Korean Steel Market

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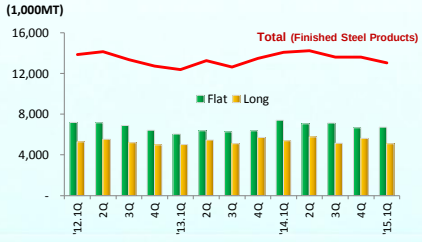
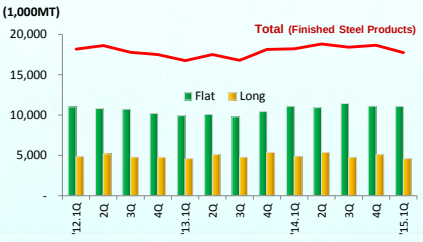
Steel Consumption

- **('14)** Increased by 7.3% to 55.5 million tons on account of base effects, however, an actual recovery was impeded by the surging penetration of low-priced imports into the Korean steel market.
- **('15)** Expected to keep up the growing pace with an increase of 2.8% thanks to a steady growth in construction sector.
  - In the first quarter, steel consumption decreased by 7.4% to 13 million tons due to the long Lunar New Year holiday and seasonal effects.

Steel Production

- **('14)** Rose by 7.2% to 74.1 million tons due to base effects and new steelmaking facilities.
- **('15)** Forecasted to grow by 2.9% to 76.3 million tons.
  - In the first quarter, steel production decreased by 2.8% to 17.7 million tons, resulted from the domestic steelmakers' production adjustment and closure of some EAF facilities.





7

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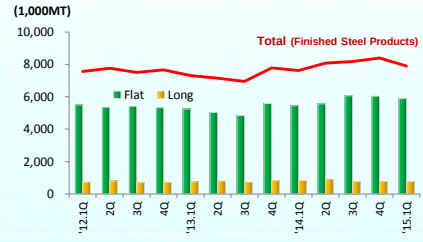
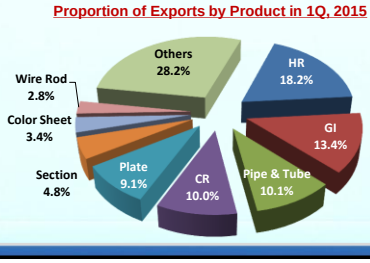
Steel Exports

- **('14)** Up by 10.5% to 32.3 million tons due to base effects and growing supply of materials for downstream products to overseas affiliates invested by Korean steel mills.
- **('15)** Expected to stabilize to the level of 2014 due to severe price competition and uncertain prospects for the developed steel markets.
  - Korea's steel exports increased by 3.6% year-on-year to 7.9 million tons in the first quarter of 2015, led by a stable growth in exports of HR(32.2%), GI(7.1%), plate(6.7%) and wire rod(8.5%).
  - The first quarter's negative growth showed up in exports of CR(-11.4%), section(-9.8%) and color-coated sheet(-9.1%) while exports of pipe and tube decreased by 7.0% due to a slowdown in overseas energy markets.

Korea's Steel Exports





8

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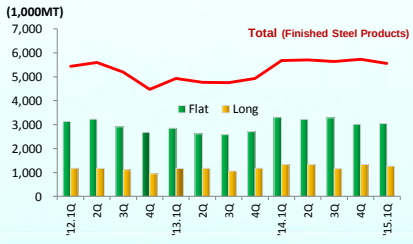
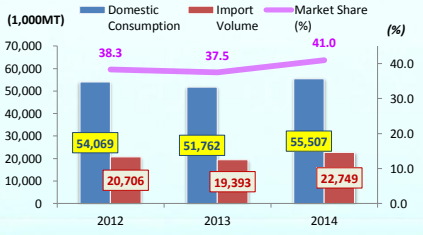
Steel Imports

- **('14)** Surged by 17.3% to 22.7 million tons with low-priced steel imports from China spilling over into the domestic market in spite of remarkable progress in the import substitution propelled by Korean steel mills.
- **('15)** Estimated to be flat compared to the previous year, maintaining quite a serious level of more than 22 million tons, and the sustainability of Korean steel industry has been seriously jeopardized by the high level of low-priced imports especially from China.
  - In the first quarter of 2015, Korea's steel imports decreased by 2.2% year-on-year to 5.6 million tons owing to depressed domestic steel demand as well as seasonal effects.
  - Imports of HR(10.9%), semi-finished products(26.6%) and bar(29.6%) posted a significant growth whereas a downward trend was seen in imports of plate(-14.2%), section(-18.9%), wire rod(-20.2%) and GI(-30.4%).

Korea's Steel Imports





9

IV

Conclusion

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Features of Korea's Steel Trade

- The recent market share of imported steel products accounts for the threatening level of more than 40% in Korea where the steel market has been completely opened since the import tariff on steel products was eliminated to a zero rate in 2004. Accordingly, Korea has been the biggest steel importer in the East Asian region with an annual average of more than 20 million tons.
- Considering the situation of Korean steel market penetrated by surging imports, Korea's net exports in steel have stabilized to approximately 10 million tons, maintaining a relatively lower volume than neighboring countries such as China and Japan where the market penetration rate of steel imports remained at the level of less than 10%.
- In addition, the growing supply of materials for downstream products to overseas affiliates invested by the domestic steel mills has been one of the most decisive factors leading an increase in Korea's steel exports in recent years as the Korean steel industry has tried to make a series of foreign investments in steelmaking facilities in overseas steel markets with strong demand and abundant raw materials,

10