INTERNATIONAL TRADE ADMINISTRATION

Global Steel Trade Monitor

Steel Imports Report: **Canada**

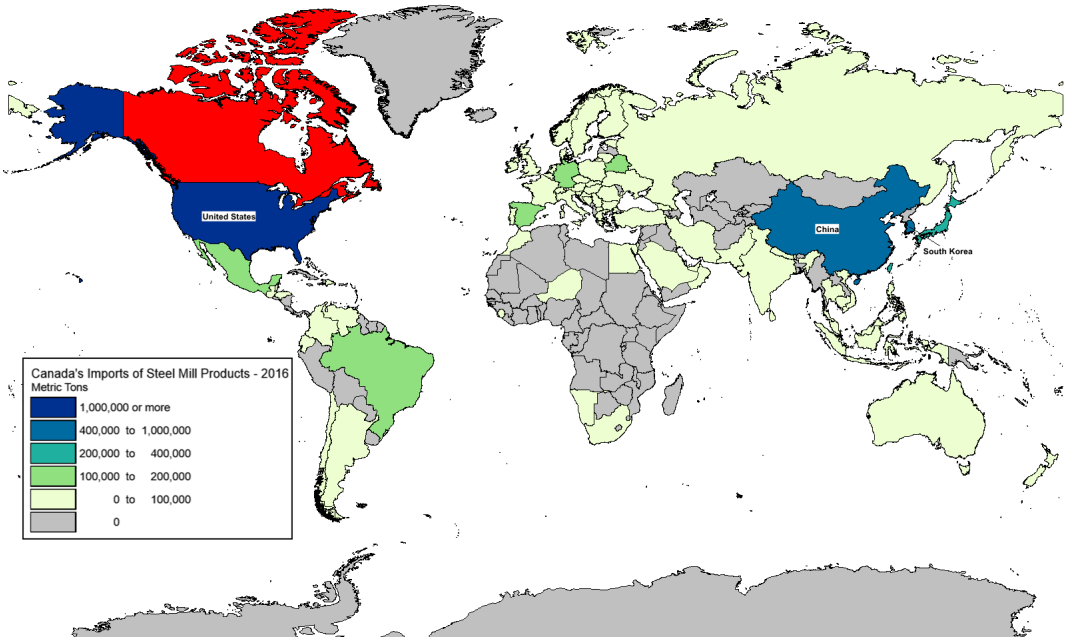
May 2017

Background

Canada is the world's eighteenth-largest steel importer, down from ranking as the twelfth-largest importer in 2015. In 2016, Canada imported 7.7 million metric tons of steel, a 3 percent decrease from 7.9 million metric tons in 2015. Canada's imports represented about 2.1 percent of all steel imported globally in 2015, based on available data. The volume of Canada's 2016 steel imports was roughly a quarter the size of the world's largest importer, the United States. In value terms, steel represented just 1.8 percent of the total goods imported into Canada in 2016.

Canada imports steel from over 70 countries and territories. The three countries labeled in the map below represent the top import sources for Canada's imports of steel, with each sending more than 400 thousand metric tons to Canada and together accounting for 73 percent of Canada's steel imports in 2016.

Canada's Imports of Steel Mill Products - 2016



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Quick Facts:

- World's 18th-largest steel importer: 7.7 million metric tons (2016)
- 27% steel import growth since 2009
- Year-on-year import volume down 3% while import value down 14%
- Import penetration at 54% in 2016
- Top three import sources: United States, China, South Korea
- Largest producers: ArcelorMittal, Essar Steel Algoma
- 49 trade remedies in effect against imports of steel mill products

