

Industry Overview External Trade

**North American Steel Trade Committee
Washington, DC
June 7-8, 2017**

CSPA  ACPA



**American
Iron and Steel
Institute**



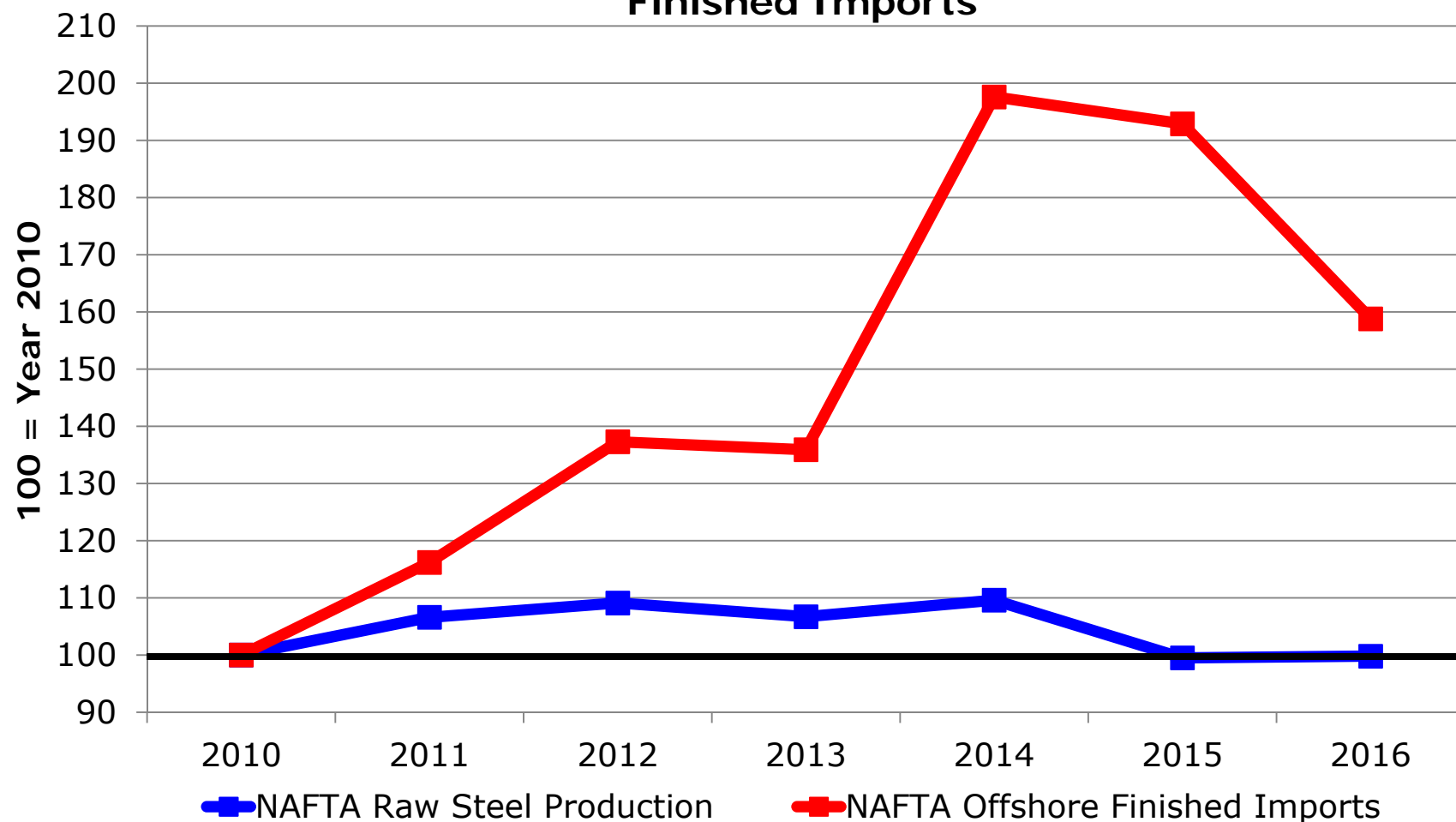
CPTI
THE COMMITTEE
ON PIPE AND TUBE
IMPORTS

SSINA
Specialty Steel Industry
of North America


CANACERO
Cámara Nacional de la Industria del Hierro y del Acero

Finished Imports Remain 60 Percent Above 2010 Levels, While NAFTA Production Below 2010 Baseline

