

Global Steel Trade Monitor

Steel Imports Report: Philippines

May 2017

Background

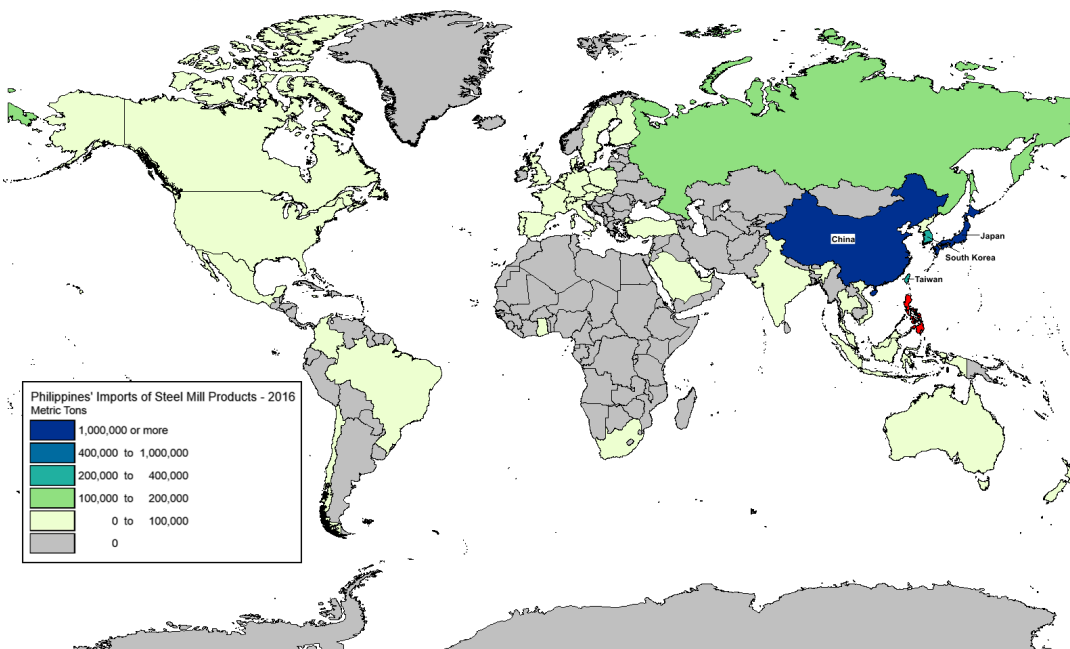
The Philippines is the world's sixteenth-largest steel importer. In 2016, the Philippines imported 8.1 million metric tons of steel, a 152 percent increase from 3.2 million metric tons in 2015. The Philippines' imports represented about 1 percent of all steel imported globally in 2015, based on available data. The volume of the Philippines' 2016 steel imports was slightly more than one-quarter the size of the world's largest importer, the United States. In value terms, steel represented just 3.8 percent of the total goods imported into the Philippines in 2016.

The Philippines imports steel from over 70 countries and territories. The four countries labeled in the map below represent the top import sources for the Philippines' imports of steel, with each sending more than 200 thousand metric tons to the Philippines and together accounting for 96 percent of the Philippines' steel imports in 2016.

Quick Facts:

- World's 16th-largest steel importer: 8.1 million metric tons (2016)
- 207% steel import growth since 2009
- Year-on-year import volume up 152% while import value up 71%
- Import penetration up from 66.4% in 2014 to 76.4% in 2015
- Top three import sources: China, Japan, Taiwan
- Largest producers: Stronghold Steel, Treasure Steelworks, Steelasia Manufacturing
- 1 trade remedy in effect against imports of steel mill products