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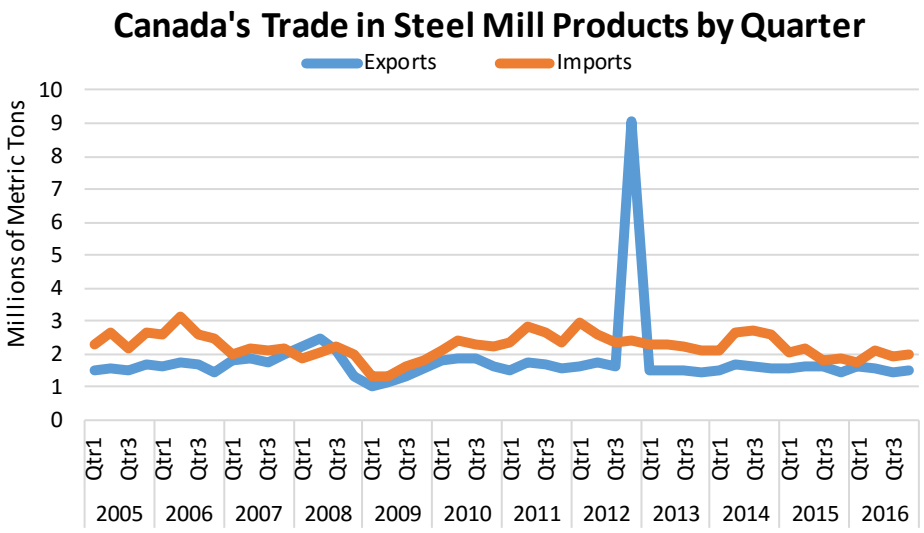
Steel Trade Balance

With the exception of three quarters, Canada has maintained a moderate trade deficit in steel products since 2005. Rising exports in the first half of 2008 and a spike in exports in Q4 2012 caused the deficit to briefly become a surplus. Since their recent low points in 2009, imports grew 27 percent by 2016, while exports grew 21 percent. In 2016, Canada's steel trade deficit amounted to -1.57 million metric tons — a 3 percent decrease from -1.63 million metric tons in 2015.