Index of NAFTA Raw Steel Production and Offshore Finished Imports

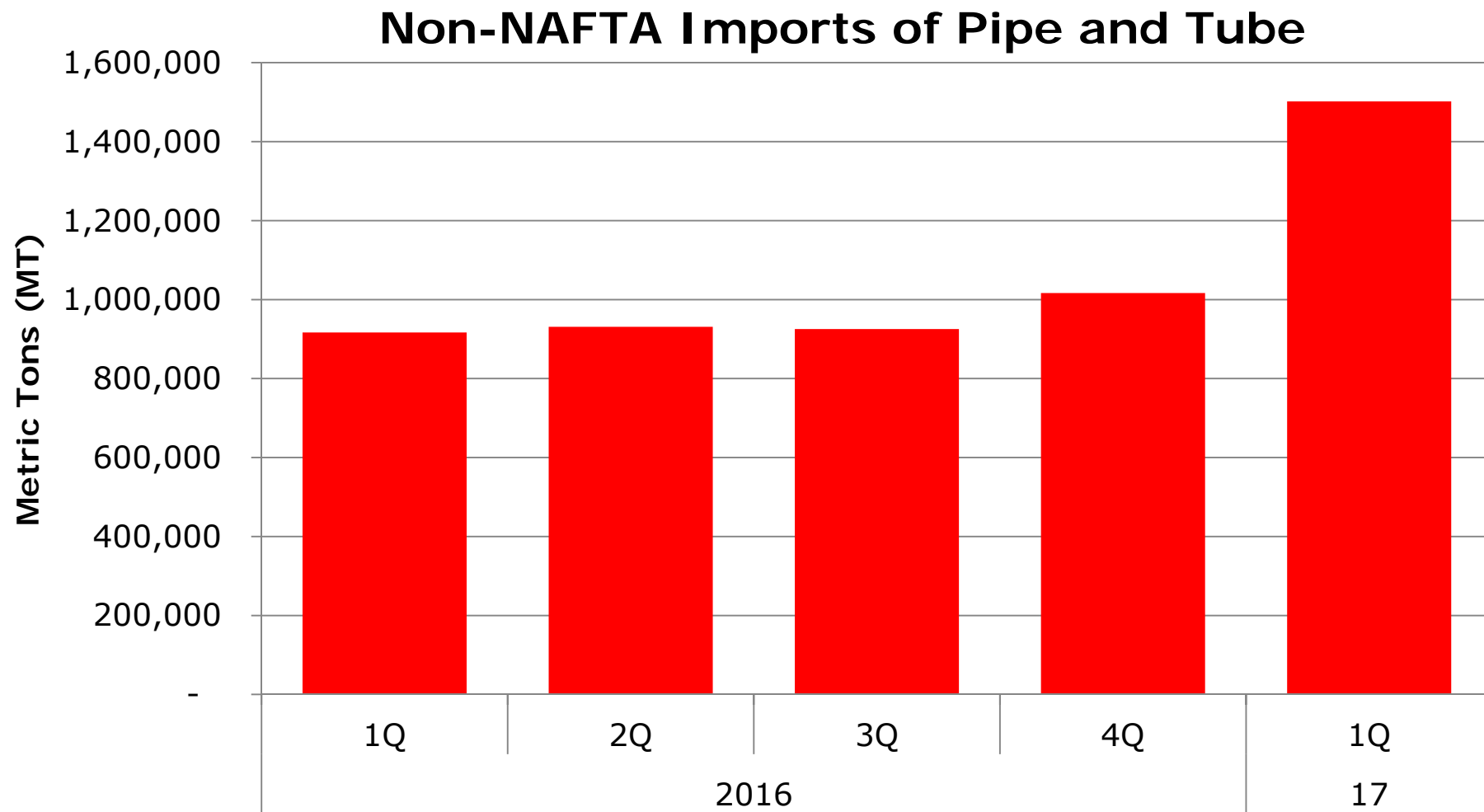


Despite Declines from 2014-15 Peak, Finished Imports Increase 11.2 Percent in 1Q17 versus 1Q16

