



CHINA STEEL INTELLIGENCE REPORT

China's export structures shift under pressure

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CHINA'S EXPORT STRUCTURES SHIFT UNDER PRESSURE

BY TOMAS GUTIERREZ

China's full year trade data confirmed the significant increase in net steel exports which has pressured markets in the rest of the world. The shifting trade balance is fundamentally the product of China's weaker economy last year. Domestic demand and production determine net export volumes. However, exports have also been supported by the evasion of full VAT payments. This has resulted in an additional price impact on global markets.

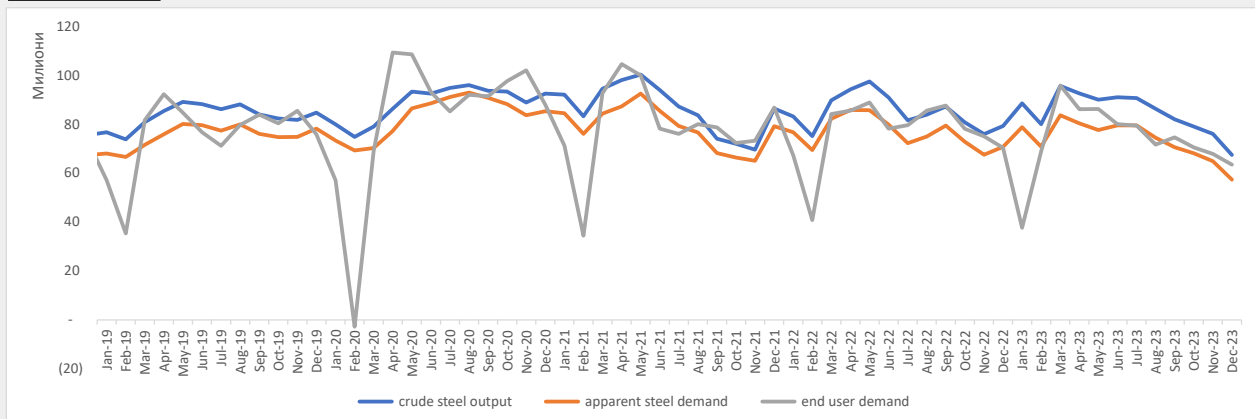
How have markets been impacted? And can this practice continue through 2024?

TABLE 1. SUPPLY AND DEMAND

	2022	Jan-Dec 2023	Y-o-y	2024 Outlook	Y-o-y
Official crude steel output	1,019	1,019	0.00%	1,027	1.30%
Apparent consumption	917	885	-3.48%	927	1.70%
End user demand	917	882	-4.22%	924	0.90%

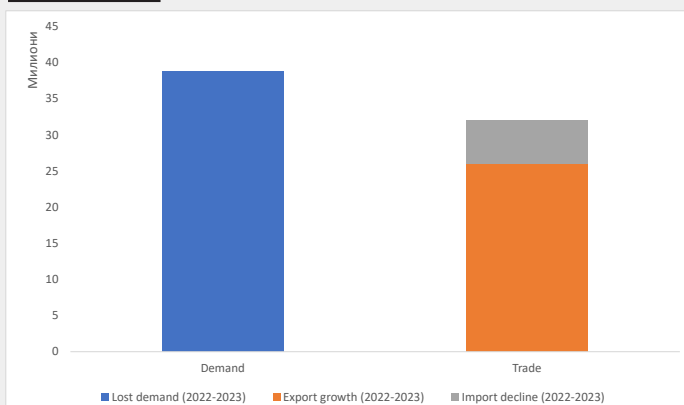
Source: Kallanish. Million Tonnes

FIGURE 1. STEEL PRODUCTION AND DEMAND 2019-2023



Source: Kallanish. Million Tonnes

FIGURE 2. TRADE OFFSET WEAKER CHINESE DEMAND



Source: Kallanish, GTT (tonnes)

Chinese steel exports surged 38% year-on-year to 94.478 million tonnes in 2023. China has been forced to export more because of its domestic market slowdown. End user demand last year was down 4.2% to 881.92mt (see below). The shift in trade balance was key in sustaining Chinese steel production last year. The combined reduction in imports and increase in exports compensated for around 82% of the decline in demand over the year.



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