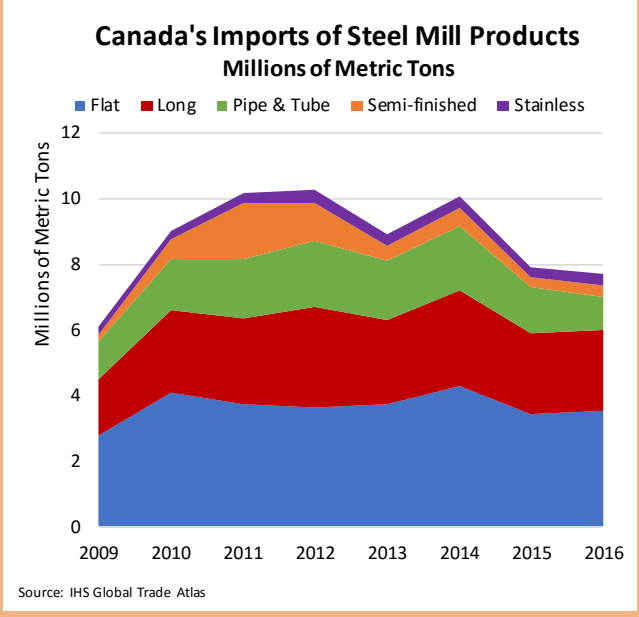


Source: IHS Global Trade Atlas

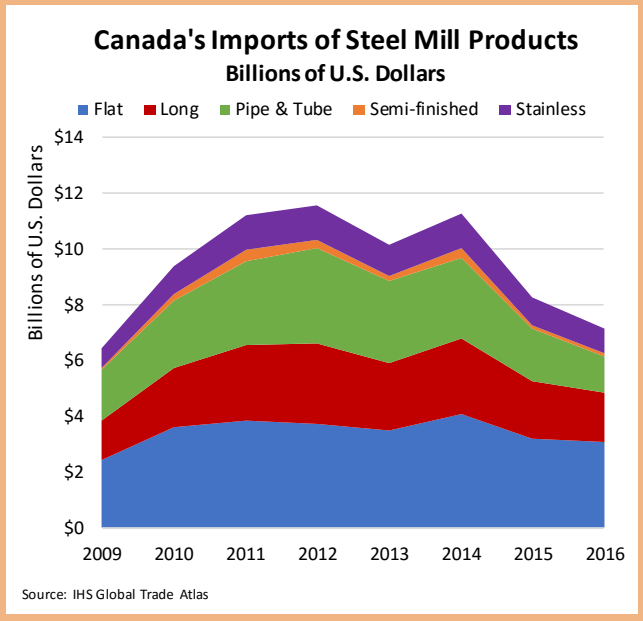
Import Volume, Value, and Product

The volume of Canada's steel imports has fluctuated in recent years. In 2015, Canada's steel imports decreased by 22 percent to 7.9 million metric tons from 10.1 million metric tons in 2014. 2016 imports totaled 7.7 million metric tons — a 3 percent decrease from 2015. By contrast, the value of Canada's 2016 steel imports have declined by a greater amount, down 14 percent to $7.1 billion from $8.3 billion in 2015.

Flat products accounted for just under half of Canada's steel imports in 2016 at 46 percent — a total of 3.5 million metric tons. Long products accounted for 32 percent, or 2.4 million metric tons, of Canada's imports, followed by pipe and tube at 13 percent (993.6 thousand metric tons), semi-finished steel at 5 percent (381.4 thousand metric tons), and stainless products at 4 percent (344.1 thousand metric tons).



Source: IHS Global Trade Atlas



Source: IHS Global Trade Atlas

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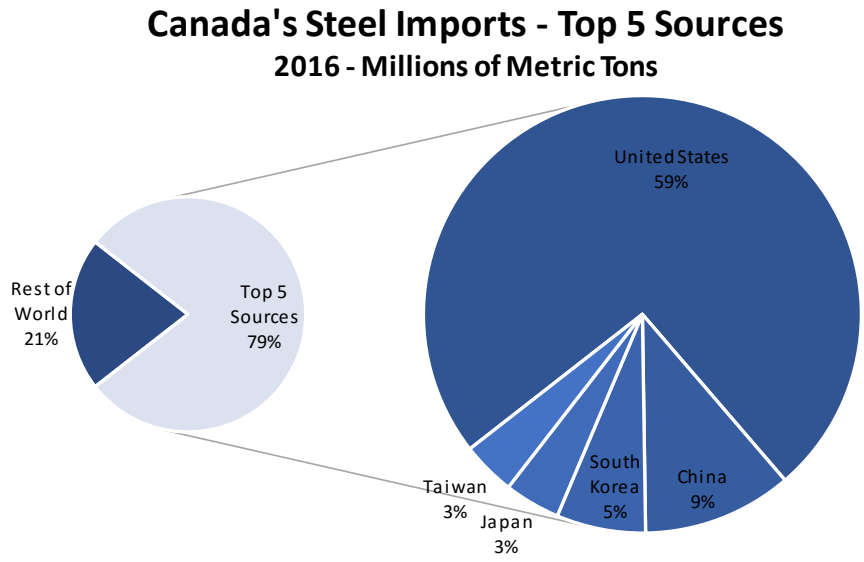
Imports by Top Source

The top 5 source countries for Canada's steel imports represented 79 percent of Canada's total steel import volume in 2016 at 6.1 million metrics tons (mmt). The United States by far accounted for the largest share of Canada's imports by source country at 59 percent (4.5 mmt), followed by China at 9 percent (0.7 mmt), South Korea at 5 percent (0.4 mmt), Japan at 3 percent (0.3 mmt), and Taiwan at 3 percent (0.2 mmt).