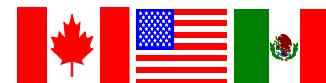
| Product Category | 2013 | 2014 | 2015 | 2016 | 1Q2016 | 1Q2017 |
|--|-------------------|-------------------|-------------------|-------------------|------------------|------------------|
| Flat Rolled | 9,606,427 | 16,335,329 | 16,038,930 | 13,626,635 | 3,141,656 | 3,282,632 |
| Pipe and Tube | 6,489,329 | 7,607,422 | 6,208,932 | 3,789,408 | 989,961 | 1,502,053 |
| Bars and Rods | 3,409,739 | 4,570,594 | 5,128,915 | 4,975,575 | 1,185,104 | 1,275,729 |
| Structural (including Rail) | 1,408,723 | 1,949,398 | 2,248,314 | 1,863,943 | 360,304 | 304,523 |
| Wire Products | 452,782 | 517,257 | 613,909 | 636,439 | 135,536 | 100,405 |
| Subtotal Finished Imports | 21,367,000 | 30,980,000 | 30,239,000 | 24,892,000 | 5,812,848 | 6,465,342 |



Imports of Steel Pipe and Tube Products Have Increased Dramatically in Recent Months

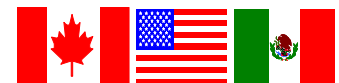
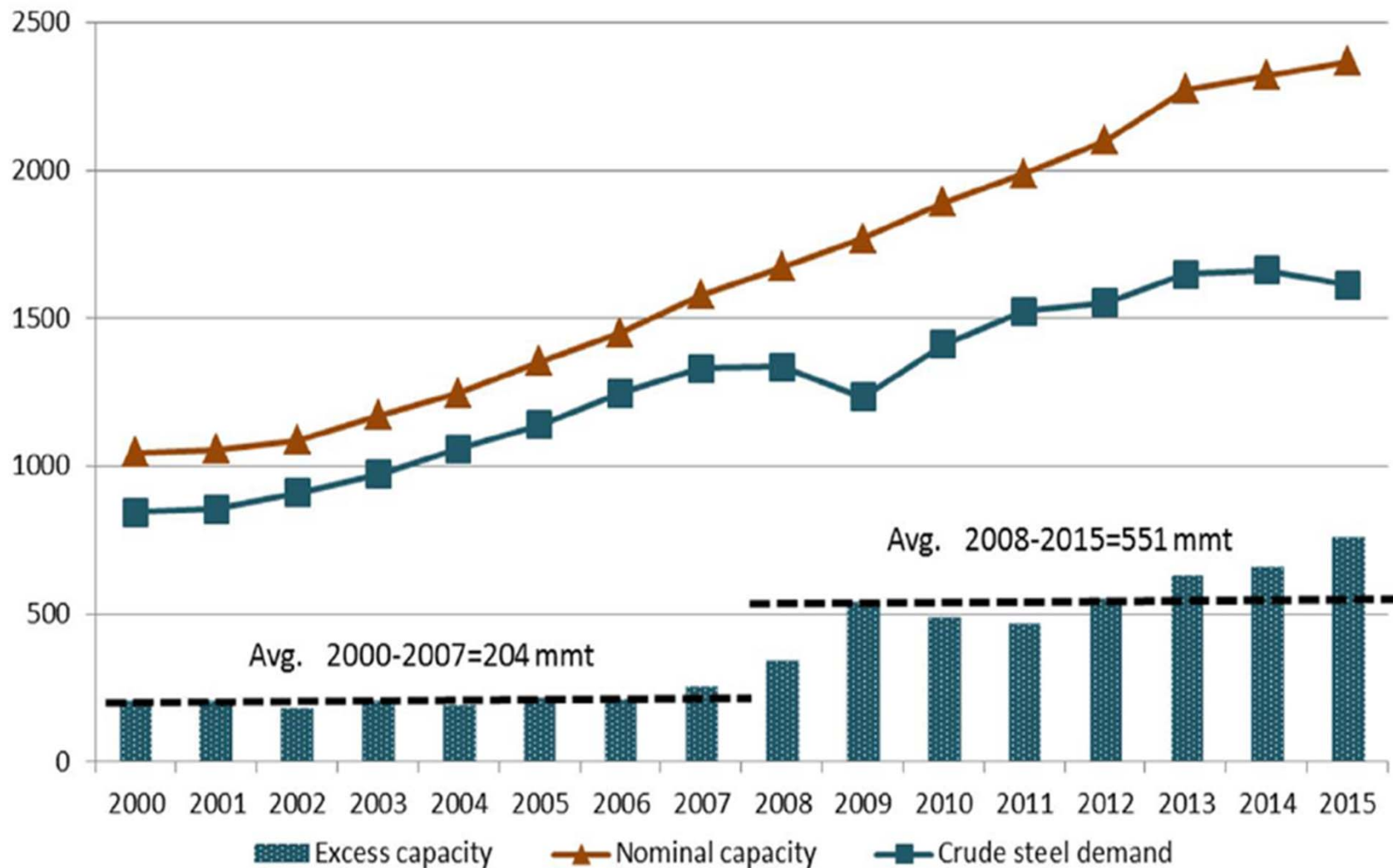


