

**Brazil Steel Institute written comments related to Section 232  
National Security Investigation on Imports of Steel**

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- The Brazil Steel Institute was founded on May 31, 1963, with the primary objective of representing Brazilian steel companies by defending their interests and promoting their development.

In pursuing these goals, the Institute performs the following activities: research studies, surveys and analysis in regards to steel production, equipment and technology, raw materials and energy, market trends, new applications for steel and industrial relations; data collection, preparation and publication of statistics; support in product standardization; development of programs and policies outlined by the steel industry; representation of the steel sector to public and private entities in Brazil and abroad; activities related to public relations and communication with steel related organizations worldwide.

**BRAZILIAN STEEL INDUSTRY OUTLOOK**

Unit: 10<sup>3</sup> MT

	<b>2016</b>	<b>Jan-Apr/17</b>
<b>Crude Steel Production</b>	31,275	11,143
<b>Finished Steel Production</b>	20,920	7,301
<b>Semi-finished Steel Production</b>	10,541	3,108
<b>Domestic Sales</b>	16,525	5,169
<b>Exports</b>	13,432	4,648
<b>Finished Steel Products</b>	4,986	1,565
<b>Semi-finished Steel Products</b>	8,446	3,083
<b>Imports</b>	1,879	790
<b>Apparent Consumption</b>	18,217	5,928

*Source: Brazil Steel Institute / MDIC data*

- Since the WWII, Brazil has been a close strategic and economic ally of the United States, highlighting the partnership developed in building the first big steel mill in Brazil, the Cia. Siderúrgica Nacional - CSN, opened on October 1<sup>st</sup>, 1946.
- Brazil and U.S. have a strong commercial relationship, along with close diplomatic ties and regional proximity. The countries' bilateral trade balance has been increasing, showing, since 2009, an U.S. surplus over Brazil.

#### BALANCE OF TRADE BRAZIL-U.S.

	2008	2009	2010	2011	2012	2013	2014	2015	2016
Exports (US\$ 10 <sup>3</sup> )	27,423,049	15,601,628	19,307,296	25,804,628	26,700,855	24,653,476	27,027,772	24,079,946	23,156,302
Imports (US\$ 10 <sup>3</sup> )	25,627,962	20,032,145	27,044,361	33,970,289	32,362,685	36,018,511	35,018,331	26,471,346	23,802,604
Total	53,051,011	35,633,773	46,351,657	59,774,917	59,063,540	60,671,987	62,046,103	50,551,292	46,958,906
Balance of Trade	1,795,087	(4,430,517)	(7,737,065)	(8,165,661)	(5,661,830)	(11,365,035)	(7,990,559)	(2,391,400)	(646,302)

Source: SECEX data

- In the steel sector, it notices that the semi-finished products are the main item imported by the United States from Brazil. Semi-finished products are fundamental for many American steel companies, which rerolls them into finished steel products, for final consumption. Brazilian steel companies are the main US suppliers of semi-finished steel products, with long term contracts with U.S. steel mills and regular supplier of steel products to U.S. customers, such as AM/NS Calvert, California Steel Industries (CSI),Novolipetsk (NLMK), AK Steel, JSW Steel, Nucor Connecticut, Gerdau Beaumont, CSN LLC, Metglas, Cargill Metals Supply, Priefert, Pittsburg Steel, Maverick Steel, Aperam Stainless Services & Solutions USA, LLC, among other.

#### U.S. STEEL IMPORTS - 2010 TO 2016 (metric tons)

	2010	2011	2012	2013	2014	2015	2016
<b>WORLD</b>	21.708.178	25.868.630	30.367.638	29.166.806	40.222.845	35.143.597	29.956.616
<b>CANADA</b>	6.026.020	5.471.712	5.223.763	4.971.465	5.488.453	5.244.973	5.119.209
Semi-finished	1.552.407	894.250	400.971	187.678	294.586	182.996	142.622
Finished	4.473.613	4.577.462	4.822.792	4.783.787	5.193.867	5.061.977	4.976.587
<b>BRAZIL</b>	902.980	2.820.402	3.591.948	3.777.443	4.563.897	4.829.544	3.959.361
Semi-finished	602.055	2.505.962	3.176.159	3.498.756	3.828.701	3.525.468	3.212.970
Finished	300.925	314.440	415.789	278.687	735.196	1.304.076	746.391