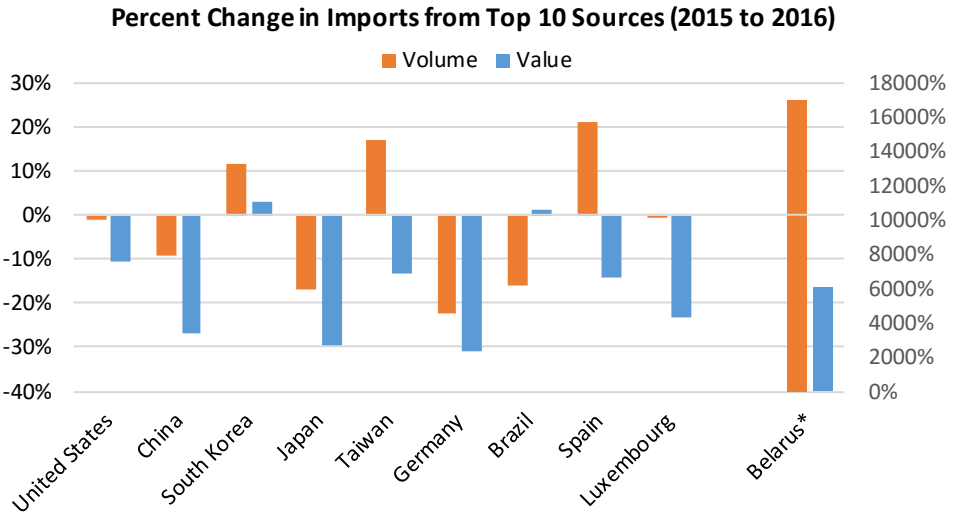
Source: IHS Global Trade Atlas

Notably, while Canada's top source countries have shifted from year to year, the United States has ranked as Canada's top import source for steel products for more than 20 years.

Trends in Imports from Top Sources

The volume of Canada's steel imports decreased from six of Canada's top 10 steel import sources between 2015 and 2016. Canada's imports from Germany showed the largest decrease in volume in 2016, down 22.4 percent, followed by Japan (down 16.7%) and Brazil (down 16%). Imports from 9th -ranked Belarus jumped by nearly 17,000 percent, while imports from Spain increased by 21.2 percent, imports from Taiwan increased by 16.9 percent, and imports from South Korea increased by 11.5 percent.