Sources: U.S. Census Bureau, Statistics Canada, Canacero



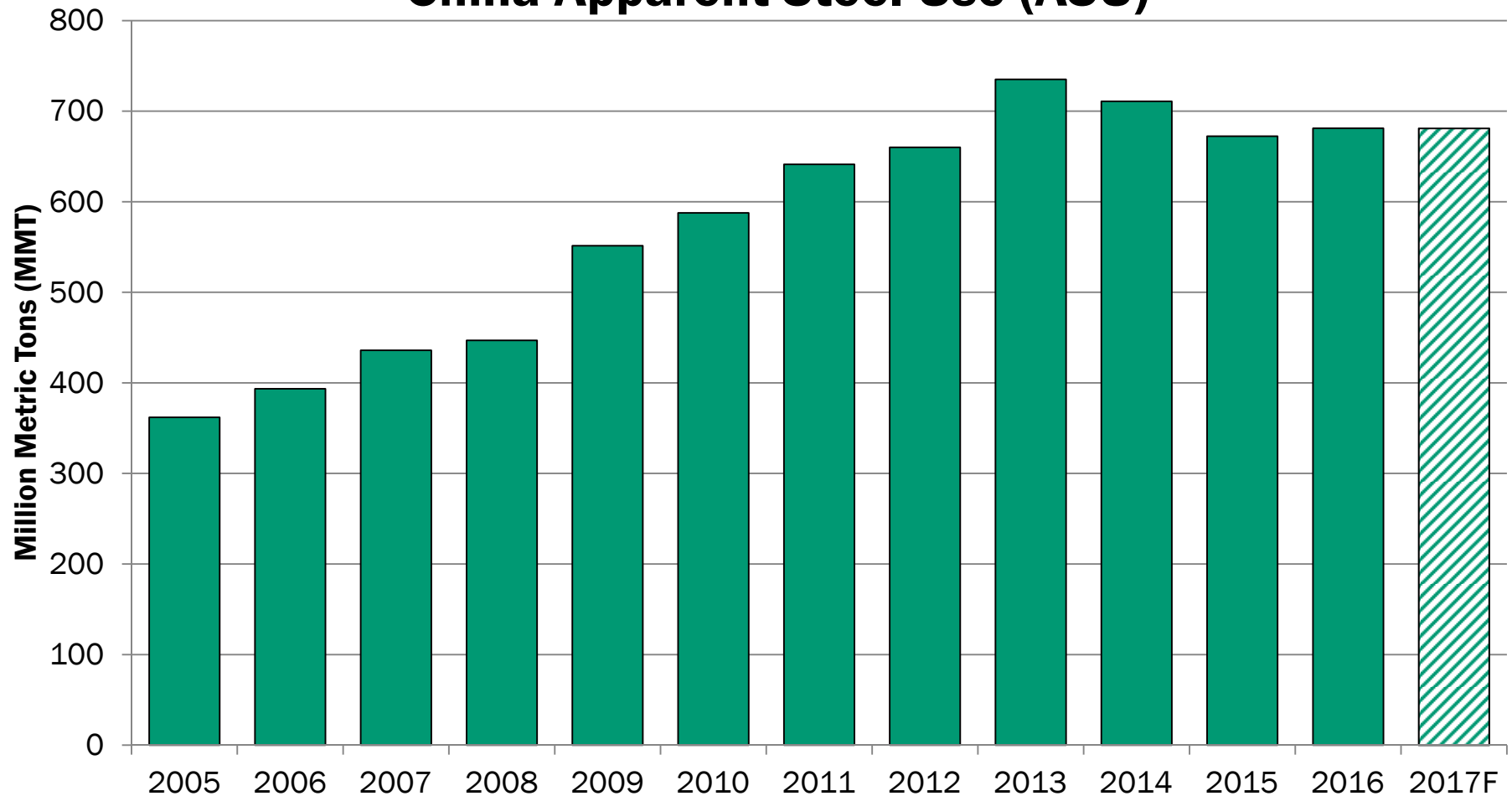
Global Overcapacity in Steel Continues to Increase