Philippines' Imports of Steel Mill Products - 2016



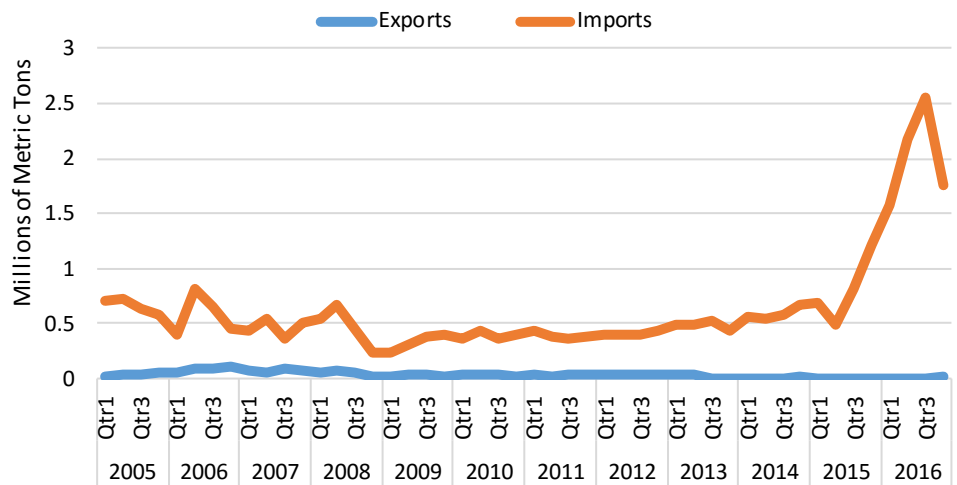
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Steel Imports Report: Philippines

Steel Trade Balance

Between 2005 and 2014, the Philippines maintained an average annual steel trade deficit of -1.7 million metric tons. The dramatic rise in imports in 2015 and 2016 caused the trade deficit to grow by 247 percent from -2.3 million metric tons in 2014 to -8.0 million metric tons in 2016. Since 2005, the Philippines' exports of steel products have declined 82 percent while imports have grown 207 percent.

Philippines' Trade in Steel Mill Products by Quarter



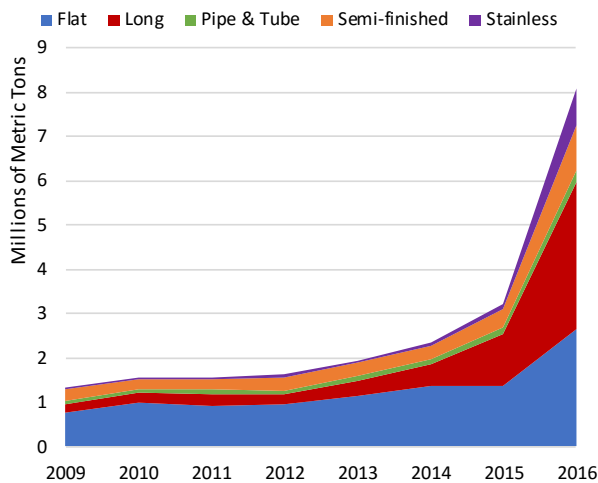
Source: IHS Global Trade Atlas

Import Volume, Value, and Product

Prior to 2015, the Philippines' volume of steel imports displayed moderate annual growth. Imports totaled 1.3 million metric tons in 2009 and by 2014 had increased 79 percent to 2.3 million metric tons. 2015 imports increased 37 percent from 2014 to 3.2 million metric tons before surging to 8.1 million metric tons in 2016 — a 152 increase from 2015. The value of the Philippines' 2016 steel imports increased by 71 percent, from \$1.8 billion in 2015 to \$3.1 billion in 2016.