In value terms, only Canada's imports from Belarus, South Korea, and Brazil increased in value in 2016 — up 6,119 percent, 3.3 percent, and 1.2 percent, respectively. Imports from the rest of Canada's top 10 sources all showed value decreases between 2015 and 2016, with imports from Germany decreasing 30.9 percent by value, followed by Japan (down 29.4%), China (down 26.7%), and Luxembourg (down 23.1%).



Source: IHS Global Trade Atlas
*Belarus plotted on secondary axis

Outside of the top 10 sources, other significant volume changes included Canada's imports from Russia (up 70.2% from 2015) and Vietnam (up 161.8%).

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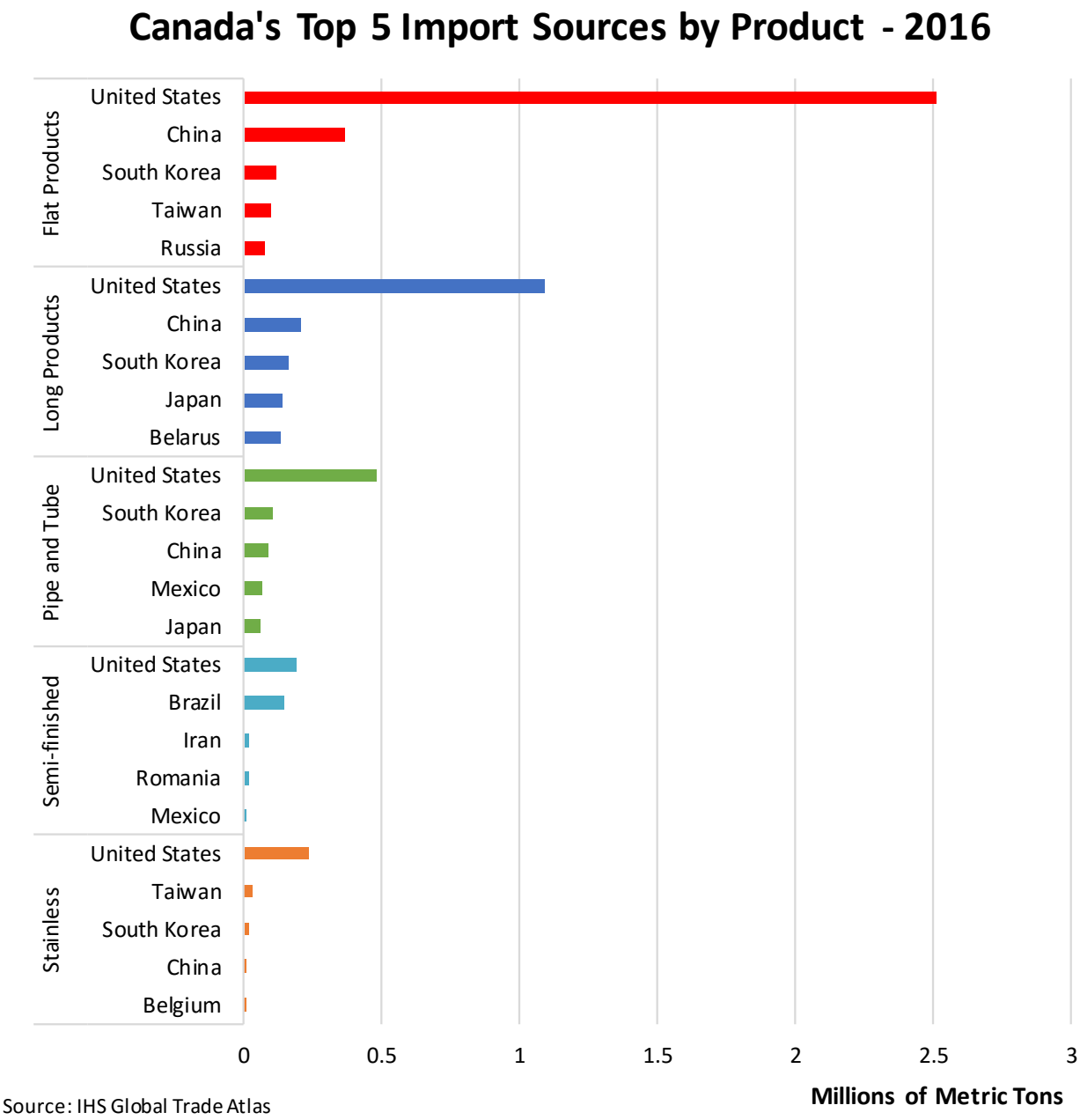
Top Sources by Steel Product Category