<b>KOREA</b>	1.851.620	2.574.186	3.336.545	3.457.683	4.967.551	4.402.159	3.458.386
<b>Semi-finished</b>	-	359	24.628	84.885	24.459	11,90	336,10
<b>Finished</b>	1.851.620	2.573.827	3.311.917	3.372.798	4.943.092	4.402.147	3.458.050
<b>MEXICO</b>	2.559.925	2.622.173	2.453.290	2.895.500	3.364.570	2.502.939	2.723.233
<b>Semi-finished</b>	796.884	677.029	543.946	706.922	1.016.661	658.033	621.324
<b>Finished</b>	1.763.041	1.945.144	1.909.344	2.188.578	2.347.909	1.844.906	2.101.909
<b>TURKEY</b>	527.563	665.302	1.221.621	1.092.424	1.994.610	2.560.647	2.191.546
<b>Semi-finished</b>	-	-	-	-	-	-	-
<b>Finished</b>	527.563	665.302	1.221.621	1.092.424	1.994.610	2.560.647	2.191.546
<b>JAPAN</b>	1.344.720	1.824.282	2.363.173	2.268.524	2.437.082	2.406.688	1.947.919
<b>Semi-finished</b>	142.540	483.822	611.571	546.415	526.130	357.921	316.734
<b>Finished</b>	1.202.180	1.340.460	1.751.602	1.722.109	1.910.952	2.048.767	1.631.185
<b>RUSSIA</b>	1.247.673	1.253.694	2.181.167	1.683.539	4.254.859	1.922.042	1.870.379
<b>Semi-finished</b>	952.756	781.306	1.641.406	1.463.790	2.968.639	1.595.424	1.589.154
<b>Finished</b>	294.917	472.388	539.761	219.749	1.286.220	326.618	281.225
<b>CHINA</b>	780.995	1.124.355	1.505.751	1.729.412	2.900.316	2.161.101	789.133
<b>Semi-finished</b>	2.486	6.999	6.838	7.216	7.125	7.312	6.957
<b>Finished</b>	778.509	1.117.356	1.498.913	1.722.196	2.893.191	2.153.789	782.176

Source: Steel Import Monitoring and Analysis System/ US Department of Commerce

- Historically, the semi-finished has been the most exported steel product to the U.S. In 2016, Brazil exported 4.6 million MT of steel, of which 83% of semi-finished (3.8 million MT) and 17% of finished steel products (0.8 million MT). It can be noticed that Brazilian steel exports to the U.S. have been reduced dramatically, reminding that six products category are subject to AD/CVD measures (hot and cold rolled flat steel products, cut-to-length plates, wire rods, stainless steel bars and welded standard pipes).

## BRAZILIAN STEEL EXPORTS TO THE U.S. (1980-2016)



Source: Brazil Steel Institute / SECEX data

- On February 1<sup>st</sup>, 2001, the U.S. Department of Commerce (DOC) initiated an investigation under Section 232, to determine the effects on the national security of imports of iron ore and semi-finished steel. On February 9<sup>th</sup>, 2002, the DOC released a report concluding study on effects of imports of iron ore and semi-finished steel on U.S. national security, mentioning:

*“Imports account for approximately 20 percent and 7 percent, respectively, of total U.S. consumption of iron ore and semi-finished steel. Most imports of these items derive from Canada, Mexico, and Brazil - countries deemed to be “safe” suppliers for national security purposes”*

- It is the Brazilian steel industry understanding that both countries relationship has kept on growing positively and there is no reason for the inclusion of Brazil in the Section 232 investigation.

Rio de Janeiro, May 26<sup>th</sup>, 2017.

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Executive President