Country Report of Taiwan, R.O.C.

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Secretary of International Affairs Committee
Taiwan Steel & Iron Industries Association
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OUTLINE

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Review of Economic Performance in 2016 and Outlook in 2017
Review of Economic Performance in 2016 and Outlook in 2017

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Taiwan Economy in 2016:
- Economic growth rate was 1.5%, higher than expected.
- Mainly due to stabilization of the economic recovery of major trading partners.

Taiwan Economy in 2017:
- Economic growth rate expected to be 1.92%, still grow.
- Mainly due to external demand increasing and governments’ stimulus policy.

Review of Economic Performance in 2016 and Outlook in 2017

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Foreign Trade

- Import Growth Rate (%)
- Export Growth Rate (%)
- Trade Balance (USD 10 billion)

Source: Directorate General of Budget, Accounting and Statistics (DGBAS), Taiwan Customs.

1. Export Growth Sectors:
   - Electronic, mechanical and metal products.
   - Forecast Rate is 4.01%.

2. Import Growth Sectors:
   - Consumer goods, industrial material, capital equipment.
   - Forecast Rate is 4.07%.

Result: Trade Balance Growth keep upwards.
## Major Sectors Growth in 2015-2016

<table>
<thead>
<tr>
<th>Gross Domestic Product by Kind of Activity</th>
<th>ACTUAL 2015</th>
<th>ACTUAL 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture, Forestry, Fishing and Animal Husbandry</td>
<td>-8.26%</td>
<td>-6.91%</td>
</tr>
<tr>
<td>Industry sector</td>
<td>-1.05%</td>
<td>2.04%</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>-0.85%</td>
<td>2.28%</td>
</tr>
<tr>
<td>Electricity, Gas</td>
<td>-5.45%</td>
<td>5.45%</td>
</tr>
<tr>
<td>Service sector</td>
<td>1.14%</td>
<td>1.33%</td>
</tr>
<tr>
<td>Wholesale and Retail</td>
<td>0.27%</td>
<td>0.63%</td>
</tr>
<tr>
<td>Finance and Insurance</td>
<td>3.78%</td>
<td>2.73%</td>
</tr>
</tbody>
</table>

Source: Directorate General of Budget, Accounting and Statistics (DGBAS).

- Real GDP Growth Rate continue to be **moderate growth**.
- Industry Sector got **2.04%** growth in 2016, while Manufacturing was **2.28%**, Electricity and Gas had **5.45%** in growth.

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Overall Condition of Steel Market in Taiwan

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Overall Condition of Steel Market in Taiwan

2016 Apparent Crude Steel Consumption: 22.1 million MT

+4.39% compared with 2015

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Source: China Steel Corporation, Taiwan Steel & Iron Industries Association.
### Crude Steel Production & Consumption 2015-2017

<table>
<thead>
<tr>
<th>(Unit: million metric tons)</th>
<th>ACTUAL 2015</th>
<th>ACTUAL 2016</th>
<th>FORECAST 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Crude Steel Production</td>
<td>21.4</td>
<td>22.1</td>
<td>-</td>
</tr>
<tr>
<td>Finished Products Production</td>
<td>24.2</td>
<td>25.5</td>
<td>26.0</td>
</tr>
<tr>
<td>Finished Products Import</td>
<td>4.0</td>
<td>4.1</td>
<td>4.1</td>
</tr>
<tr>
<td>Finished Products Export</td>
<td>10.7</td>
<td>11.3</td>
<td>11.5</td>
</tr>
<tr>
<td>Consumption</td>
<td>17.5</td>
<td>18.3</td>
<td>18.6</td>
</tr>
</tbody>
</table>

Source: China Steel Corporation, Taiwan Steel & Iron Industries Association, Taiwan Customs.

- **Import** and **Export** become extremely important for the steel industry while domestic demand is getting saturated.
- Total amount of steel export expected to grow marginally while import stands still.