OECD Secretariat Estimates 700 Million Metric Tons of Excess Capacity in 2016



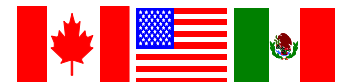
Chinese Steel Demand Has Likely Peaked

China Apparent Steel Use (ASU)



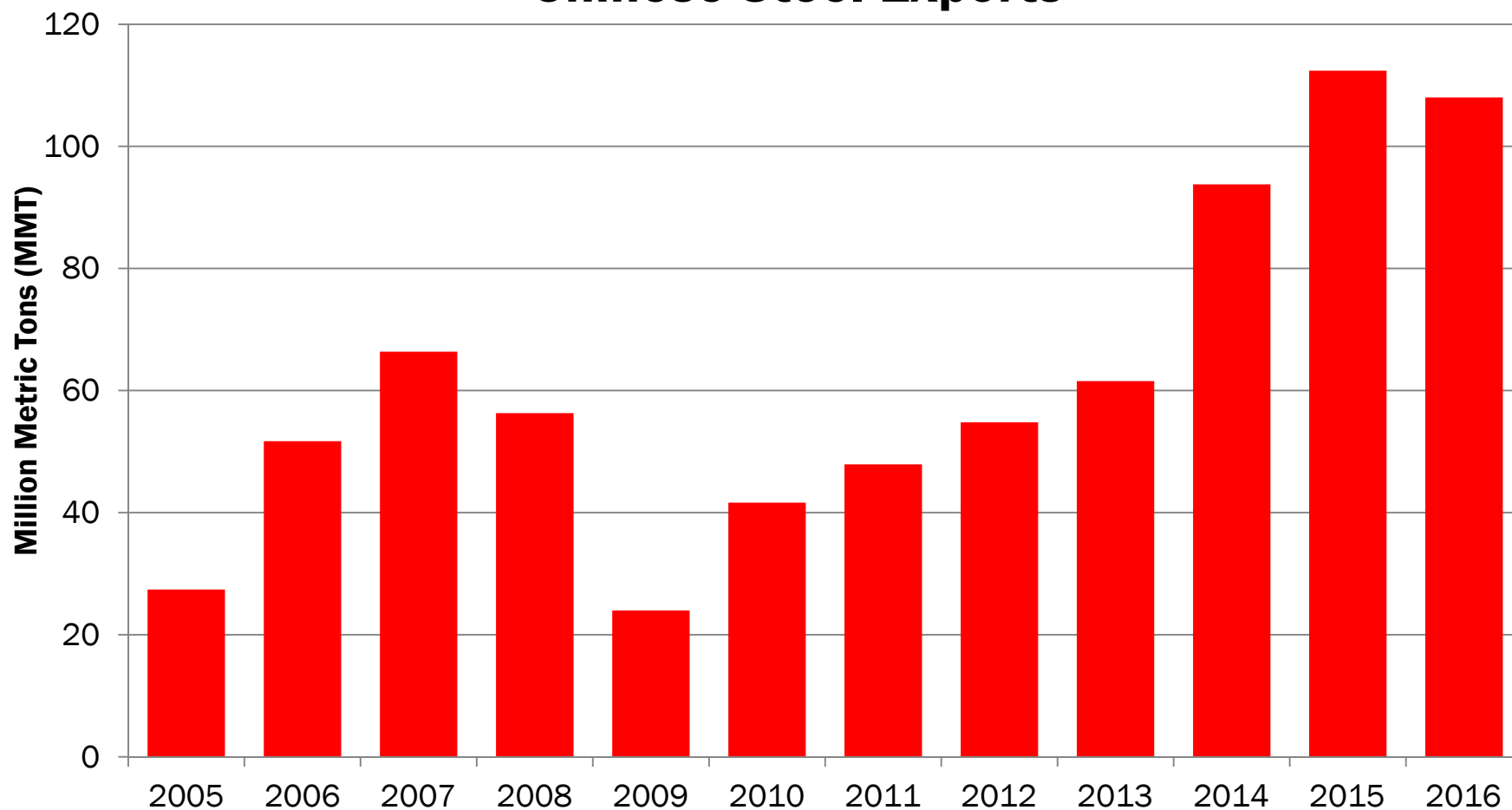
2017F – ASU based on WSA Short Range Outlook (Spring 2017)

Source: World Steel Association (WSA)



Chinese Steel Exports in 2016 Almost Equals Total NAFTA Raw Steel Production

Chinese Steel Exports



Source: Government of China



Actions to Address Global Overcapacity

- Reduction of government-directed excess capacity
- Elimination of market-distorting government policies
 - Subsidies and other trade-distorting policies
 - Governmental barriers to exit /adjustment
 - Government industrial planning and decision-making in the steel sector
 - Export restrictions on raw materials and other government intervention in raw material markets
- Aggressive enforcement of trade laws to address dumped and subsidized imports

Trade Remedy Law Enforcement Critical

Process for Addressing Duty Evasion in Development

- Enforcement of WTO-authorized trade remedy laws critical to NAFTA steel industry survival
 - WTO cases of concern
- NAFTA governments should continue to look for opportunities to improve effectiveness of national trade remedy laws
- Addressing evasion of antidumping and countervailing duty measures requires more tools
 - Enforce and Protect Act enacted into law as part of U.S. customs legislation last year
 - Interim Final Rule issued by CBP in August

WTO Cases of Interest to the Steel Industry

Recent Cases of Concern

- DS515: United States – Measures Related to Price Comparison Methodologies from China
- DS516: European Union – Measures Related to Price Comparison Methodologies from China
- DS473: European Union — AD Measures on Biodiesel from Argentina
- DS464: United States — AD and CVD Measures on Large Residential Washers from Korea
- DS471: United States — Certain Methodologies and their Application to Anti-Dumping Proceedings Involving China
- DS488: United States — AD Measures on Certain Oil Country Tubular Goods from Korea

China Remains a Non-Market Economy

- There is state control over many critical aspects of the Chinese economy, including strategic industries such as steel
- Significant restrictions on foreign investment remain in place
- The Chinese financial system remains dominated by state-owned banks, and the stock and bond markets are dominated by SOEs
- The Chinese currency remains controlled by the government and is undervalued, favoring exports and discouraging imports