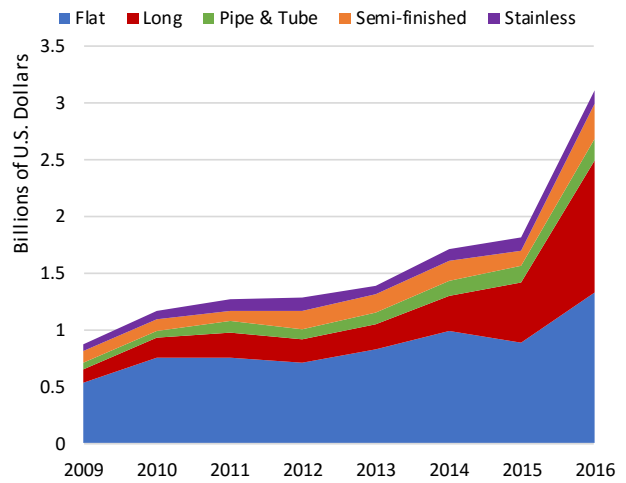
Long products accounted for 41 percent of the Philippines' steel imports in 2016 — a total of 3.3 million metric tons. Flat products accounted for 33 percent of the Philippines' imports (2.7 million metric tons), followed by semi-finished products at 13 percent (1 million metric tons), stainless at 10 percent (801.5 thousand metric tons), and pipe and tube at 3 percent (271.7 thousand metric tons).

Philippines' Imports of Steel Mill Products
Millions of Metric Tons



Source: IHS Global Trade Atlas

Philippines' Imports of Steel Mill Products
Billions of U.S. Dollars



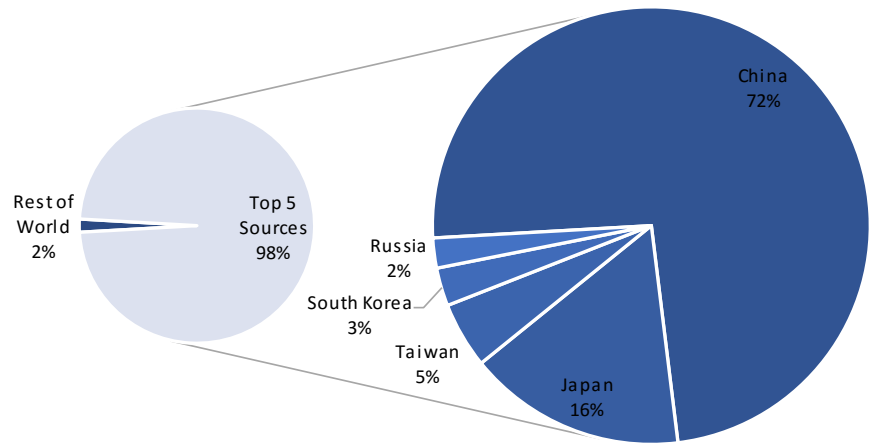
Source: IHS Global Trade Atlas

Steel Imports Report: Philippines

Imports by Top Source

The top 5 source countries for the Philippines' steel imports represented 98 percent of the total steel import volume in 2016 at 7.9 million metric tons (mmt). China accounted for a significant share of the Philippines' imports by source country at 72 percent (5.9 mmt), followed by Japan at 16 percent (1.3 mmt), Taiwan at 5 percent (0.4 mmt), South Korea at 3 percent (0.2 mmt), and Russia at 2 percent (0.2 mmt). Of note, the top 5 rankings remained unchanged from 2015.