The top source countries for Canada's imports by volume vary across types of steel products, though the United States held the top spot for imports in each of the five product categories. Additionally, the United States accounted for more than 40 percent of Canada's imports in every category.

In flat products, the United States accounted for 71 percent of Canada's imports (2.5 million metric tons) in 2016. Imports from the United States accounted for 45 percent of Canada's long product imports (1.1 million metric tons), 48 percent of pipe and tube imports (481.6 thousand metric tons), 51 percent of semi-finished imports (193.9 thousand metric tons), and 68 percent of stainless imports (232.8 thousand metric tons).



Source: IHS Global Trade Atlas

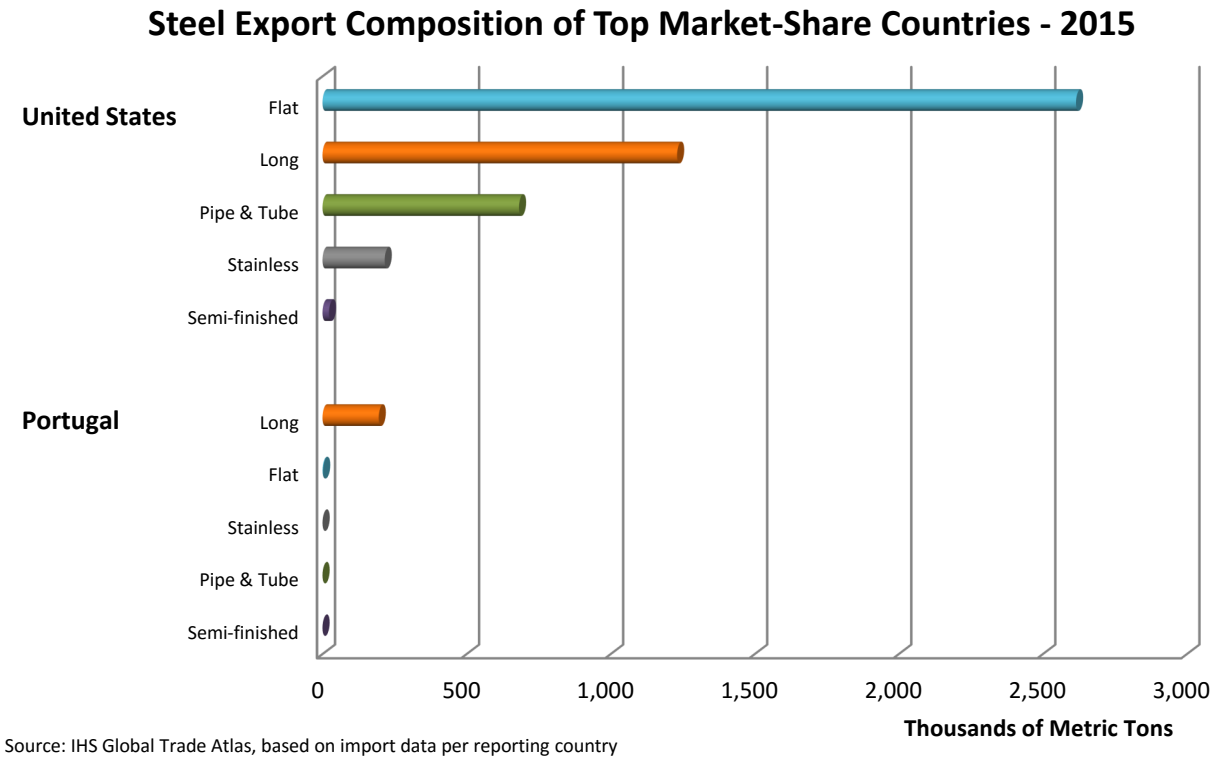
Canada's Export Market Share from Top Source Countries

In 2015, the share of steel exports sent to Canada from its top import sources increased in the majority of sources. The share of Portugal's steel exports to Canada showed the largest increase (up 7.4 percentage points), followed by Taiwan (up 1 percentage point). The export share to Canada in Japan, Germany, Brazil, Spain, and Luxembourg all increased by less than one percentage point. The United States saw the largest decrease in the share of steel exports to Canada, down 3.6 percentage points, while export shares for China and South Korea each decreased by 0.4 percentage points.

Canada's Steel Export Market Share				
Top 10 Import Sources (2015)	Share of Exports to Canada - 2014	Canada's Rank in 2014	Share of Exports to Canada - 2015	Canada's Rank in 2015
United States	53.4%	1	49.8%	1
China	1.2%	23	0.8%	29
South Korea	1.4%	15	1.1%	19
Japan	0.5%	24	0.7%	21
Germany	0.7%	22	0.7%	21
Taiwan	1.1%	20	2.0%	14
Brazil	1.4%	13	1.8%	13
Portugal	1.2%	10	8.6%	4
Spain	0.9%	16	1.0%	15
Luxembourg	3.9%	7	4.1%	8

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

Among Canada's top import sources, the United States and Portugal sent the largest shares of their total steel exports to Canada at 49.8 and 8.6 percent, respectively. In 2015, flat products accounted for 55 percent (2.6 million metric tons) of the United States' steel exports to Canada, while long products accounted for 99 percent (195 thousand metric tons) of Portugal's exports to Canada.