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## Apparent Consumption of Finished Products 2014-2016

<table>
<thead>
<tr>
<th>(Unit: million metric tons)</th>
<th>ACTUAL 2014</th>
<th>ACTUAL 2015</th>
<th>ACTUAL 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>PLATE</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Production</td>
<td>1.18</td>
<td>1.06</td>
<td>1.11</td>
</tr>
<tr>
<td>Consumption</td>
<td>1.58</td>
<td>1.43</td>
<td>1.30</td>
</tr>
<tr>
<td><strong>BAR/ROD</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Production</td>
<td>3.15</td>
<td>2.93</td>
<td>3.04</td>
</tr>
<tr>
<td>Consumption</td>
<td>3.50</td>
<td>3.25</td>
<td>3.41</td>
</tr>
<tr>
<td><strong>HR</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Production</td>
<td>7.66</td>
<td>7.37</td>
<td>8.24</td>
</tr>
<tr>
<td>Consumption</td>
<td>4.43</td>
<td>3.73</td>
<td>4.43</td>
</tr>
<tr>
<td><strong>CR</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Production</td>
<td>3.01</td>
<td>2.75</td>
<td>2.92</td>
</tr>
<tr>
<td>Consumption</td>
<td>1.77</td>
<td>1.68</td>
<td>1.91</td>
</tr>
</tbody>
</table>

Source: China Steel Corporation, Taiwan Customs.

- Production > Consumption : HR & CR.
- Consumption > Production : PLATE & BAR/ROD
- Consumption of PLATE is continually decreasing.
Steel Consuming Sectors and Products Demand Analysis
## 2014-2016 Major Steel Consuming Sectors & Products Demand Analysis

<table>
<thead>
<tr>
<th>SECTORS</th>
<th>ACTUAL 2014</th>
<th>ACTUAL 2015</th>
<th>ACTUAL 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction</td>
<td>39.2%</td>
<td>39.2%</td>
<td>33.3%</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>48.2%</td>
<td>47.6%</td>
<td>52.4%</td>
</tr>
<tr>
<td>Metal</td>
<td>41%</td>
<td>40.9%</td>
<td>45.6%</td>
</tr>
<tr>
<td>Machinery</td>
<td>0.7%</td>
<td>0.7%</td>
<td>0.9%</td>
</tr>
<tr>
<td>Transportation</td>
<td>3.8%</td>
<td>3.9%</td>
<td>3.8%</td>
</tr>
<tr>
<td>Shipbuilding</td>
<td>1.2%</td>
<td>1.4%</td>
<td>1.1%</td>
</tr>
<tr>
<td>Automotive</td>
<td>1.6%</td>
<td>1.6%</td>
<td>1.6%</td>
</tr>
<tr>
<td>Others</td>
<td>12.6%</td>
<td>13.2%</td>
<td>14.3%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100%</strong></td>
<td><strong>100%</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

Source: Taiwan Steel & Iron Industries Association, China Steel Corporation.

- **Increase** Most: Manufacturing, about **4.8%** with Metal got **4.7%** growth.
- **Decrease** Most: Construction, for almost **6%**.

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Construction

◎ Uprising tax and slow economic recovery lead to fewer needs.
◎ New and existed housing project make the market oversupply.

Automobile

◎ New cars registered increase by 4.5% in 2016, which is the highest in the past 11 years.
◎ New registered number in 2017 is predicted to be lower for oil price and the diminishing car-buying subsidy effect.
2016-2017 Major Steel Consuming Sectors & Products Demand Analysis

Shipbuilding
- Excess supply and capacity causes old ships keep working and new orders to be declined for more than 60% in 2016.
- Competition in shipbuilding industry will be more intense for large supply-demand gap.

Machinery Equipment
- Operation of machinery equipment has been recovering from the bottom since the end of 2016.
- Exchange rate of New Taiwanese Dollar to US dollar is still the critical factor to machinery equipment.

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Review of the Steel industry Performance in 2016 and Outlook of the Steel Industry in 2017

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International steel market rebounds
- Global economy and trade environment improved.
- Steelmaking raw material cost goes upwards.

Domestic steel market became optimistic
- Downstream export orders increase for international steel prices rebound.
- Domestic steel prices also synchronized up.

Global steel market outlook gradually grow
- Global steel oversupply issue continues to improve.
- World Steel Association up-revised the global steel demand forecast in the next two years to 1.3% and 0.9%.
Taiwan Steel Product to ASEAN Countries

- High-quality steel with reasonable price
- Perfectly fulfill supply gap
- Assist to build a complete regional steel industry chain from up to downstream.

Collaboration & Communication

- Willing to work with the iron and steel related association in Southeast Asian countries
- Deepen the teamwork relationship
Thank for your attention