Philippines' Steel Imports - Top 5 Sources
2016 - Millions of Metric Tons



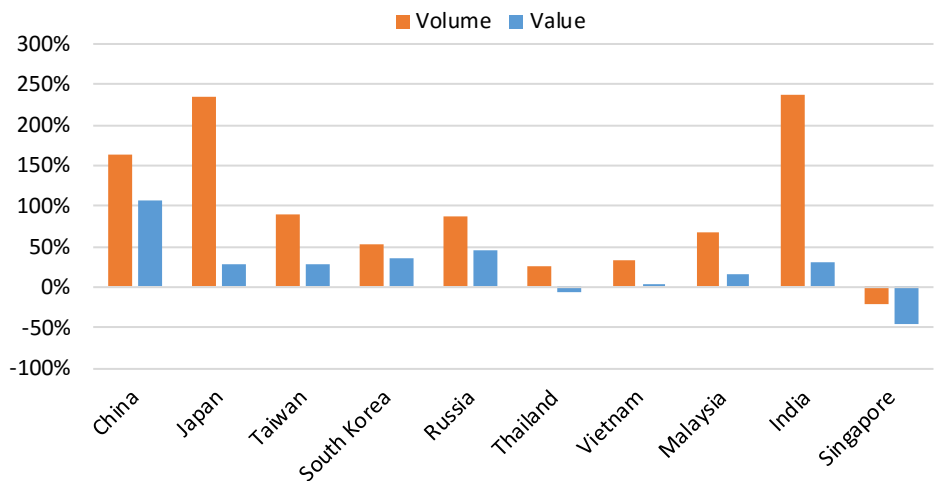
Source: IHS Global Trade Atlas

Trends in Imports from Top Sources

The volume of the Philippines' steel imports increased from nearly all of the Philippines' top 10 steel import sources between 2015 and 2016. Imports from India showed the largest percentage increase in 2016, up 238 percent from 2015, followed by imports from Japan (up 234.5%), China (up 162.9%), Taiwan (up 89.7%), and Russia (up 88.5%). While 2016 steel imports from Japan of 1.3 million metric tons increased the most in volume percentage terms, imports from China were nearly four-times that at 5.9 million metric tons.

In value terms, the Philippines' imports from eight of its top ten steel import sources increased between 2015 and 2016. Imports from China showed the largest percentage increase in value up 106.5 percent, followed by Russia (up 46.4%), India (up 30.2%), and South Korea (up 34.7%).

Percent Change in Imports from Top 5 Sources (2015 to 2016)



Source: IHS Global Trade Atlas

Outside of the top ten sources, other significant volume changes included the Philippines' imports from 12th-ranked North Korea (up 139.4% from 2015) and 13th-ranked Indonesia (up 111.1%).

