6%	12	1.6%	12

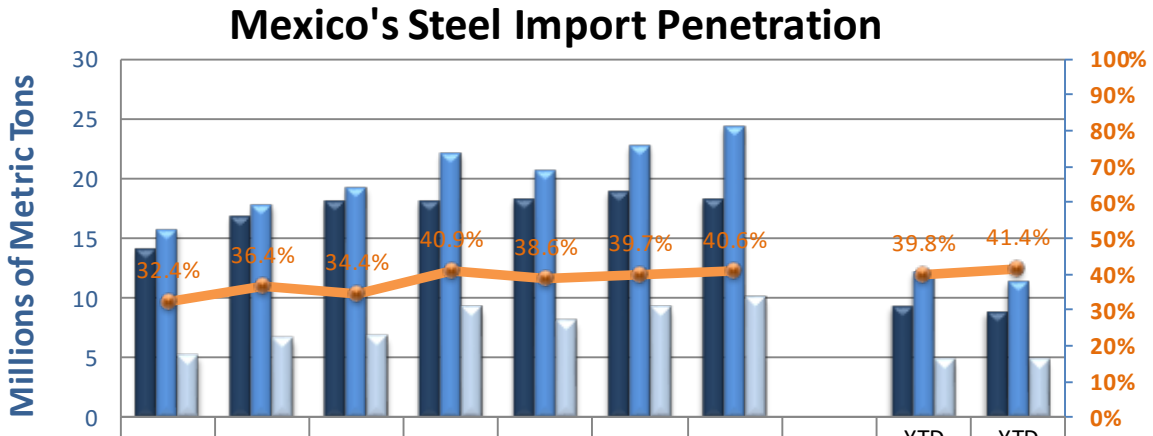
Source: IHS Global Trade Atlas, based on import data per reporting country

Among Mexico's top import sources, the United States, Canada, and Russia sent the largest shares of their total steel exports to Mexico at 38 percent, 8.4 percent, and 7.3 percent, respectively. In 2015, flat products accounted for 66 percent (2.4 million metric tons) and 52 percent (275.4 thousand metric tons) of the United States' and Canada's steel exports to Mexico, while semi-finished products accounted for 97 percent (2.1 million metric tons) of Russia's exports to Mexico.



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

Overall Production and Import Penetration



	2009	2010	2011	2012	2013	2014	2015		YTD 2015	YTD 2016
Production	14.1	16.9	18.1	18.1	18.2	19.0	18.3		9.3	8.8
Apparent Consumption	15.7	17.8	19.3	22.2	20.8	22.8	24.4		12.2	11.4
Imports	5.1	6.5	6.7	9.1	8.0	9.1	9.9		4.9	4.7
Import Penetration	32.4%	36.4%	34.4%	40.9%	38.6%	39.7%	40.6%		39.8%	41.4%

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

Mexico's crude steel production increased by 28 percent between 2009 and 2011 and averaged 18.3 million metric tons between 2011 and 2015. Production in YTD 2016 was down 5 percent to 8.8 million metric tons from 9.3 million metric tons in YTD 2015. Apparent consumption (a measure of steel demand) has outpaced production for the entire period between 2009 and 2015. The gap between demand and production widened significantly in 2015, to 6.1 million metric tons, and has narrowed slightly in YTD 2016 from YTD 2015. Import penetration averaged 37.6 percent between 2009 and 2015 and increased to 41.4 percent in YTD 2016 from 39.8 in YTD 2015.

Top Producers

Mexico's steel production is a mix of domestic and foreign-owned companies, and the majority of Mexico's steel output is concentrated among a handful of producers, with the country's top four producers accounting for roughly 90 percent of total 2015 production, based on actual and estimated data.

Mexico's Top Steel Producers

Rank	Company	Production (mmt)	Main Products
1	Altos Hornos de México, S.A.B. de C.V. (AHMSA)	5	Bars, cold-rolled/hot-rolled coils/ sheets, slabs, sections, plates
2	Ternium S.A	5*	Bars, billets, cold-rolled/hot-rolled coils/sheets, slabs, wire rod, sections, pipes & tubes, galvanized
3	Arcelor Mittal	4	Bars, blooms, billets, slabs, wire rod
4	Deacero	2.5	Billets, bars, wire rod, galvanized

Source: Metal Bulletin, *Iron and Steelworks of the World Directory 2017*; American Iron and Steel Institute (AISI); Company websites

* estimated capacity

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

Mexico's Trade Remedies in Effect Against Steel Mill Imports

Country	AD	CVD	Suspension Agreements and Undertakings	Total
Brazil	1			1
China	5			5
France	1			1
Germany	1			1
Japan	1			1
Kazakhstan	1			1
Romania	1			1
Russia	4			4
Ukraine	3			3
United Kingdom	1			1
United States	1			1
TOTAL	**20**	**0**	**0**	**20**

Source: World Trade Organization, through June 30, 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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