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

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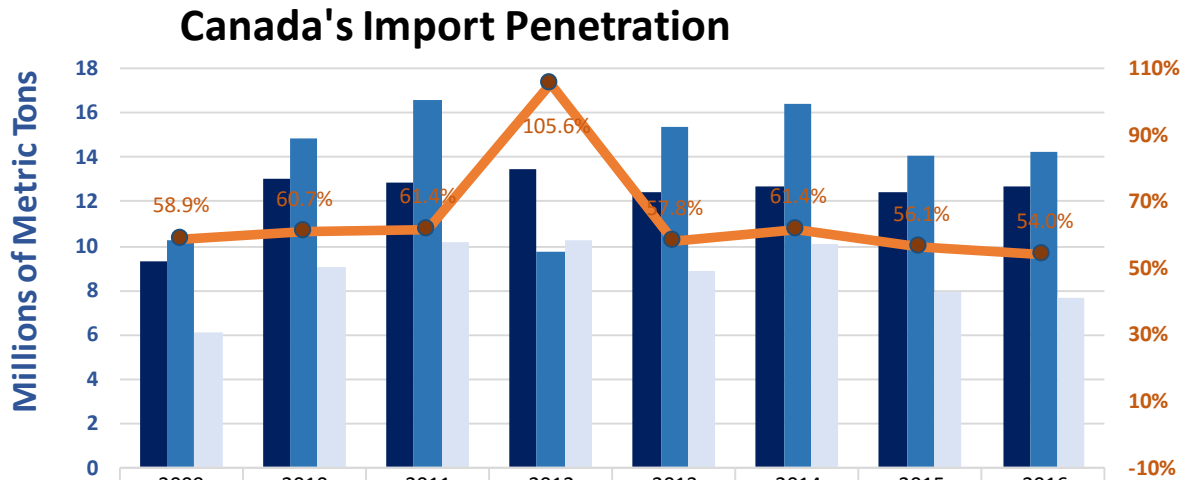
Overall Production and Import Penetration



	2009	2010	2011	2012	2013	2014	2015	2016
Production	9.3	13.0	12.9	13.5	12.4	12.7	12.5	12.7
Apparent Consumption	10.3	14.9	16.6	9.7	15.4	16.4	14.1	14.2
Imports	6.1	9.0	10.2	10.3	8.9	10.1	7.9	7.7
Import Penetration	58.9%	60.7%	61.4%	105.6%	57.8%	61.4%	56.1%	54.0%

Sources: World Steel Association; IHS Global Trade Atlas

Canada's crude steel production averaged 12.8 million metric tons between 2010 and 2016. Production in 2016 was up 2 percent to 12.7 million metric tons from 12.5 million metric tons in 2015. Apparent consumption (a measure of steel demand) has outpaced production for much of the period, excluding 2012 when a spike in exports pushed demand down. The gap between demand and production narrowed significantly in 2015, to 1.6 million metric tons, and remained the same in 2016. Import penetration averaged close to 60 percent between 2009 and 2016, with the exception of 105.6 percent import penetration reached in 2012 as demand dropped due to a jump in exports. Lower imports and a slight uptick in demand in 2016 caused import penetration to decrease 2.1 percentage points to 54 percent.

Top Producers

Steel production in Canada is dominated by foreign-owned companies as many domestically-owned firms were purchased by steel companies from outside of Canada. The largest producer, Luxembourg-based ArcelorMittal, alone accounts for roughly half of Canadian steel production through its two subsidiaries, ArcelorMittal Dofasco and ArcelorMittal Long Products Canada.

Canada's Top Steel Producers

Rank	Company	Production (mmt)	Main Products
1	ArcelorMittal Dofasco	4.5	Hot-rolled sheet, cold-rolled sheet, galvanized
2	ArcelorMittal Long Products Canada	2	Semi-finished, reinforcing bars, bars, wire rod, wire
3	Essar Steel Algoma	2.8 (capacity)	Hot-rolled sheet, cold-rolled sheet, plates
4	Evraz	N/A	Plate, coil, OCTG
5	Gerdau	N/A	Long products
6	U.S. Steel Canada	N/A	Hot-rolled sheet, cold-rolled sheet, galvanized

Sources: Canadian Steel Producers Association; Metal Bulletin, *Iron and Steelworks of the World Directory 2017*; 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 table below provides statistics on the current number of trade remedies Canada has against imports of steel mill products from various countries. Canada has no steel mill safeguards in effect.

Canada's Trade Remedies in Effect Against Steel Mill Imports

Country	AD	CVD	Suspension Agreements and Undertakings	Total
Brazil	2			2
Bulgaria	1			1
China	8	6		14
Czech Republic	1			1
Denmark	1			1
India	3	2		5
Indonesia	2			2
Italy	1			1
Japan	1			1
Oman	1			1
Philippines	1			1
Romania	1			1
South Korea	5			5
Taiwan	3			3
Thailand	2			2
Turkey	3			3
Ukraine	3			3
United Arab Emirates	1			1
Vietnam	1			1
TOTAL	**41**	**8**	**0**	**49**

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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