Steel Imports Report: **Philippines**

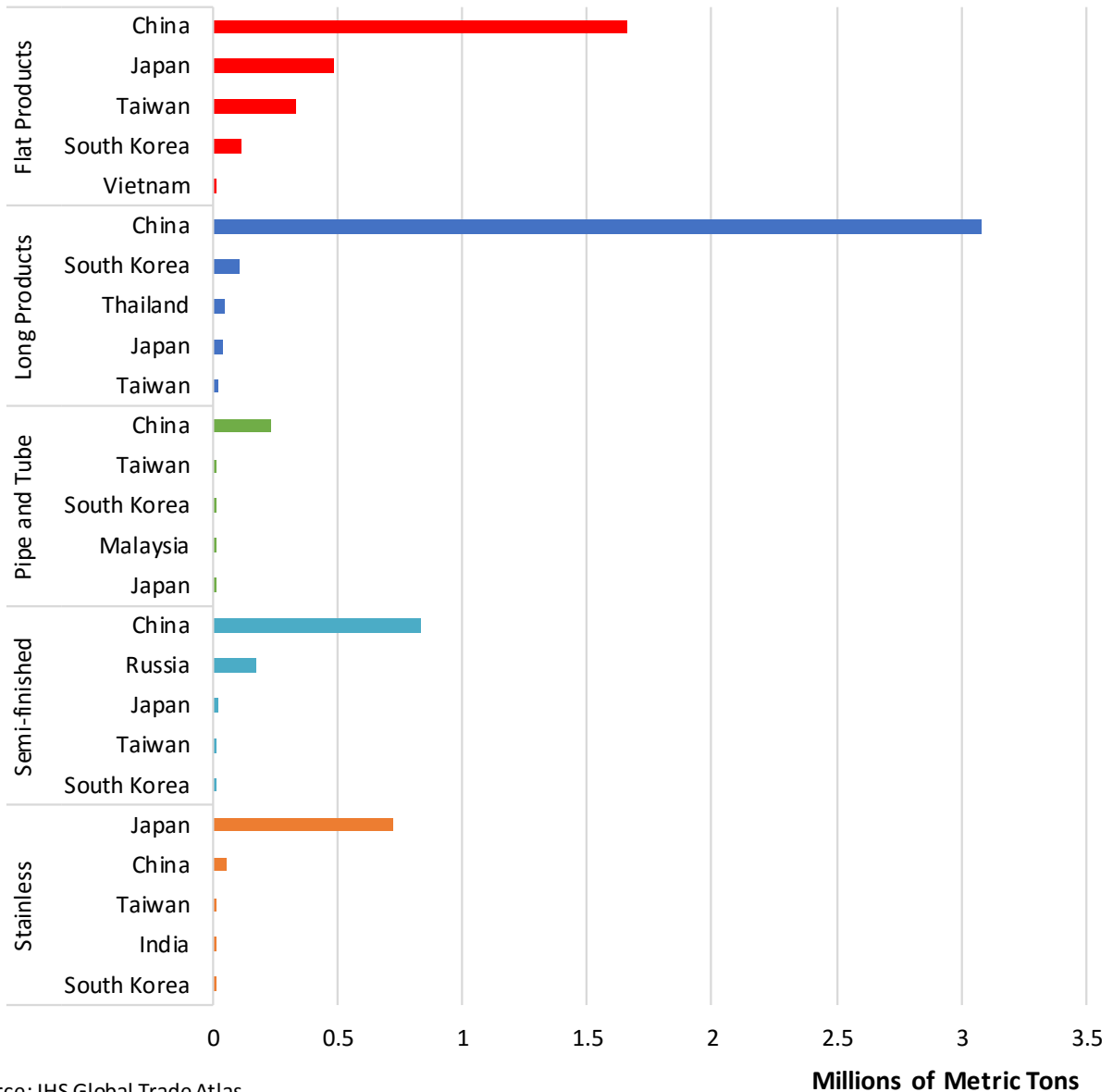
Top Sources by Steel Product Category

The top source countries for the Philippines' imports by volume vary across types of steel products, though China held the top spot for imports in all product categories except for stainless products.

In flat products, China accounted for 62 percent of the Philippines' imports (1.7 million metric tons) in 2016, followed by Japan at 18 percent (487.9 thousand metric tons). Imports from China accounted for 93 percent of the Philippines' long product imports (3.1 million metric tons), 86 percent of pipe and tube imports (234 thousand metric tons), and 80 percent of semi-finished imports (829 thousand metric tons).

Japan accounted for the largest share of the Philippines' imports of stainless products at 90 percent (724.1 thousand metric tons).

Philippines' Top 5 Import Sources by Product - 2016



Source: IHS Global Trade Atlas

Steel Imports Report: **Philippines**

Philippines' Export Market Share from Top Source Countries

In 2016, the share of steel exports sent to the Philippines increased from five of its top ten import sources. The share of China's steel exports to the Philippines showed the largest increases (up 1 percentage point) and Taiwan (up 0.5 percentage points), while export shares in Russia, Malaysia, and India increased by less than half a percentage point. The export share to the Philippines for Japan, South Korea, and Singapore decrease by 0.2 percentage points or less, and Thailand's share remained unchanged.

Among the Philippines' top import sources, China, Taiwan, and Thailand sent the largest shares of their total steel exports to the Philippines at 6.1, 3.3, and 3 percent, respectively. In

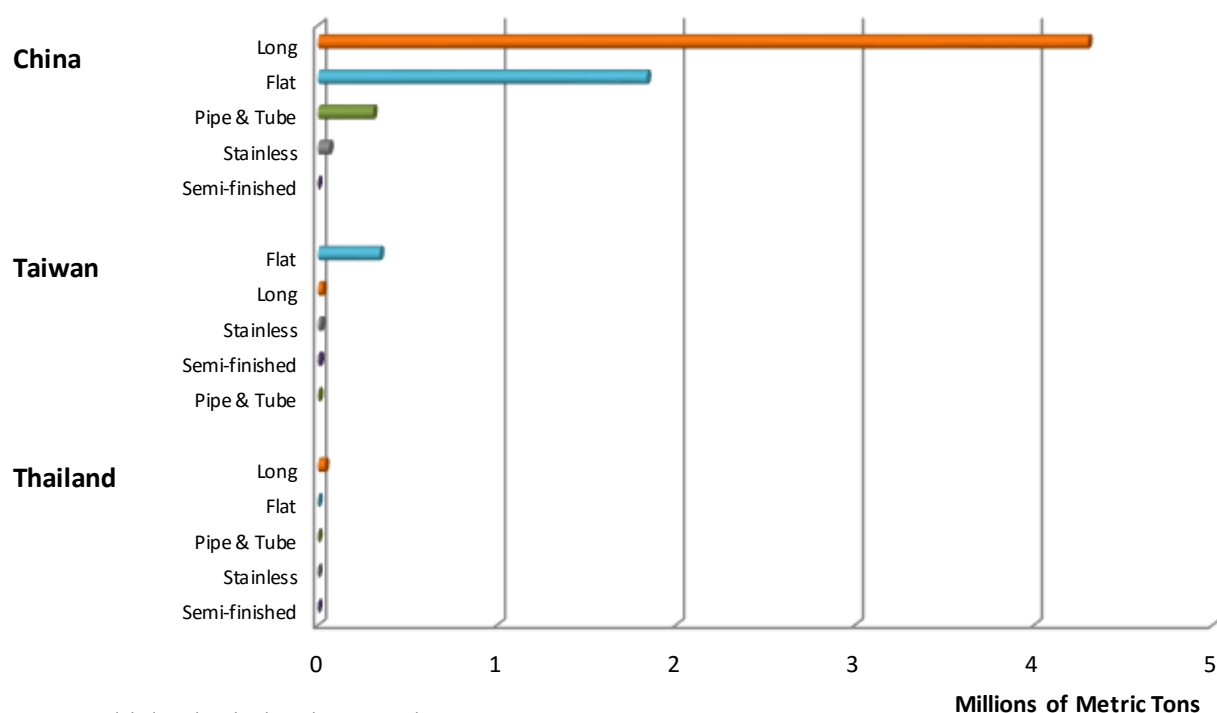
2016, long products accounted for 66 percent (4.3 million metric tons) of China's exports to the Philippines and 86 percent (345.4 thousand metric tons) of Taiwan's exports. Flat products accounted for nearly all of Thailand's exports to the Philippines at 92 percent (38.3 thousand metric tons).

Philippines' Steel Export Market Share				
Top 10 Import Sources	Share of Exports to Philippines - 2015	Philippines' Rank in 2015	Share of Exports to Philippines - 2016	Philippines' Rank in 2016
China	5.1%	3	6.1%	3
Japan	1.8%	13	1.6%	13
Taiwan	2.9%	11	3.3%	9
South Korea	1.5%	16	1.3%	16
Russia	0.1%	62	0.2%	55
Thailand	3.0%	11	3.0%	11
Vietnam	N/A	N/A	N/A	N/A
Malaysia	1.0%	14	1.3%	12
India	0.1%	81	0.2%	55
Singapore	0.6%	12	0.5%	13

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

Note: Import data for Vietnam not available

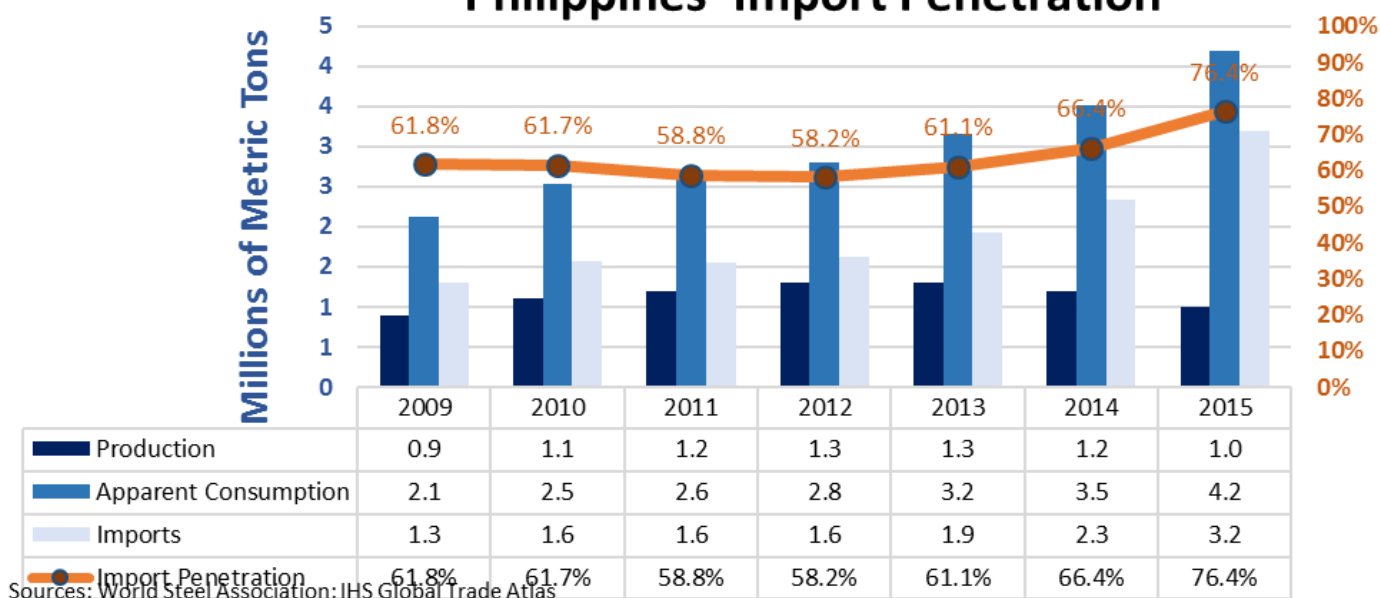
Steel Export Composition of Top Market-Share Countries - 2016



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

Steel Imports Report: Philippines

Philippines' Import Penetration



Overall Production and Import Penetration

The Philippines' crude steel production increased by 59 percent between 2009 and 2013 before beginning to decrease. Production in 2015, the latest data available, declined 26 percent to 1 million metric tons from 1.3 million metric tons in 2013. Apparent consumption (a measure of steel demand) has increasingly outpaced production over the period. The gap between demand and production remained relatively stable between 2009 and 2013 but widened in 2014 to 2.3 million metric tons, and again in 2015 to 3.2 million metric tons as imports accounted for an increasing share of demand. Import penetration has remained consistently above 50 percent. After decreasing by 5 percentage points between 2009 and 2012, import penetration jumped nearly 18 percentage points to 76.4 percent in 2015 from 58.2 percent in 2012.

Top Producers

The Philippines has three steel-making companies, the majority of which use electric arc furnace technology to produce steel. Two of the producers — Stronghold Steel and Treasure Steelworks — are subsidiaries of holding company TKC Metals Corporation. The Philippines also has a number of rolling mills that produce long products, flat products, wire products, pipe and tube, and galvanized products.

Philippines' Top Steel Producers		
Company	Capacity (mmt)	Main Products
Stronghold Steel Corporation (subsidiary of TKC)	N/A	Billets, reinforcing bars
Treasure Steelworks Corp. (subsidiary of TKC)	N/A	Billets
Steelasia Manufacturing Corp.	2.1	Reinforcing bars

Source: Metal Bulletin, *Iron and Steelworks of the World Directory 2017*; Philippine Iron and Steel Institute; Company websites

Steel Imports Report: **Philippines**

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 Philippines has no AD or CVD trade remedies against imports of steel mill products; however, the Philippines does maintain one steel mill safeguard measure on imports of steel angle bars from all countries.

Steel Mill Safeguards in Effect	
Country	Product
Philippines	Steel angle bars

Source: World Trade Organization, through February 24, 2017

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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